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Ground Properties Company Limited

廣澤地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that based on a preliminary assessment of the unaudited consolidated management financial statements of the Group and the information currently available to the Company, the results of the Group for the Year 2014 are expected to record a loss as compared with a profit for the Year 2013. The reasons for the estimated loss for the Year 2014 is expected to be generally in line with reasons, including but not limited to, those stated for the loss incurred by the Company as disclosed in the interim report of the Company for the six months ended 30 September 2013. Further details of the financial performance of the Group will be disclosed when the Company announces its annual results for the Year 2014 by the end of June 2014.

The shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Ground Properties Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of the directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on a preliminary assessment of the unaudited consolidated management financial statements of the Group and the information currently available to the Company, the results of the Group for the year ended 31 March 2014 (“**Year 2014**”) are expected to record a loss as compared with a profit for the year ended 31 March 2013 (“**Year 2013**”). The reasons for the estimated loss for the Year 2014 is

expected to be generally in line with reasons, including but not limited to, those stated for the loss incurred by the Company as disclosed in the interim report of the Company for the six month ended 30 September 2013. The estimated loss was mainly attributable to (i) the increase in legal and professional fees incurred for the notifiable transactions during the Year 2014; (ii) the fact that no more revenue and profit were generated during the Year 2014 from the mobile communications services business which was disposed of in March 2013 with a gain on disposal of the mobile communications services business of approximately HK\$42 million; and (iii) the decrease in fair value gains of the investment properties of the Group as compared with that of approximately HK\$79 million for the Year 2013, but the effects of which are partially offset by the absence of impairment loss of goodwill during the Year 2014 when compared with that of approximately HK\$29 million relating to the retail sales and management services business in Shanghai during the Year 2013.

During the year, the Group reduced the sales of telecommunication equipment and products with low profit margin. This, together with the decrease in the promotion campaigns initiated by the Shanghai telecommunications operator, resulted in a modest decrease in the Group's revenue from the continuing operations whereas the gross profit remained relatively stable.

The Company is still in the process of finalising the audited final results of the Group for the Year 2014. The information contained in this announcement is only a preliminary assessment by the management of the Company based on the unaudited consolidated management financial statements of the Group which have not yet been audited or reviewed by the auditors of the Company. Further details of the financial performance of the Group will be disclosed when the Company announces its annual results for the Year 2014 by the end of June 2014.

The shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Ground Properties Company Limited
Chai Xiu
Chairman

Hong Kong, 21 May 2014

As at the date hereof, the executive Directors are Ms. Chai Xiu, Mr. Chen Luhui and Mr. Cong Hongsong, the non-executive Director is Mr. Ting Pang Wan, Raymond and the independent non-executive Directors are Mr. Chan Yuk Tong, Mr. Mei Jianping and Ms. Nie Meisheng.