GROUND PROPERTIES
广泽地产

GROUND PROPERTIES COMPANY LIMITED

廣 澤 地 產 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

Financial Adviser to the Company

中 國 銀 河 國 際
CHINA GALAXY INTERNATIONAL

THE ACQUISITION

On 15 July 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in the Target for the Consideration of RMB9.0 million (equivalent to approximately HK$11.25 million) (subject to the Adjustment), which was primarily determined after arm's length negotiations between the Purchaser and the Vendors by reference to the unaudited consolidated net asset value of the Target Group attributable to the equity holders of the Target as at 31 May 2014.

The Target Group is primarily engaged in the provision of products and services in the mobile telecommunications market in Shanghai. Upon completion of the Acquisition, members of the Target Group will become subsidiaries of the Company and the financial results of the Target Group will be consolidated into that of the Group.

As the applicable percentage ratio (namely, the revenue ratio) in relation to the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Mr. Huang and Mr. Chen, being the Vendors, held 70% and 30% of the Target's equity interest respectively as at the date of the Agreement. Mr Huang is also currently a director of the Purchaser, a wholly-owned subsidiary of the Company, and Mr. Chen was a former director of the Purchaser within 12 months preceding the date of the Agreement. Save as disclosed, there is no other connected relationship between the Company and Mr. Huang and Mr. Chen. Therefore, the Vendors are connected persons of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Acquisition is however only a connected transaction between the Company and the Vendors at the subsidiary level on normal commercial terms, therefore such connected transaction is exempt from the circular, independent financial advice and shareholders' approval requirements under rule 14A.101 of the Listing Rules given that (i) the Directors have approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders have any material interest in the Acquisition which is different from other Shareholders and none of the Vendors and their respective associates holds any Shares as at the date of this announcement. Therefore, no Shareholders are required to abstain from voting at the SGM to approve the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among others, (i) further details of the Acquisition, (ii) the accountants report of the Target Group, (iii) pro forma financial information on the enlarged Group upon completion of the Acquisition, and (iv) a notice convening the SGM, and other disclosures required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 August 2014 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 16 July 2014, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 July 2014.

Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the Agreement and therefore, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors on 15 July 2014 after trading hours, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in the Target. Details of the Acquisition are set out as follows:

THE AGREEMENT

Date

15 July 2014 (after trading hours)

Parties to the Agreement

Purchaser:	Shanghai CM Concept Communications Products Franchise Sale Company Limited* (上海潤迅概念通信產品連鎖銷售有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company.
Vendors:	(i) Mr. Huang, who held 70% equity interest in the Target as at the date of the Agreement; and (ii) Mr. Chen, who held 30% equity interest in the Target as at the date of the Agreement. Mr. Huang is currently a director of the Purchaser, a wholly-owned subsidiary of the Company, while Mr. Chen was a former director of the Purchaser within 12 months preceding the date of the Agreement. Therefore, the Vendors are connected persons of the Company under Chapter 14A of the Listing Rules.
Target:	Shanghai Motion JUNS Communication Technology Company Limited* (上海潤迅君斯通訊科技有限公司), a limited liability company established under the laws of the PRC

Assets to be acquired

The assets to be acquired under the Agreement is the entire equity interest in the Target. Upon completion of the Acquisition, members of the Target Group will become subsidiaries of the Company and the financial results of the Target Group will be consolidated into that of the Group.

Consideration

The Consideration is RMB9.0 million (equivalent to approximately HK$11.25 million) (subject to the Adjustment in the manner as set out below), which will be satisfied by the payment as to (i) RMB6.3 million (equivalent to approximately HK$7.875 million) to Mr. Huang, representing payment for his 70% equity interest in the Target; and (ii) RMB2.7 million (equivalent to approximately HK$3.375 million) to Mr. Chen representing payment for his 30% equity interest in the Target. The Consideration will be fully paid in cash and it is anticipated that the Consideration will be financed by the internal resources of the Group.

The Consideration shall be settled in the following manner:

(i) as to RMB900,000 (equivalent to approximately HK$1.125 million), representing 10% of the total Consideration, to be paid to the Vendors in aggregate as the first deposit (the "First Deposit") for the Acquisition within 15 days upon signing of the Agreement;

(ii) as to not less than RMB3.0 million (equivalent to approximately HK$3.75 million) and not more than RMB6.0 million (equivalent to approximately HK$7.50 million), representing 60% of the total Consideration after the Adjustment (if any), to be paid to the Vendors in aggregate within 30 days upon fulfillment of the conditions precedent of the Agreement as set out below as the second deposit (together with the First Deposit, the "Total Deposits"); and

(iii) as to the remaining balance, representing 30% of the total Consideration after the Adjustment (if any), to be paid to the Vendors in aggregate within 30 days upon completion of the Agreement.

The Consideration of the Acquisition was primarily determined after arm's length negotiations between the Purchaser and the Vendors with reference to the unaudited consolidated net asset value of the Target Group attributable to the equity holders of the Target as at 31 May 2014 of approximately RMB8.995 million (equivalent to approximately HK$11.244 million).

The Vendors and the Purchaser shall use their best endeavors to procure that the Acquisition will comply with all the necessary registration and filing procedures within 15 Business Days, or any further period as agreed by the each party in writing, upon which all the conditions precedent of the Acquisition have been met, or waived (as appropriate). If the necessary registration and filing procedures are not completed within such designated time frame, the Purchaser has the right to terminate the Agreement and that the Vendors would have to refund the Total Deposits to the Purchaser if the Purchaser exercises such right to terminate.

The Consideration is subject to adjustments (the "Adjustment") in the following manner as applicable:

(i) if the audited consolidated net asset value of the Target Group attributable to the equity holders of the Target as at 31 May 2014 prepared in accordance with HKFRS exceeds the Consideration by more than 3% of the Consideration, the Consideration will be increased by the Difference Amount (provided that the maximum amount of the Consideration after the Adjustment in any event shall not exceed RMB10.0 million (equivalent to approximately HK$12.5 million)) pro-rata to the Vendors' respective percentage shareholdings in the Target as at the date of the Agreement; and

(ii) if the audited consolidated net asset value of the Target Group attributable to the equity holders of the Target as at 31 May 2014 prepared in accordance with HKFRS is less than the Consideration by more than 3% of the Consideration, the Consideration will be decreased by the Difference Amount (provided that the audited consolidated net asset value of the Target Group attributable to the equity holders of the Target as at 31 May 2014 shall not be less than RMB5.0 million (equivalent to approximately HK$6.25 million), being one of the condition precedents of the Agreement as set out below) pro-rata to the Vendors' respective percentage shareholdings in the Target as at the date of the Agreement.

For the avoidance of doubt, should the Difference Amount be less than 3% of the Consideration, no adjustment shall be made to the Consideration. The Purchaser shall appoint an auditor to prepare the audited consolidated net assets value of the Target Group attributable to the equity holders of the Target as at 31 May 2014. The aforesaid net asset value of the Target Group shall, on the absence of manifest error, be final and conclusive of the matters stated therein and binding on the Vendors and the Purchaser. In addition, it is one of the conditions precedent of the Completion that the audited consolidated net asset value of the Target Group attributable to the equity holder of the Target as at 31 May 2014 shall not be less than RMB5 million. As a result, the minimum and maximum Consideration after the Adjustment (if any) is RMB5.0 million (equivalent to approximately HK$6.25 million) and RMB10.0 million (equivalent to approximately HK$12.50 million) respectively.

Conditions Precedent

Completion of the Acquisition is subject to the following conditions being satisfied (or otherwise waived by both the Purchaser and Vendors by mutual agreement in writing, to the extent such conditions precedent may be waived as permitted by all applicable laws, rules and regulations):

(i) the Purchaser being satisfied with the result of all the necessary due diligence reviews whereas all the information as disclosed by the Target Group and the Vendors are true and accurate, and that there are no misleading statements or material omissions;

(ii) the relocation of the Target Group to Shanghai Free Trade Zone* (中國（上海）自由貿易試驗區) being successfully registered with the relevant Administration for Industry and Commerce of PRC, and that the business operations of the Target Group will not be restricted by the relevant PRC laws and regulations and industry policy as a result of the Acquisition;

(iii) the Target Group's principal business has not undergone any major changes;

(iv) there has been no material adverse changes in the financial positions, operating prospects, assets and liabilities of the Target Group and there has been no circumstances that could result in the termination of the operation of the Target Group and that shares of the Target Group has not been mortgaged, pledged, seized, frozen or subject to any liens or third parties encumbrances;

(v) the audited consolidated net asset value of the Target Group attributable to the equity holders of the Target prepared in accordance with HKFRS as at 31 May 2014 to be not less than RMB5.0 million;

(vi) the warranties given by the relevant parties under the Agreement remaining true and accurate in all material respects and not misleading;

(vii) the passing of necessary director(s) and shareholder(s) resolution(s) by the Target;

(viii) if necessary, the passing by Independent Shareholders at the SGM of necessary resolution(s) to approve the Agreement and the transactions contemplated thereunder;

(ix) if applicable, all necessary approvals and consents under the relevant rules and regulations, including the Listing Rules having been obtained by the Company; and

(x) all necessary approvals from the relevant regulatory authorities or departments for the transactions contemplated under the Agreement having been obtained by Target.

The conditions (i), (ii) and (vii) to (x) above cannot be waived. The Directors have no intention to waive any of the above conditions precedent as at the date hereof. The parties to the Agreement shall use their best endeavour to fulfill the above conditions precedent within 60 Business Days of the date of the Agreement or any further period as agreed by the each party in writing. In the event the above conditions precedent cannot be fulfilled within the designated time frame, both the Vendors and the Purchaser has the right to terminate the Agreement. Upon such termination of the Agreement, the Vendors shall within 15 Business Days refund the Total Deposit to the Purchaser.

Completion of the Acquisition shall take place within 15 Business Days upon which all the conditions precedent of the Acquisition having been satisfied (or waived, as appropriate).

Non-Competition Undertaking

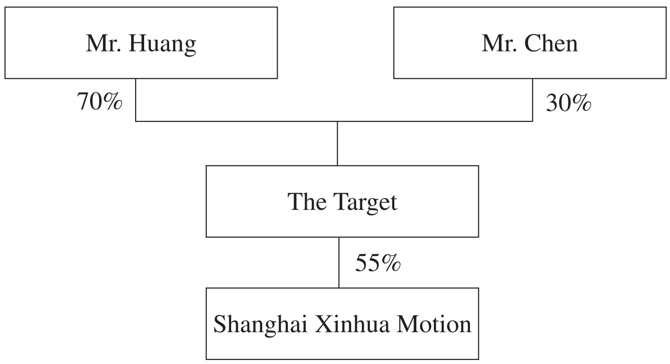
Pursuant to the Agreement, save for certain existing shareholding interests in certain entities that would not constitute a direct competition with the business engaged by the Target Group or also engaged in the telecommunications industry, held by the Vendors, the Vendors have undertaken in favour of the Purchaser that within five years upon signing of the Agreement, unless with prior written consent from the Purchaser, the Vendors and their respective associates would not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by the Target Group from time to time.

The Vendors have further undertaken in favour of the Purchaser that within five years upon signing of the Agreement, should the Vendors or any of their respective associates is offered any new business opportunity that could potentially compete with that of the Purchaser or the Target Group, the Vendors should promptly notify the Purchaser in writing (either by way of emails, facsimile or by other means) of such opportunity and provide such key terms and conditions to the Purchaser. Only in the event that the Purchaser rejected such new business opportunity, the Vendors or any of their respective connected persons shall be permitted to pursue or participate in such new business opportunity at the terms and conditions that is no more favourable than those previously presented to the Purchaser for consideration.

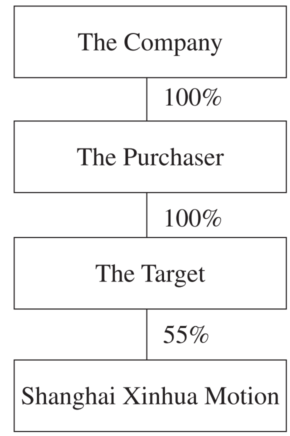
In addition, the Vendors have also given a right of first refusal to the Purchaser in respect of their shareholding interests in Shanghai XingJiTong Shi Ye Company Limited*(上海星際通實業有限公司), a company held as to 70% and 30% by Mr. Huang and Mr. Chen respectively, given that such company is also engaged in the telecommunications industry in Shanghai. Pursuant to the Agreement, it is agreed that should the Vendors decide to sell their equity interests in Shanghai XingJiTong Shi Ye Company Limited, the Vendors shall inform the Purchaser by written notice and the Purchaser would have up to 14 Business Days to decide whether to exercise such right of first refusal. If the Purchaser intends to acquire the relevant equity interests, a written notice (the “Acceptance Notice”) shall be issued by the Purchaser to the Vendors within the said period, and subject to compliance of all applicable laws and regulations (including but not limited to the Listing Rules), the relevant sale and purchase agreement shall be entered into within 30 Business Days after the date of the Acceptance Notice (or such other date as may be agreed by the parties).

INFORMATION ON THE TARGET GROUP

Before the Acquisition



After the Acquisition



The Target was established under the laws of the PRC as a limited liability company in 2010 with registered capital of RMB5.0 million. It is owned as to 70% by Mr. Huang and 30% by Mr. Chen as at the date of the Agreement and the date of this announcement. Save as disclosed, the Target has no other relationship with the Purchaser or the Company. The original investment cost of the Vendors for their investment in the Target amounted to RMB5.0 million, being 100% of the registered capital of the Target. The Target is primarily engaged in the provision of outbound call center services in Shanghai for a leading national telecommunications operator in China ("Operator A") under its outbound server business license. The Target has been cooperating with Operator A in Shanghai since its establishment in 2010 and has been providing services including collecting customer feedback from Operator A's end users and marketing of its new promotions to Operator A's existing and potential customers. The Target has also recently entered into a one-year contract, expiring in June 2015, with Operator A pursuant to which, the Target will handle business inquires, consultation, business requests processing and customer complaints handling on behalf of Operator A in Shanghai. The call center of the Target currently has 80 phone lines and 110 staff.

Besides the current business lines, the Target plans to extend its current integrated calling business to other businesses including but not limited to dining, aviation, banking and taxi-booking services relying on its current management and operation teams and its integrated calling technical solutions.

As at the date of this announcement, the Target holds 55% of the total issued share capital of Shanghai Xinhua Motion, a company established under the laws of the PRC in 2010. The Target originally held 15% of the total issued share capital of Shanghai Xinhua Motion and on 23 December 2013 entered into a sale and purchase agreement to purchase an additional 40% equity interest of Shanghai Xinhua Motion at the investment cost of RMB4.0 million. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the remaining 45% is held by an independent third party.

Shanghai Xinhua Motion has been cooperating with another leading national telecommunications operator ("Operator B") since its establishment in 2010 and is primarily engaged in operation of retail network for Operator B, selling telecommunication and mobile products to end user customers of Operator B in Shanghai. Shanghai Xinhua Motion currently engaged around 50 staff through 9 direct-sale outlets and 12 franchised sales outlets, focusing on the sale of 3G terminals, and is also currently expanding its business to the sale of 4G terminals.

Based on the audited financial statements of the Target Group and Shanghai Xinhua Motion for the year ended 31 December 2012 and 2013, which have been prepared in accordance with accounting principles generally accepted in the PRC and the unaudited balance sheet of the Target Group as at 31 May 2014, the financial information of the Target Group and Shanghai Xinhua Motion is summarized as follows:

The Target Group:

	For the five months ended 31 May 2014 Note1	**For the year ended 31 December**	
		2013	2012
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(audited)	(audited)
Turnover	**9,322**	9,454	4,296
Net profit before taxation	**2,410**	938	704
Net profit after taxation	**1,808**	758	592

Shanghai Xinhua Motion:

	For the five months ended 31 May 2014	**For the year ended 31 December**	
		2013	2012
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(audited)	(audited)
Turnover	**6,086**	110,554	98,534
Net profit before taxation	**2,216**	2,550	1,815
Net profit after taxation	**1,662**	1,895	1,750

Note 1: The Target originally held 15% of the total issued share capital of Shanghai Xinhua Motion and on 23 December 2013 entered into a sale and purchase agreement to purchase an additional 40% equity interest of Shanghai Xinhua Motion. The Target only consolidated the financial results of Shanghai Xinhua Motion effective from January 2014 upon the completion of such purchase of the additional 40% equity interest, and therefore the consolidated results of the Target Group did not include the results of Shanghai Xinhua Motion for the two years ended 31 December 2012 and 31 December 2013.

The Target Group:

	As at 31 May 2014
	RMB'000
	(unaudited)
Total assets	23,057
Total liabilities	(7,541)
Net assets	15,516
Non-controlling interest	(6,521)
Net assets attributable to the equity holders of the Target	8,995

For the year ended 31 December 2013, the turnover of the Target Group amounted to approximately RMB9.454 million, representing an increase of approximately 120.1% as compared to that of last year. The increase in turnover was mainly attributable to the Target's new business line of collecting customer feedback for Operator A. As a result, the Target Group also recorded a net profit after taxation of approximately RMB0.758 million for the year ended 31 December 2013 as compared to a net profit after taxation of approximately RMB0.592 million for the year ended 31 December 2012. Fluctuation in the turnover and net profit after taxation of the Target Group for the five months ended 31 May 2014 was primarily due to the changes in turnover and net profit after taxation of Shanghai Xinhua Motion as explained below.

For the year ended 31 December 2013, the turnover of Shanghai Xinhua Motion amounted to approximately RMB110.554 million, representing an increase of approximately 12.20% as compared to that of last year. The increase in turnover was mainly attributable to the increase in the volume of mobile usage by the customers of Operator B maintained by Shanghai Xinhua Motion in 2013, thereby increasing its commission income. As a result, Shanghai Xinhua Motion also recorded a net profit after taxation of approximately RMB1.895 million for the year ended 31 December 2013 as compared to a net profit after taxation of approximately RMB1.750 million for the year ended 31 December 2012. The turnover of Shanghai Xinhua Motion typically fluctuate depending on the subsidy policy adopted by Operator B. In 2012 and 2013, Operator B provided handset subsidies to end customers and therefore required distributors such as Shanghai Xinhua Motion to first purchase such mobile handset as inventories before onward sale to the end customers. Such practice resulted in the corresponding increase in both turnover and cost of sales of Shanghai Xinhua Motion in 2012 and 2013. For the five months ended 31 May 2014, Operator B provided subsidies for cell phone usage in place of handset subsidies, which resulted in Shanghai Xinhua Motion ceased sale of mobile plan handsets with subsidies (「含終端補貼合約手機」) from Operator B directly to customers, which resulted in the corresponding decrease in turnover and cost of sales. For the five months ended 31 May 2014, sale of handset was restricted to sale of handset (without any mobile plans) (「空機」) and Shanghai Xinhua

Motion only sold 1,610 handsets while 31,900 mobile plan handsets with subsidies were sold in 2013. As a result, turnover of Shanghai Xinhua Motion decreased from approximately RMB110.554 million in 2013 to RMB6.086 million for the five months ended 31 May 2014, primarily due to the decrease in sale of mobile plan handsets that were subsidized by Operator B. According to Shanghai Xinhua Motion, the type of subsidy policy adopted by Operator B is not fixed and could change according to market conditions and marketing strategies of telecommunication operator.

Due to the sale of mobile plan handset with subsidies in 2012 and 2013, which resulted in the recognition of the relevant cost of mobile handset in both turnover and cost of sale, the net profit margin of Shanghai Xinhua Motion was only approximately 1.7% due to the higher revenue base. For the five months ended 31 May 2014, primarily due to the corresponding decrease in revenue and cost of sale attributable to the sale of mobile plan handsets with subsidies, net profit margin of Shanghai Xinhua Motion increased to approximately 27.3% as a result of the decrease in revenue base used for the calculation of net profit margin.

As at 31 May 2014, the Target Group had consolidated net assets of RMB15.516 million of which, total assets of approximately RMB23.057 million, of which approximately RMB1.054 million were fixed assets, approximately RMB7.152 million were inventories, approximately RMB2.879 million were accounts receivables, approximately RMB4.249 million were other receivables, and approximately RMB7.691 million were bank and cash balances. As at 31 May 2014, the Target Group had total liabilities of approximately RMB7.541 million, which mainly included accounts payables of approximately RMB3.341 million and other payables and accruals of approximately RMB3.990 million. Non-controlling interest was approximately RMB6.521 million as at 31 May 2014.

REASONS FOR THE ACQUISITION

The Group is primarily engaged in the provision of telecommunications retail sales and management services, property investment, as well as property development and management business. With regards to the telecommunications retail sales and management services, the Group currently operates 21 retail stores in Shanghai that provide telecommunications equipment and management services for Operator A while the Target mainly operates as a outbound call center for Operator A and that Shanghai Xinhua Motion principally engage in the operation of retail stores in Shanghai that provide telecommunications equipment and management services for Operator B.

As disclosed in the annual report for the year ended 31 March 2014 of the Group, turnover of the telecommunication retail sales and management 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. The telecommunications retail sales and management services segment continued to be affected by the high penetration of the mobile service and strategy changes by the Shanghai telecommunications operator. In view of that, the Group has adjusted its strategies to enhance the profitability of the business based on the trends in the development of the telecommunications industry. The Group will also seek for the opportunities to cooperate with other telecommunications operators to further expand its telecommunications business and capitalise on its channel advantage to further expand the retailing of electronic products, such as mobile accessories. As such, the Group has been exploring opportunities to enhance the business performance and profitability of its telecommunications retail sales and management services segment. The Directors therefore consider that the Acquisition is in line with the strategic development of the Group to expand its telecommunications retail sales and management services segment. In particular, the Directors have taken into account the following:

– the Target Group has an established business presence in the mobile telecommunications in Shanghai which would add diversity to the existing product and services offering of the Group, thereby reducing the Group's reliance on its existing products and services;

– the Target Group has established key business relationship with leading national telecommunications operators on which the Group could leverage to further develop its telecommunication business in Shanghai;

– there is significant development potential of the new products and services by utilizing the existing business platform of the Target Group. For example, the business scope of the Target Group can be extended to other businesses including but not limited to dining, aviation, banking and taxi-booking services relying on its current management and operation teams and its integrated calling technical solutions; and

– there is potential business synergy between the business of the Target Group with the existing telecommunications retail sales and management services business segment of the Group. The Purchaser is only currently engaged in the sale of terminal products operated under Operator A through its retail network in Shanghai and the Acquisition would therefore enable the Purchaser to expand the scope of cooperation with Operator A from providing front office sales services to a more integrated services provider Area of synergies including (i) providing a combined integrated platform to serve the customers of Operator A, offering both front office sale of telecommunication equipment and also back office call center customer services; (ii) the potential increase in depth of relationship that the Group can develop with Operator A as a whole by working with different departments of Operator A, thereby increasing chances of more future collaboration; and (iii) the sharing of resources for the overall management of retail stores for both Operator A and Operator B which are all located in Shanghai.

The Directors are of the opinion that the terms of the Agreement are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio (namely, the revenue ratio) in relation to the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Mr. Huang and Mr. Chen, being the Vendors held 70% and 30% of the Target's equity interest respectively. Mr. Huang is also currently a director of the Purchaser, a wholly-owned subsidiary of the Company and Mr. Chen was a former director of the Purchaser within 12 months preceding the date of the Agreement. Save as disclosed, there is no other connected relationship between the Company and Mr. Huang and Mr. Chen. Therefore, the Vendors are connected persons of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Acquisition is however only a connected transaction between the Company and the Vendors at the subsidiary level on normal commercial terms, therefore such connected transaction is exempt from the circular, independent financial advice and shareholders' approval requirements under rule 14A.101 of the Listing Rules given that (i) the Directors have approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders have any material interest in the Acquisition which is different from other Shareholders and none of the Vendors and their respective associates holds any Share as at the date of this announcement. Therefore, it is expected that no Shareholders are required to abstain from voting at the SGM to approve the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among others, (i) further details of the Acquisition, (ii) the accountants report of the Target Group, (iii) pro forma financial information on the enlarged Group upon completion of the Acquisitions, and (iv) a notice convening the SGM, and other disclosures required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 August 2014 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 16 July 2014, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 July 2014.

Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the Agreement and therefore, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

"Acquisition"	the proposed acquisition of the entire equity interest in the Target by the Purchaser in accordance with the terms and conditions of the Agreement
"Agreement"	the conditional sale and purchase agreement dated 15 July 2014 entered into among the Purchaser and the Vendors in relation to the Acquisition
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Days"	any day on which is not a public holiday under relevant PRC laws
"Company"	Ground Properties Company Limited (stock code: 989), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of RMB9.0 million (equivalent to approximately HK$11.25 million) (subject to Adjustment) payable by the Purchaser to the Vendors for the Acquisition

"Difference Amount"	the difference amount between the audited consolidated net asset value attributable to the equity holders of the Target as at 31 May 2014 and the Consideration
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholder(s)"	shareholders other than those who are required to abstain from voting at the SGM under the Listing Rules or other applicable laws, rules and regulations
"Mr. Chen"	Mr. Chen Zhihao, who holds 30% of total issued share capital of the Target, being one of the Vendors and was a former director of the Purchaser within 12 months preceding the date of the Agreement
"Mr. Huang"	Mr. Huang Bingxing, who holds 70% of total issued share capital of the Target, being one of the Vendors and is currently a director of the Purchaser
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Shanghai CM Concept Communications Products Franchise Sale Company Limited* (上海潤迅概念通信產品連鎖銷售有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC

"SGM"	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder
"Shanghai Xinhua Motion"	Shanghai Xinhua Motion Communication Technology Company Limited* (上海新華匯訊通信設備銷售有限公司), a limited liability company established under the laws of the PRC and is held as to 55% equity interest by the Target
"Share(s)"	ordinary share(s) of HK$0.05 each in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Shanghai Motion JUNS Communication Technology Company Limited*(上海潤迅君斯通訊科技有限公司), a limited liability company established under the laws of the PRC
"Target Group"	the Target and Shanghai Xinhua Motion
"Vendors"	Mr. Huang and Mr. Chen
"%"	per cent
"3G"	third generation of mobile telecommunications technology
"4G"	fourth generation of mobile telecommunications technology

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

Hong Kong, 22 July 2014

For the purposes of this announcement, unless otherwise indicated, conversion of RMB into HK$ is calculated at the exchange rate of RMB1 to HK$1.25. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

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.

* *for identification purpose only*