GROUND PROPERTIES COMPANY LIMITED
廣 澤 地 產 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

RESULTS

The board of directors (the "Board") of Ground Properties Company Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2014 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2014

	Note	**2014** **HK$'000**	2013 HK$'000 (Restated)
Continuing operations			
Turnover	*3*	**56,211**	63,663
Cost of sales and services		**(16,797)**	(28,562)
Gross profit		**39,414**	35,101
Other revenue	*3*	**4,236**	3,748
Other net income	*4*	**13,809**	4
Distribution costs		**(1,036)**	(85)
Administrative expenses		**(65,954)**	(44,395)
Impairment of goodwill		**–**	(29,117)
Change in fair value of investment properties		**11,000**	79,000
Finance costs	*5*	**(3,747)**	–
Share of results of associates		**(1,081)**	–
(Loss) Profit before taxation	*6*	**(3,359)**	44,256
Taxation	*7*	**(497)**	(1,847)
(Loss) Profit for the year from continuing operations		**(3,856)**	42,409
Discontinued operations			
Profit for the year from discontinued operations	*8*	**–**	40,817
(Loss) Profit for the year		**(3,856)**	83,226

	Note	2014	2013
		HK$'000	HK$'000
			(Restated)
(Loss) Profit attributable to:			
Shareholders of the Company			
– continuing operations		**(3,850)**	42,342
– discontinued operations		**–**	40,876
		(3,850)	83,218
Non-controlling interests			
– continuing operations		**(6)**	67
– discontinued operations		**–**	(59)
		(6)	8
		(3,856)	83,226
(Loss) Earnings per share	*10*		
From continuing and discontinued operations			
– Basic and diluted		**(0.68) HK cent**	14.75 HK cents
From continuing operations			
– Basic and diluted		**(0.68) HK cent**	7.50 HK cents
From discontinued operations			
– Basic and diluted		**N/A**	7.25 HK cents

Details of dividend for the year are disclosed in note 9 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	2014	2013
	HK$'000	*HK$'000*
(Loss) Profit for the year	**(3,856)**	83,226
Other comprehensive (loss) income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange difference on consolidation	**(50)**	413
Reclassification adjustment relating to disposal of subsidiaries	**(5,011)**	–
Total comprehensive (loss) income for the year	**(8,917)**	83,639
Total comprehensive (loss) income attributable to:		
Shareholders of the Company		
– continuing operations	**(8,911)**	42,755
– discontinued operations	**–**	40,876
	(8,911)	83,631
Non-controlling interests		
– continuing operations	**(6)**	67
– discontinued operations	**–**	(59)
	(6)	8
	(8,917)	83,639

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	Note	31 March 2014 HK$'000	31 March 2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**315,000**	304,000
Property, plant and equipment		**2,547**	1,419
Goodwill		**–**	–
Interests in associates	*11*	**383,919**	–
Other non-current assets		**–**	3,130
		701,466	308,549
Current assets			
Inventories		**1,580**	2,435
Trade and other receivables	*12*	**11,514**	51,682
Bank balances and cash		**38,860**	102,099
		51,954	156,216
Current liabilities			
Trade and other payables	*13*	**17,488**	14,805
Interest-bearing borrowings		**145,000**	–
Taxation		**58**	49
		162,546	14,854
Net current (liabilities) assets		**(110,592)**	141,362
Total assets less current liabilities		**590,874**	449,911
Non-current liabilities			
Interest-bearing borrowings		**150,000**	–
Deferred tax liabilities		**5,099**	4,780
		155,099	4,780
NET ASSETS		**435,775**	445,131

	31 March 2014	31 March 2013
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Issued capital	**28,532**	28,205
Reserves	**407,385**	410,992
Total capital and reserves attributable to shareholders of the Company	**435,917**	439,197
Non-controlling interests	**(142)**	5,934
TOTAL EQUITY	**435,775**	445,131

Notes:

1. BASIS OF PREPARATION

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(2) Adoption of new/revised HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2013.

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 13	Annual Improvements to 2012 Cycle – Fair Value Measurements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's results and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendment to HKAS 1 (Revised): Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require entities to group together items within other comprehensive income that will not be reclassified to profit or loss separately from items that may be reclassified subsequently to profit or loss if certain conditions are met. Other than the presentation changes, the application of the amendments does not have an impact on the amounts recognised.

1. **BASIS OF PREPARATION (Continued)**

(2) **Adoption of new/revised HKFRSs (Continued)**

Amendment to HKAS 1 (Revised): Presentation of Items of Other Comprehensive Income (Continued)

Further, these amendments change the title for "income statement" to "statement of profit or loss" and "statement of comprehensive income" to "statement of profit or loss and other comprehensive income". However, HKAS 1 (Revised) retains the option to use titles for the statement other than those used in HKAS 1 (Revised). The Group continues to use "income statement" and "statement of comprehensive income".

HKFRS 12: Disclosure of interest in other entities

HKFRS 12 sets out in a single standard all the disclosure requirements relevant to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosures required by HKFRS 12 are more extensive than those previously required by the respective standards. The application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13: Fair value measurement

This new standard improves consistency by providing a single source of guidance for fair value measurement and disclosures about fair value measurement when such measurement is required or permitted by other HKFRSs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with the transitional provisions, the standard has been applied prospectively. Apart from the additional disclosures about fair value measurements for the current year in note to the consolidated financial statements, the application of the new standard does not have any material impact on the amounts recognised.

Impact of new/revised HKFRSs not yet effective

The Group has not early adopted the following new/revised standards, amendments to standard and interpretations, which are applicable to the Group and have been issued but are not yet effective for the financial year beginning on 1 April 2013.

Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12	Investment Entities *(Note a)*
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities *(Note a)*
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets *(Note a)*
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting *(Note a)*
HK(IFRIC) – Int 21	Levies *(Note a)*
Amendments to HKAS 19 (2011)	Defined Benefit Plans – Employee Contributions *(Note b)*
Various HKFRSs	Annual Improvements Project – 2010-2012 Cycle *(Note c)*
Various HKFRSs	Annual Improvements Project – 2011-2013 Cycle *(Note c)*
HKFRS 14	Regulatory Deferral Accounts *(Note d)*
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations *(Note d)*
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation *(Note d)*
HKFRS 9	Financial Instruments *(Note e)*
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39) *(Note e)*

1. **BASIS OF PREPARATION (Continued)**

(2) Adoption of new/revised HKFRSs (Continued)

Impact of new/revised HKFRSs net yet effective (Continued)

Notes:

a. Effective for annual periods beginning on or after 1 January 2014
b. Effective for annual periods beginning on or after 1 July 2014
c. Effective for annual periods beginning on or after 1 July 2014, except for certain amendments which are effective prospectively for relevant transactions occurred on or after 1 July 2014
d. Effective for annual periods beginning on or after 1 January 2016
e. No mandatory effective date determined but is available for adoption

The directors do not anticipate that the adoption of these new/revised HKFRSs in the future periods will have any material impact on the results of the Group.

2. **SEGMENT INFORMATION**

The Group is principally engaged in the provision of telecommunications retail sales and management services and property investment.

An analysis of the Group's turnover and results for the year by operating segments is as follows:

	Continuing operations				Discontinued operations	
For the year ended 31 March 2014	**Telecommunications retail sales and management services**	**Property investment**	**Others**	**Total**	**Mobile communi-cations service**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
Revenue from external customers	46,452	9,759	–	56,211	–	56,211
Segment turnover	46,452	9,759	–	56,211	–	56,211
Segment results	(1,852)	12,277	(11,588)	(1,163)	–	(1,163)
Interest income				2,632	–	2,632
Finance costs				(3,747)	–	(3,747)
Share of results of associates				(1,081)	–	(1,081)
Loss before taxation				(3,359)	–	(3,359)
Taxation				(497)	–	(497)
Loss for the year				(3,856)	–	(3,856)

2. SEGMENT INFORMATION (Continued)

For the year ended 31 March 2013 *(Restated)*	Continuing operations: Telecommunications retail sales and management services *HK$'000*	Continuing operations: Property investment *HK$'000*	Continuing operations: Others *HK$'000*	Continuing operations: Total *HK$'000*	Discontinued operations: Mobile communi-cations services *HK$'000*	Group *HK$'000*
Turnover						
Revenue from external customers	59,871	3,792	–	63,663	86,334	149,997
Segment turnover	59,871	3,792	–	63,663	86,334	149,997
Segment results	171	76,968	(4,721)	72,418	(1,181)	71,237
Interest income				955	2	957
Impairment of goodwill				(29,117)	–	(29,117)
Profit (loss) before taxation				44,256	(1,179)	43,077
Taxation				(1,847)	–	(1,847)
Profit (loss) after taxation				42,409	(1,179)	41,230
Gain on disposal of discontinued operations				–	41,996	41,996
Profit for the year				42,409	40,817	83,226

3. TURNOVER AND REVENUE

The Group's turnover and revenue recognised by category are as follows:

	Note	**2014** ***HK$'000***	2013 *HK$'000* *(Restated)*
Continuing operations			
Sale of telecommunications equipment and products		**10,589**	16,825
Rental income		**9,759**	3,792
Telecommunications retail sales and management services income		**35,863**	43,046
Turnover		**56,211**	63,663
Interest income		**2,632**	955
Others		**1,604**	2,793
Other revenue		**4,236**	3,748
Total revenue from continuing operations		**60,447**	67,411
Discontinued operations			
Total revenue from discontinued operations	*8(a)*	**–**	86,610
Total revenue		**60,447**	154,021

4. OTHER NET INCOME

	2014 ***HK$'000***	2013 *HK$'000*
Gain on disposal of property, plant and equipment	**78**	–
Gain on disposal of subsidiaries	**13,391**	–
Gain on disposal of club membership	**340**	–
Sundry income	**–**	4
	13,809	4

5. FINANCE COSTS

	2014 ***HK$'000***	2013 *HK$'000*
Interest on bank loans repayable within five years	**2,909**	–
Interest on promissory notes	**838**	–
	3,747	–

6. (LOSS) PROFIT BEFORE TAXATION

Continuing operations

This is stated after charging (crediting):

	2014 *HK$'000*	2013 *HK$'000*
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**29,655**	29,942
Contributions to defined contribution plans	**6,580**	5,853
	36,235	35,795
Auditor's remuneration		
Current year	**580**	720
Over provision in prior year	**–**	(10)
Other services	**1,120**	154
Cost of inventories	**9,920**	19,670
Depreciation	**762**	1,638
Operating lease charges on premises	**8,342**	7,002
Write off of doubtful trade receivables	**138**	–
(Gain) Loss on disposal of property, plant and equipment	**(78)**	112
Loss on disposal of investment property	**–**	83
Exchange loss, net	**24**	36
Direct operating expenses arising from investment properties that generated rental income	**2,203**	–
Direct operating expenses arising from investment properties that did not generate rental income	**62**	1,003

7. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for both years as the Group has no assessable profit arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

PRC Enterprise Income Tax ("EIT") has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC. The statutory EIT rate in the PRC is 25% *(2013: 25%)*.

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors. A lower 5% withholding tax rate may be applied when the immediate holding company of the PRC subsidiaries is a resident company in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

7. TAXATION (Continued)

The post 2007 distributable earnings, that are not expected to be distributed in the foreseeable future, would be subject to additional taxation if they are distributed. The estimated withholding tax effects on the distribution of these unremitted retained earnings of these PRC subsidiaries, based on 5%, were approximately of HK$556,000 *(2013: HK$491,000)*. In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the PRC subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provisions for deferred taxation have been made. For the Group's interests in associates, since all PRC associates have not yet generated any profit, there are no unremitted retained earnings subject to withholding tax.

The major components of income tax charge are:

		2014	2013
	Note	***HK$'000***	*HK$'000*
Continuing operations			
Current tax			
Hong Kong Profits Tax			
Current year		**–**	–
PRC Enterprise Income Tax			
Current year		**171**	817
Under provision in prior years		**7**	712
		178	1,529
Deferred taxation			
Origination and reversal of temporary difference		**319**	318
Tax charge from continuing operations		**497**	1,847
Discontinued operations			
Current tax			
Hong Kong Profits Tax		**–**	–
Tax charge from discontinued operations	*8*	**–**	–
Total tax charge for the year		**497**	1,847

8. DISCONTINUED OPERATIONS

In 2013, the Group disposed of its mobile communications services business and classified it as discontinued operations. There was no discontinued operations for the year ended 31 March 2014.

The results of the 2013 discontinued operations are summarised as follows:

	Notes	2013 *HK$'000*
Profit for the year from discontinued operations		
Turnover	*(a)*	86,334
Cost of sales and services		(53,091)
Other revenue	*(a)*	276
Distribution costs		(2,910)
Administrative expenses		(31,788)
Loss before taxation	*(b)*	(1,179)
Taxation	*7*	–
Loss after taxation		(1,179)
Gain on disposal of discontinued operations		41,996
Profit for the year from discontinued operations		40,817

Notes:

(a) Turnover and revenue

	2013 *HK$'000*
Sale of telecommunications equipment and products	1,272
Commission income	1,845
Mobile communications services income	83,217
Turnover	86,334
Interest income	2
Others	274
Other revenue	276
Total revenue from discontinued operations	86,610

8. DISCONTINUED OPERATIONS (Continued)

Notes: (Continued)

(b) Loss before taxation

This is stated after charging (crediting):

	2013 *HK$'000*
Staff costs (include directors' emoluments)	
Salaries, wages and other benefits	15,185
Contributions to defined contribution plans	373
	15,558
Auditor's remuneration	250
Cost of inventories	3,137
Depreciation	525
Operating lease charges	
Telecommunications equipment	1,380
Premises	2,831
Net allowance for and write off of doubtful trade and other receivables	157
Write-down of inventories	93
Loss on disposal of property, plant and equipment	7

9. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2014 *(2013: Nil).*

10. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share is based on the following data:

(a) Number of shares *(Note)*

	2014	2013 *(Restated)*
Issued ordinary shares at beginning of year	**564,100,000**	564,100,000
Effect of share options exercised	**694,493**	–
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**564,794,493**	564,100,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**564,794,493**	564,100,000

(b) (Loss) Earnings per share:

	2014	2013 *(Restated)*
(i) For continuing and discontinued operations		
(Loss) Earnings from continuing operations attributable to shareholders of the Company (HK$'000)	**(3,850)**	83,218
(ii) For continuing operations		
(Loss) Earnings from continuing operations attributable to shareholders of the Company (HK$'000)	**(3,850)**	42,342
(iii) For discontinued operations		
Earnings from discontinued operations attributable to shareholders of the Company (HK$'000)	**N/A**	40,876

Diluted earnings per share from continuing and discontinued operations for the year ended 31 March 2013 are the same as the basic earnings per share because share options in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

Diluted loss per share from continuing operations for the year ended 31 March 2014 are the same as the basic loss per share because the conversion of potential ordinary shares would have anti-dilutive effect.

Note:

Subsequent to the end of the reporting period and before the consolidated financial statements are authorised for issue, the Company completed its share consolidation of every five shares of HK$0.01 each in the issued and unissued share capital into one share of HK$0.05. Accordingly, the calculation of basic and diluted (loss) earnings per share for all periods presented have been adjusted retrospectively to reflect the adjusted weighted average number of ordinary shares.

11. INTERESTS IN ASSOCIATES

	2014	2013
	HK$'000	*HK$'000*
Investment cost	**385,000**	112,274
Share of results	**(1,081)**	–
	383,919	112,274
Impairment loss	**–**	(112,274)
	383,919	–

On 29 October 2013, the Group completed the major transaction that includes the acquisition of 35% effective interest of a PRC company which in turn holds a property project in Changbaishan, Jilin Province, the PRC. Total consideration for such acquisition is HK$385,000,000 of which HK$300,000,000 was paid by cash and the remaining balance of HK$85,000,000 was paid by way of issue of the promissory notes.

12. TRADE AND OTHER RECEIVABLES

		2014	2013
	Note	*HK$'000*	*HK$'000*
Trade receivables			
Trade receivables from third parties		**5,153**	8,877
Allowance for doubtful debts	*(a)*	**–**	–
		5,153	8,877
Other receivables			
Consideration receivable for disposal of discontinued operations	*(b)*	**–**	37,491
Deposits, prepayments and other receivables		**15,687**	14,640
Allowance for doubtful debts	*(c)*	**(9,326)**	(9,326)
		6,361	42,805
		11,514	51,682

The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 60 days. The carrying amount of the amounts due approximates their fair values.

12. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of the trade receivables (net of allowance for doubtful debts) from the date of invoices as at the end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**2,879**	2,964
31 – 60 days	**2,052**	2,661
61 – 90 days	**150**	2,628
Over 90 days	**72**	624
	5,153	8,877

Notes:

(a) Allowance for doubtful debts – Trade receivables

	2014	2013
	HK$'000	*HK$'000*
Balance at beginning of year	**–**	519
Amount recovered	**–**	(72)
Disposal of discontinued operations	**–**	(447)
Balance at end of year	**–**	–

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$222,000 *(2013: HK$3,252,000)* which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the directors consider that the amounts are recoverable. The Group does not hold any collateral over these balances. The age of these receivables is ranged between 60-180 days *(2013: 60-180 days)*.

(b) Consideration receivable for disposal of discontinued operations

As at 31 March 2013, the amount was due and receivable according to the agreed repayment schedule within the next 12 months from Gulfstream Capital Partners Ltd. An interest in an aggregate sum of HK$1,500,000 was receivable with the final payment of the amount due. All consideration receivable together with interest receivable was received in October 2013.

(c) Allowance for doubtful debts – Other receivables

	2014	2013
	HK$'000	*HK$'000*
Balance at beginning and end of year	**9,326**	9,326

13. TRADE AND OTHER PAYABLES

	Note	2014 HK$'000	2013 HK$'000
Trade payables		**757**	1,482
Other payables			
Accrued charges and other creditors		**13,532**	13,228
Deposits received		**619**	95
Due to a related party	*(a)*	**2,580**	–
		16,731	13,323
		17,488	14,805

The ageing analysis of trade payables from the date of invoices as at the end of reporting period is as follows:

	2014 HK$'000	2013 HK$'000
0 – 30 days	**273**	748
31 – 60 days	**116**	67
61 – 90 days	**80**	108
Over 90 days	**288**	559
	757	1,482

Note:

(a) The amount due to a related party is unsecured, interest free and has no fixed repayment term. The related party is an associate of a controlling shareholder of the Company.

14. COMPARATIVE FIGURES

Conforming to current year's presentation, rental income of the property investment segment of HK$3,792,000 that was included in other revenue has been reclassified under turnover. The revised presentation reflects more appropriately the nature of these items. This reclassification has no effect on the reported financial position, results or cash flows of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and Operations Review

During the year, the Group has changed the name of the Company to "Ground Properties Company Limited" and adopted "廣澤地產有限公司" as the Chinese secondary name. This move helps the Group create a fresh corporate image as it reflects its commitment to entering the property development and management business more accurately. The Group has also actively explored property investment opportunities in order to generate stable rental income with a high rate of return. To cope with the intense competition in the telecommunications industry resulting from the proliferation of electronic communication technologies, the Group has integrated and further developed its telecommunications retail and management services business during the period to improve its performance.

During the year under review, the Group recorded a turnover of HK$56,211,000, a drop of approximately 11.7% when compared with HK$63,663,000 last year. Loss after tax was HK$3,856,000, compared with profit after tax of HK$42,409,000 last year. The loss was mainly attributable to the increase in legal and professional fees associated with the notifiable transactions during the year of about HK$9,500,000, as well as the smaller increment in the fair value gains of investment properties from about HK$79,000,000 last year to about HK$11,000,000, representing a decrease of approximately 86.1%. In addition, the mobile communications services business which the Group disposed of in March 2013, with a gain from disposal of the mobile communications services business of about HK$41,996,000, has ceased to generate revenue and profit for the Group during the year. However, the effects of which were partially offset by the absence of impairment loss of goodwill relating to the telecommunications retail sales and management services business in Shanghai in 2014 while the impairment loss of goodwill in 2013 was about HK$29,117,000.

Telecommunications retail sales and management services

Turnover of the segment decreased to approximately HK$46,452,000 from HK$59,871,000 in the same period last year while gross profit slightly increased from HK$31,309,000 to HK$31,859,000. The decline in turnover was mainly due to reductions in the sales of mobile handsets with a lower profit margin, prepaid mobile services, and fewer promotional campaigns initiated by the Shanghai telecommunications operator. However, the overall gross margin has improved from approximately 52% to approximately 69% as a result of the decrease in the sales of the low margin mobile handset business. The telecommunications retail sales and management services recorded a net loss after tax of approximately HK$1,112,000 as compared to that of HK$45,000 in the prior year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Telecommunications retail sales and management services (Continued)

Given the highly competitive telecommunications industry, the telecommunications operator in Shanghai has adjusted its marketing strategy including shifting its handset bundled services to prepaid services, requiring customers to make a substantial upfront payment. As a result, the income derived from attracting new subscribers has decreased significantly. Facing the market changes, the Group has promptly adjusted its business development strategy, including enhancing its management standard, introducing senior management talent with rich experience in the telecommunications industry and optimising its store network within newly developed districts. During the year, the Group has made a strategic decision to close its entire network of smaller specialty stores and to open new stores in the areas which have considerable development potential and are expected to become prosperous, as a way to control operating costs and improve operating efficiency. The Group is continuing collaboration with the Shanghai telecommunications operator to further enhance the management of its existing retail service stores, add new high value-added services and optimise its services portfolio in a bid to boost its business performance. As of 31 March 2014, the Shanghai operations managed a total of 20 retail service stores *(31 March 2013: 24 stores)*.

Property investment

Acknowledging the increasing importance of the property investment business, the Group has re-positioned its major businesses, designating property investment as a separate business segment. During the year, rental income from property investment was HK$9,759,000, a significant increase from HK$3,792,000 recorded in the last corresponding period (the rental income recorded in the last corresponding period was for seven months only due to the expiration of the old tenancy in October 2012). The substantial increase was mainly due to the rental income being generated from a longer period of twelve months and the increase in rent during the year.

Property development and management

In 2013, the Central Government has exhibited a tendency to adopt steady development strategies. It places greater emphasis on the long-term economic growth at the same time as it promotes urbanisation. Based on the data of the National Bureau of Statistics of the People's Republic of China (the "PRC"), the total investment in property development in the PRC was about RMB8.6 trillion in 2013, an increase of 19.8% as compared with last year and a year-on-year growth of 3.6 percentage points in the pace of growth. The saleable area of commodity housing was about 1.3 billion square meters, a year-on-year increase of approximately 17.3%. The growth rate of the entire property market was approximately 19.4%.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Property development and management (Continued)

Among all provinces and cities, Jilin Province is one of the regions with a strong potential for the development of tourism. In 2013, Jilin Province received approximately 104.0 million domestic and foreign visitors, a year-on-year increase of approximately 15.6%, and recorded a total tourism income of approximately RMB147.7 billion, a year-on-year growth of approximately 25.4%. To tap into this booming property market in China, the Group has completed the acquisition of the entire issued share capital in Ace Plus Global Limited which principal asset is 35% effective interest of a PRC company which in turn holds a property project in Changbaishan, Jilin Province, the PRC (the "Changbaishan Property Project") in October 2013. The Changbaishan Property Project occupies a total gross floor area of approximately 1,130,000 square metres and will be developed into a high-end resort comprising a six-star hotel, a theme park, stand-alone houses and apartments. The development of the Changbaishan Property Project is to be completed in phases. Pre-sale of Phase 1 of the project is expected to begin in the second half of 2014. The Group will benefit from the 35% profit derived from the sales of residential units of the project and recurring rental income from the commercial units. Besides, the Group has also obtained the management rights of the Changbaishan Property Project. Thus the Changbaishan Property Project will create a new income stream through the provision of management services including planning, design, budgeting, licensing, contract tendering and contract administration. This segment has made no contribution to the Group's income during this financial year, and it is expected to start recording the relevant turnover and revenue during the next financial year.

Prospects

The Group, as a professional telecommunications outsourcing services provider, will continue its close partnership with the Shanghai telecommunications operator and at the same time actively seek opportunities to cooperate with other telecommunications service providers to further expand its telecommunications business. The Group will assess the potential of fast-growing regions prudently, capture the opportunities to further enlarge its retail store network and enlarge its market share through its high quality services as well as capitalising on its channel advantage to further expand the retailing of electronic products, such as mobile accessories.

Regarding the property investment business, the Group will adhere to its prudent development strategy by closely monitoring changes in the market and carefully examining potential business opportunities, with the aim to diversify its investment portfolio. The Group will continue to look for suitable property investment opportunities in the PRC or other parts of the world in the future. The Group is considering purchasing and is in the process of identifying a commercial building in a large city (including but not limited to Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong or other large cities in northeastern China), which can be held as an investment property and can be leased for commercial office purposes, and aims to develop a balanced property portfolio that meets the market demand so as to increase its recurring income.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects (Continued)

The PRC economy is expected to maintain steady growth in the future. Stimulated by different factors such as urbanisation, upgrade of industry structure, population growth and population migration, the property market is likely to face a long period of rising prices. As the Government has continued to enhance its urbanisation policy and strived to optimise a long term effective mechanism for healthy development of the property market, it is believed that market regulation will aim at realising sustainable long-term development. Moreover, the GDP per capita and the living standard in the PRC has continued to rise, which should stimulate the market demand for a high quality lifestyle with greater leisure time. Following the change of the Company's name, the Group's professional management is poised to fully capitalise on the Group's rich experience in property investment and management and capture the enormous opportunities from the booming commercial property market in the PRC. The Changbaishan Property Project in which the Group invested is believed to be of huge development potential. The Changbaishan Property Project is situated in a prime location, near Wanda Resort, a scenic spot in the National Scenic Area of Tianchi and Changbaishan Airport. It is well-positioned to meet local demand for hotels, sightseeing and tourist facilities. The fees from the property management contract should bring new revenue streams to the Group in the next financial year. In May 2014, the Group completed the open offer which expanded the financial resources for the potential investment in future.

In addition, the Group is continuing to explore commercial property projects with high growth potential. As for the residential property, given the strong rigid demand in northeastern China and the healthy market environment, the Group is seeking investment opportunities in this region which are suitable for its business scale and withhold good growth prospects. The Group also plans to increase its land bank at a gradual pace to add new drivers in order to sustain its business expansion when suitable opportunity arises.

Acquisition of 35% Equity Interest in Changbaishan Property Project and Disposal of Certain Assets

During the year, the Group completed (i) the acquisition of 35% equity interest in the Changbaishan Property Project including its management rights at a consideration of HK$385,000,000, of which HK$300,000,000 was paid by cash and the remaining balance of HK$85,000,000 was paid by way of issue of the promissory notes (the "Acquisition") and (ii) the disposal of, inter alia, the entire issued share capital of Express Lane Investment Limited, a former wholly-owned subsidiary of the Company, and the club membership of the Company at the consideration of HK$5,660,000 (the "Disposal"). Upon the completion of the Disposal, net proceeds of approximately HK$5,660,000 was raised. Details of the Acquisition and Disposal were disclosed in the announcements dated 26 April 2013, 10 May 2013, 13 May 2013, 7 June 2013, 17 June 2013, 10 July 2013, 22 July 2013, 30 August 2013, 19 September 2013, 25 September 2013, 30 September 2013, 9 October 2013, 18 October 2013, 24 October 2013 and 29 October 2013 and the circular dated 30 September 2013 as well as 2013/14 interim report respectively.

Disposal of Mobile Communications Services Business

The Group completed the disposal of mobile communications services business in March 2013 (the "MVNO Disposal") and the remaining balance of the consideration together with interest in a total sum of approximately HK$39,000,000 under the promissory note dated 1 March 2013 issued by VelaTel Global Communications, Inc. the holding company of Gulfstream Capital Partners Ltd., the purchaser, was settled on 29 October 2013. Details of the MVNO Disposal were disclosed in the announcements dated 27 November 2012, 4 February 2013, 4 March 2013, 1 August 2013, 13 September 2013 and 29 October 2013 and the circular dated 18 December 2012 as well as 2013/14 interim report respectively.

Liquidity and Financial Resources

As at 31 March 2014, the Group had current assets of HK$51,954,000 *(2013: HK$156,216,000)*, including cash and bank balances and time deposits in an aggregate of HK$38,860,000 *(2013: HK$102,099,000)*. The Group's current liabilities as at 31 March 2014 were HK$162,546,000 *(2013: HK$14,854,000)*. The liquidity ratio (calculated on the basis of the Group's current assets to its current liabilities) of the Group as at 31 March 2014 was 0.32 times *(2013: 10.52 times)*.

As at 31 March 2014, the Group has outstanding borrowings of approximately HK$295,000,000 *(2013: Nil)* which comprised of (i) bank borrowings of approximately HK$210,000,000 and (ii) the promissory note of HK$85,000,000. The Group's bank loans are repayable quarterly commencing from April 2015 and the last installment will be in October 2018. The gearing ratio of total borrowing as a percentage of the total capital and reserves attributable to equity holders of the Company as at 31 March 2014 was 67.7% *(2013: Nil)*.

In May 2014, the Company raised net proceeds of approximately HK$284,000,000 through an open offer on the basis of one (1) offer share (the "Offer Share") for every two (2) then shares at a price of HK$0.02 per Offer Share (or HK$1.00 per Consolidated Share (as defined below)) (the "Open Offer"). The net proceeds from the Open Offer will be applied (i) as to not more than HK$264,000,000 for developing the Group's property investment business and (ii) as to the remaining for general working capital purposes.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and Financial Resources (Continued)

It is anticipated that the Group's bank balance and cash, as at 31 March 2014, together with the unutilised banking facilities, the management fee to be received from property development and management business and the proceeds from the Open Offer will be sufficient to discharge its debts and to fund its operations. However, the Group will continue to implement stringent cost control measures and explore fund-raising opportunities in order to further enhance and strengthen its liquidity position and financial resources for operational requirements.

Share Capital

As at 31 March 2014, the Company had 2,853,150,000 shares in issue with total shareholders' fund of the Group amounting to approximately HK$435,917,000 *(2013: HK$439,197,000)*.

In May 2014, the Company has the following movements in the share capital:

(i) following the passing of the ordinary resolution approving the consolidation (the "Share Consolidation") of every five (5) issued and unissued shares of HK$0.01 each into one (1) consolidated share of HK$0.05 each (the "Consolidated Share") at the special general meeting, the Share Consolidation became effective on 15 May 2014. Accordingly, the authorised share capital and the issued share capital of the Company were consolidated to HK$780,000,000 divided into 15,600,000,000 shares of HK$0.05 each and HK$28,615,000 divided into 572,300,000 shares of HK$0.05 each respectively; and

(ii) following the completion of the Open Offer on 28 May 2014, an aggregate of 286,150,000 Offer Shares were issued. Accordingly, the issued share capital of the Company had been increased to 858,450,000 shares.

Contingent Liabilities

As at 31 March 2014, the Group did not have any significant contingent liabilities *(2013: Nil).*

Charge on Assets

As at 31 March 2014, the Group's investment properties with aggregate carrying value of approximately HK$315,000,000 *(2013: Nil)* were pledged as security for banking facilities.

Exposures to Fluctuations in Exchange Rates

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to the fluctuations in Renminbi as certain receipts and payments are settled by Renminbi. However, the management will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employees and Remuneration Policies

As at 31 March 2014, the Group had 274 *(2013: 304)* full-time staff. Total staff costs (including directors' emoluments) incurred for the year amounted to approximately HK$36,235,000 *(2013: HK$51,353,000, including the staff cost incurred by both continuing and discontinued operations)*. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including discretionary bonus, training allowance and provident fund.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the auditor of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The Group's final results for the year ended 31 March 2014 have been reviewed by the Audit Committee and agreed by the Group's external auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2014.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year except for the following deviation:

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The roles of chairman and chief executive officer of the Company were currently performed by Ms. Chai Xiu who is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group. The Board believes that the roles of chairman and chief executive officer performed by Ms. Chai Xiu provide the Group with strong and consistent leadership and enables more effective and efficient planning of long-term strategies and implementation of business plans. The Board also believes that the balance of power and authority is adequately ensured by the effective Board which comprises experienced individuals with a balance of skills and experience appropriate for the requirements of the Group.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules on 21 July 2009 as the Company's code of conduct for dealings in securities of the Company by directors. All directors have confirmed, following specific enquiries by the Company, that they have complied with the required standard as set out in the Model Code during the year.

SUBSEQUENT EVENT

Share Consolidation

Following the passing of the ordinary resolution approving the Share Consolidation of every five (5) issued and unissued shares of HK$0.01 each into one (1) Consolidated Share of HK$0.05 each at the special general meeting, the Share Consolidation became effective on 15 May 2014. Accordingly, the authorised share capital and the issued share capital of the Company were consolidated to HK$780,000,000 divided into 15,600,000,000 shares of HK$0.05 each and HK$28,615,000 divided into 572,300,000 shares of HK$0.05 each respectively. Details of the Share Consolidation were set out in the Company's announcements 28 March 2014, 25 April 2014 and 14 May 2014 and the circular dated 25 April 2014.

Open Offer

On 28 March 2014, the Company proposed the Open Offer on the basis of one (1) Offer Share for every two (2) then shares at a price of HK$0.02 per Offer Share (or HK$1.00 per Consolidated Share). Upon completion on 28 May 2014, an aggregate of 286,150,000 Offer Shares were issued and approximate HK$284,000,000 net proceeds were raised. The net proceeds from the Open Offer will be applied (i) as to not more than HK$264,000,000 for developing the Group's property investment business and (ii) as to the remaining for general working capital purposes. Details and results of the Open Offer were set out in the Company's announcements dated 28 March 2014 and 28 May 2014 and the prospectus dated 7 May 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.groundproperties.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). An annual report for the year ended 31 March 2014 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
Chai Xiu
Director

Hong Kong, 18 June 2014

As at the date hereof, the executive Directors are Ms. Chai Xiu, Mr. Chen Luhui and Mr. Cong Hongsong and 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.