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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

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 2015 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2015

	Note	**2015** **HK$'000**	2014 HK$'000 (Restated)
Turnover	*3*	**129,494**	56,211
Cost of sales and services		**(73,487)**	(16,797)
Gross profit		**56,007**	39,414
Other revenue	*3*	**11,295**	4,236
Other net income	*4*	**989**	13,809
Distribution costs		**(33,327)**	(27,437)
Administrative expenses		**(64,907)**	(39,553)
Change in fair value of investment properties		**25,000**	11,000
Finance costs	*5*	**(16,743)**	(3,747)
Share of results of associates		**2,641**	(1,081)
Share of results of a joint venture		**429**	–
Loss before taxation	*6*	**(18,616)**	(3,359)
Taxation	*7*	**(4,103)**	(497)
Loss for the year		**(22,719)**	(3,856)

	Note	2015 HK$'000	2014 HK$'000
Loss attributable to:			
Shareholders of the Company		**(22,713)**	(3,850)
Non-controlling interests		**(6)**	(6)
		(22,719)	(3,856)
Dividend	*8*	**–**	–
Loss per share			
Basic and diluted	*9*	**(2.79) HK cents**	(0.68) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 *HK$'000*	2014 *HK$'000*
Loss for the year	**(22,719)**	(3,856)
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange difference on consolidation	**104**	(50)
Share of other comprehensive income of associates	**(28)**	–
Reclassification adjustment relating to disposal of subsidiaries	**–**	(5,011)
Total other comprehensive income	**76**	(5,061)
Total comprehensive income for the year	**(22,643)**	(8,917)
Total comprehensive income attributable to:		
Shareholders of the Company	**(22,637)**	(8,911)
Non-controlling interests	**(6)**	(6)
	(22,643)	(8,917)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Note	**31 March 2015** *HK$'000*	31 March 2014 *HK$'000*
Non-current assets			
Investment properties		**340,000**	315,000
Property, plant and equipment		**6,606**	2,547
Goodwill		**–**	–
Interests in associates		**386,532**	383,919
Interests in a joint venture		**10,597**	–
		743,735	701,466
Current assets			
Inventories		**30,859**	1,580
Trade and other receivables	*10*	**42,116**	11,514
Entrusted loan receivable	*11*	**179,830**	–
Pledged bank deposits	*12*	**203,326**	–
Bank balances and cash		**71,966**	38,860
		528,097	51,954
Current liabilities			
Trade and other payables	*13*	**39,656**	17,488
Interest-bearing borrowings	*14*	**319,574**	145,000
Tax payable		**1,835**	58
		361,065	162,546
Net current assets (liabilities)		**167,032**	(110,592)
Total assets less current liabilities		**910,767**	590,874
Non-current liabilities			
Interest-bearing borrowings	*14*	**178,000**	150,000
Deferred tax liabilities		**5,099**	5,099
		183,099	155,099
NET ASSETS		**727,668**	435,775

	31 March 2015 HK$'000	31 March 2014 HK$'000
CAPITAL AND RESERVES		
Share capital	**42,923**	28,532
Reserves	**684,893**	407,385
Total capital and reserves attributable to shareholders of the Company	**727,816**	435,917
Non-controlling interests	**(148)**	(142)
TOTAL EQUITY	**727,668**	435,775

Notes:

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The annual results set out in the announcement are extracted from the Group's financial statements for the year ended 31 March 2015.

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2014 except the changes mentioned below.

The HKICPA has issued a number of new/revised HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the changes in accounting policy relevant to the Group's financial statements are as follows:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27: Investment Entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure particular subsidiaries at fair value through profit or loss. The amendments also set out the relevant disclosure requirements for investment entities. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. These amendments do not have an impact on the consolidated financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the consolidated financial statements as the Group does not have impaired non-financial assets nor impaired asset or cash generating unit whose recoverable amount is based on fair value less costs of disposal.

The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

2. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

	Operating segments	Nature of business activities	Place of operation
1	Telecommunications retail sales and management services	Sale of mobile phones, headphone, telecommunications equipment and other products and provision for (i) telecommunications call centre services; and (ii) retail sales and management services	PRC
2	Property investment	Property holding for long term investment and leasing purposes	Hong Kong
3	Property development and management	Property development and provision of management service to property project	PRC
4	Others	Other businesses including investment holdings	Hong Kong and PRC

For the purpose of monitoring segment performances and allocating resources between segments:

Segment assets include all assets with the exception of bank balances and cash and other corporate assets. Segment liabilities include all liabilities with the exception of provision for taxation, deferred tax liabilities and other corporate liabilities. Those assets and liabilities not allocated to reportable segments are grouped in unallocated assets and unallocated liabilities respectively.

Revenue and expenses allocated to the reportable segments include the sales generated by the segment and the expenses incurred by the segment or which arise from the depreciation of assets attributable to those segments.

(a) Segment results and other information

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

For the year ended 31 March 2015

	Telecommunications retail sales and management services *HK$'000*	Property investment *HK$'000*	Property development and management *HK$'000*	Others *HK$'000*	Total *HK$'000*
Turnover					
Revenue from external customers	129,028	448	18	–	129,494
Reportable segment revenue	129,028	448	18	–	129,494
Reportable segment results	9,310	18,329	(24,301)	(19,929)	(16,591)
Interest income					10,659
Finance costs					(16,743)
Share of results of associates	–	–	2,641	–	2,641
Share of results of a joint venture	429	–	–	–	429
Bargain purchase on acquisitions of subsidiaries	989	–	–	–	989
Loss before taxation					(18,616)
Taxation					(4,103)
Loss for the year					(22,719)
Assets					
Reportable segment assets	263,566	340,460	386,551	5,963	996,540
Unallocated assets					275,292
Total assets					1,271,832
Liabilities					
Reportable segment liabilities	(27,971)	(159)	(18)	(11,508)	(39,656)
Unallocated liabilities					(504,508)
Total liabilities					(544,164)
Other information					
Capital expenditure	506	–	–	113	619
Change in fair value of investment properties	–	(25,000)	–	–	(25,000)
Depreciation	736	–	–	439	1,175
Equity-settled share based payment expenses	1,479	–	19,898	6,730	28,107
Significant non-cash expenses (other than depreciation and amortisation)	58	–	–	–	58

For the year ended 31 March 2014

	Telecommunications retail sales and management services	Property investment	Property development and management	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover					
Revenue from external customers	46,452	9,759	–	–	56,211
Reportable segment revenue	46,452	9,759	–	–	56,211
Reportable segment results	(1,852)	12,277	–	(11,588)	(1,163)
Interest income					2,632
Finance costs					(3,747)
Share of results of associates	–	–	(1,081)	–	(1,081)
Loss before taxation					(3,359)
Taxation					(497)
Loss for the year					(3,856)
Assets					
Reportable segment assets	10,563	315,523	383,919	4,555	714,560
Unallocated assets					38,860
Total assets					753,420
Liabilities					
Reportable segment liabilities	(8,894)	(741)	–	(7,853)	(17,488)
Unallocated liabilities					(300,157)
Total liabilities					(317,645)
Other information					
Capital expenditure	519	–	–	1,639	2,158
Change in fair value of investment properties	–	(11,000)	–	–	(11,000)
Depreciation	512	–	–	250	762
Gain on disposal of subsidiaries	–	–	–	(13,391)	(13,391)
Gain on disposal of club membership	–	–	–	(340)	(340)
Significant non-cash expenses (other than depreciation and amortisation)	138	–	–	237	375

(b) Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, goodwill and interests in associates and joint venture ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and investment properties, and the location of operations, in the case of interests in associates and joint venture.

	Revenue from external customers	
	2015	2014
	HK$'000	*HK$'000*
PRC	**129,046**	46,452
Hong Kong	**448**	9,759
	129,494	56,211

	Specified non-current assets	
	2015	2014
	HK$'000	*HK$'000*
PRC	**402,488**	384,893
Hong Kong	**341,247**	316,573
	743,735	701,466

3. TURNOVER AND REVENUE

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

	2015	2014
	HK$'000	*HK$'000*
Sale of mobile phones, headphones, telecommunications equipment and products	**77,005**	10,589
Rental income	**448**	9,759
Telecommunications call centre services income	**9,666**	–
Telecommunications retail sales and management services income	**42,357**	35,863
Project management income	**18**	–
Turnover	**129,494**	56,211
Interest income	**10,659**	2,632
Others	**636**	1,604
Other revenue	**11,295**	4,236
Total revenue	**140,789**	60,447

4. OTHER NET INCOME

	2015	2014
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**–**	78
Gain on disposal of subsidiaries	**–**	13,391
Gain on disposal of club membership	**–**	340
Bargain purchase on acquisitions of subsidiaries	**989**	–
	989	13,809

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans repayable within five years	**9,645**	2,909
Interest on promissory notes	**7,098**	838
	16,743	3,747

6. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	Note	2015 HK$'000	2014 HK$'000
Staff costs (including directors' emoluments)			
Salaries, wages and other benefits		**33,016**	29,655
Equity-settled share-based payment expenses	*(a)*	**12,402**	–
Contributions to defined contribution plans		**6,879**	6,580
		52,297	36,235
Auditor's remuneration			
Current year		**870**	580
Other services		**1,527**	1,120
Cost of inventories		**59,409**	9,920
Depreciation		**1,175**	762
Operating lease charges on premises		**8,685**	8,342
Write off of doubtful trade and other receivables		**54**	138
Loss (Gain) on disposal of property, plant and equipment		**5**	(78)
Equity-settled share based payment expenses	*(a)*	**28,107**	–
Direct operating expenses arising from investment properties that generated rental income		**89**	2,203
Direct operating expenses arising from investment properties that did not generate rental income		**2,405**	62

Note:

(a) The equity-settled share-based payment expenses represent the fair value of 84,350,000 share options granted during the year and results in total share-based payment expenses of HK$28,107,000, among which, 48,350,000 share options were granted to the directors and employees of the Group with an aggregate fair value of HK$12,402,000 that has been included in staff costs.

7. TAXATION

The major components of income tax charged to the consolidated income statement are:

	2015	2014
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax		
Current year	**4,103**	171
Under provision in prior year	**–**	7
	4,103	178
Deferred taxation		
Origination and reversal of temporary difference	**–**	319
Total tax charge for the year	**4,103**	497

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 Hong Kong 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% *(2014: 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 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 arrangement between the PRC and Hong Kong for avoidance of double taxation.

The post 2007 earnings are not expected to be distributed in the foreseeable future and they are 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 and a joint venture were approximately of HK$1,647,000 *(2014: HK$556,000)*. 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 the joint venture 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.

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2015 *(2014: Nil)*.

9. LOSS PER SHARE

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

(a) Number of shares

	2015	2014
Issued ordinary shares at the beginning of the year	**570,630,000**	564,100,000
Effect of share options exercised	**1,670,000**	694,493
Issue of new shares	**241,362,904**	–
Weighted average number of ordinary shares for the purpose of basic loss per share	**813,662,904**	564,794,493
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**813,662,904**	564,794,493

(b) Loss per share:

	2015	2014
Loss attributable to shareholders of the Company (HK$'000)	**(22,713)**	(3,850)

Diluted loss per share for the years ended 31 March 2015 and 31 March 2014 are the same as the basic loss per share because share option in issue have no dilutive effect and there are no dilutive potential ordinary shares in existence.

During the year ended 31 March 2015, 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. Such share consolidation has been reflected in the calculation of the weighted average number of ordinary shares for the purpose of basic loss per share for all periods presented.

10. TRADE AND OTHER RECEIVABLES

	Note	**2015** *HK$'000*	2014 *HK$'000*
Trade receivables			
Trade receivables from third parties	*(a)*	**28,537**	5,153
Other receivables			
Deposits, prepayments and other receivables		**13,579**	15,687
Allowance for doubtful debts	*(b)*	**–**	(9,326)
		13,579	6,361
		42,116	11,514

Notes:

(a) Trade receivables

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. No allowance for doubtful debts has been made.

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**18,860**	2,879
31 – 60 days	**5,621**	2,052
61 – 90 days	**4,038**	150
Over 90 days	**18**	72
	28,537	5,153

Receivables that are neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivable balance are debtors with a carrying amount of HK$4,056,000 *(2014: HK$222,000)*, 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 ageing of trade receivables which are past due but not impaired are as follows:

	2015	2014
	HK$'000	*HK$'000*
Past due for		
0 – 30 days	**4,038**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	150
over 90 days	**18**	72
	4,056	222

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(b) Allowance for doubtful debts – Other receivables

	2015	2014
	HK$'000	*HK$'000*
Balance at the beginning of the year	**9,326**	9,326
Amount written off	**(9,326)**	–
Balance at the end of the year	**–**	9,326

11. ENTRUSTED LOAN RECEIVABLE

On 25 September 2014, a wholly-owned subsidiary of the Company entered into a memorandum of understanding to acquire the entire equity interest in a property development company in the PRC from independent third parties.

In addition, the wholly-owned subsidiary entered into an entrusted loan agreement with this property development company in the PRC (the "Borrower") to grant a loan to the Borrower in the principal amount of RMB143,900,000 (equivalent to approximately HK$179,830,000) through a bank in the PRC. The purpose of the entrusted loan was for the construction cost of residential units relating to property development at a property project and the potential property project to be developed by the Borrower.

The original entrusted loan was for an initial period of 6 months from 25 September 2014 with an interest rate of 10% per annum. On 25 March 2015, an entrusted loan extension agreement was signed between the Borrower and the Group that the maturity date of the loan was extended to 26 September 2015. The entrusted loan is secured by share charge over the 100% equity interest of the Borrower pursuant to a deed of guarantee dated 25 September 2014, and the account receivable balance generated from the sale of the property development project of the Borrower. The entrusted loan is neither past due nor impaired.

An amount of RMB143,900,000 (equivalent to approximately HK$179,830,000) out of total amount of pledged bank deposits of HK$203,326,000 has been used to secure the entrusted bank loan shown in Note 14 in order to facilitate the entrusted loan receivable.

12. PLEDGED BANK DEPOSITS

The pledged bank deposit of RMB143,900,000 (equivalent to approximately HK$179,830,000) is pledged as cash collateral for the entrusted loan obtained from a bank in the PRC, which was used to finance the entrusted loan receivable made to an independent third party. The details of which are set out in Note 11.

The short-term pledged bank deposit of RMB18,800,000 (equivalent to approximately HK$23,496,000) is pledged as cash collateral for the operation to a wholly-owned subsidiary in the PRC as trust receipt loan, details of which are set out in Note 14.

Pledged bank deposits in terms of currencies (expressed in Hong Kong dollars) are as follows:

	2015	2014
	HK$'000	*HK$'000*
RMB	**203,326**	–

13. TRADE AND OTHER PAYABLES

	Note	2015	2014
		HK$'000	*HK$'000*
Trade payables	*(a)*	**20,443**	757
Other payables			
Accrued charges and other creditors		**19,094**	13,532
Deposits received		**119**	619
Due to a related party	*(b)*	**–**	2,580
		19,213	16,731
		39,656	17,488

(a) Trade payables

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**19,332**	273
31 – 60 days	**286**	116
61 – 90 days	**170**	80
Over 90 days	**655**	288
	20,443	757

(b) Due to a related party

The amount due to a related party was unsecured, interest free and had no fixed repayment term. The related party is an entity controlled by a close family member of a controlling shareholder of the Company.

14. INTEREST-BEARING BORROWINGS

At 31 March 2015, the interest-bearing borrowings consist of the followings:

	Note	2015 HK$'000	2014 HK$'000
Secured bank loans	(i)	**210,000**	210,000
Unsecured promissory notes	(ii)	**85,000**	85,000
Trust receipt loan	(iii)	**22,744**	–
Entrusted loan	(iv)	**179,830**	–
		497,574	295,000

Note:

(i) Secured bank loans of HK$210,000,000 *(2014: HK$210,000,000)* are pledged by the investment properties of the Group;

The secured bank loans bear interest at HIBOR plus 3% per annum. According to the repayment schedule stated in the loan agreement, an amount of HK$32,000,000 is repayable within one year which is classified under current liabilities as at 31 March 2015.

Included in secured bank loans as at 31 March 2014, an amount of HK$60,000,000 was repayable on demand and was classified as interest bearing borrowings under current liabilities. During the financial year ended 31 March 2015, the bank confirmed in writing that the bank will not demand for repayment on the amount of HK$60,000,000 and such amount will not be repayable within the next 12 months. Thus, such portion of loan balance has been re-classified as interest-bearing borrowings under non-current liabilities.

(ii) The unsecured promissory notes of HK$85,000,000 issued by the Company on 29 October 2013 were part of the purchase consideration in connection with the acquisition of the entire equity interest in Ace Plus Global Limited and its subsidiaries in October 2013.

The promissory notes are unsecured and bear interest at rates ranging from 4% to 12% per annum depending on the repayment date of the principal amount(s). The initial maturity date of the promissory notes was 28 October 2014 with an option to extend for a further period of one year. During the year ended 31 March 2015, the Company extended the repayment date of the promissory notes to 28 October 2015.

(iii) The trust receipt loan of RMB18,200,000 (approximately of HK$22,744,000) is pledged by a bank deposit of RMB18,800,000 (approximately of HK$23,496,000) made with a bank in the PRC. This loan bears interest at a fixed rate of 2.885% per annum and is repayable in August 2015.

(iv) The entrusted loan of RMB143,900,000 (approximately of HK$179,830,000) is pledged by a bank deposit of RMB143,900,000 (approximately of HK$179,830,000) made with a bank in the PRC for the purpose of the entrusted loan receivable made to an independent third party (Note 11).

The loan bears an interest at a prevailing rate as published by the People's Bank of China minus 3.12%. The entrusted loan is repayable on 24 September 2015.

All of the banking facilities are subject to the fulfillment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will demand repayment for so long as the Group continues to meet these requirements. As at 31 March 2015, none of the covenants relating to drawn down facilities had been breached *(2014: Nil)*.

15. COMPARATIVE FIGURES

Conforming to current year's presentation, the expenses of HK$26,401,000 that were included in administration expenses have been reclassified to distribution costs. 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

OPERATION REVIEW

During the year ended 31 March 2015 ("2015"), the Group recorded an overall turnover of approximately HK$129,494,000 *(2014: approximately HK$56,211,000)*, a year-on-year increase of 1.3 times, which was mainly attributable to significant growth in the sales of mobile phones, headphones and other products with lower margins when compared to the last financial year. Overall gross profit was HK$56,007,000, a year-on-year growth of more than 42% *(2014: approximately HK$39,414,000)*. Moreover, the Group recorded an increase of approximately HK$25,000,000 in the fair value of investment properties in 2015 *(2014: approximately HK$11,000,000)*. Despite the increase in income, gross profit and the fair value of investment properties, the Group reported an increase in net loss in 2015. Its loss after tax was HK$22,719,000 *(2014: HK$3,856,000)* mainly attributable to (i) the grants of share options on 19 June 2014 and 24 October 2014 that resulted in a sharp increase in share-based compensation expenses of approximately HK$28,107,000 *(2014: Nil)* and (ii) interest expenses arising from new bank loans and existing promissory notes of approximately HK$12,996,000 *(2014: HK$3,747,000)*.

	Turnover		Gross profit	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Telecommunications retail sales and management services	**129,028**	46,452	**55,629**	31,859
Property development and management	**18**	–	**18**	–
Property investment	**448**	9,759	**360**	7,555
Total	**129,494**	56,211	**56,007**	39,414

Telecommunications retail sales and management services

During the year under review, the Group has completed two acquisitions, namely 上海潤迅君斯通信科技有限公司 (Shanghai Motion JUNS Communication Technology Company Limited*) ("Shanghai Motion JUNS") and 上海星際通實業有限公司 (Shanghai XingJiTong Shi Ye Company Limited*) ("Shanghai XingJiTong"). As a result, the Group has achieved good results as witnessed in the expansion of its telecommunications retail network while boosting retail sales performance of its mobile accessories. Secondly, the Group has entered into a cooperative agreement with a renowned US audio brand and has become exclusive distributor of the brand's popular headphone product series in the PRC. Having integrated and expanded its telecommunications retail network and enriched its product portfolio, sales of the Group's mobile phones, headphones and other related products has increased by 6.27 times, thereby resulting in a notable growth of its overall turnover when compared to last year.

The Group has expanded in its telecommunications retail sales and management services business by (i) increasing additional 8 retail service stores through the acquisition of Shanghai XingJiTong; (ii) obtaining an internationally-renowned headphone brand's exclusive distribution rights in the PRC in June 2014; (iii) obtaining two service contracts with a PRC telecommunication operator A to provide inbound and outbound call centre services through the acquisition of Shanghai Motion JUNS; and (iv) collaborating with another leading national telecommunications operator B for the retail network and outbound call centre services in Shanghai through the acquisition of Shanghai Motion JUNS.

Owing to the above success of the Group's development strategy in expanding its telecommunications retail network, turnover of this segment has climbed by 1.78 times from HK$46,452,000 in the last corresponding period to approximately HK$129,028,000. Gross profit has risen by 75% from HK$31,859,000 to HK$55,629,000. The telecommunications retail sales and management services segment has reported a profit after taxation of approximately HK$12,862,000 *(2014: loss after taxation of HK$1,112,000)*, mainly due to the improvement in operating efficiency by the management team, the consolidated effect for Shanghai Motion JUNS and Shanghai XingJiTong after the completion of acquisitions and the spending increase within the telecommunications industry due to rising popularity of and implementation of 4G network and e-commerce facilities.

Retail service stores operation – Telecommunications operator A

To further augment and expand the telecommunications retail sales and management services, the Group has acquired the entire equity interest in Shanghai XingJiTong in September 2014 and has added eight retail service stores at prime commercial locations in Shanghai, thereby expanding its retail outlet network and enlarging its market share. As at 31 March 2015, the Group managed a total of 28 retail service stores in Shanghai (31 March 2014: 20 stores), among which eight retail service stores were under Shanghai XingJiTong.

Trading of a renowned headphone brand

During the year under review, the Group has entered into a cooperative agreement with a renowned US audio brand in June 2014 to become the exclusive distributor of the brand's popular headphone product series in the PRC. The added diversity should help the Group expand its end-customer base; and, at the same time, we are considering to establish cooperation through audio and communications channels with smart phone users to achieve target in popularizing consumption pattern of audio products through smart phone interface. As the brand's headphone products are renowned for their unique timbre and have won popular user acclaim, sales have been satisfactory during the period as the Group's new income stream.

Telecommunications call center services – Telecommunications operator A

During the year, the Group has entered into two one-year contracts with the telecommunications operator A with effect from 1 July 2014 and 1 March 2015 respectively. The first one is to provide inbound call centre services which has already completed its one year renewal contract, and the latter one is to provide inbound and outbound call centre services in personal living, such as travelling, hotel booking, medical service and ticketing. This new business is expected to increase the diversity of the type of call centre services of the Group. The phone lines of call centre increased from 80 to 310 and the number of staff increased from 110 to 420 since the acquisition of Shanghai Motion JUNS.

Retail network operation – Telecommunications operator B

The Group holds 55% equity interests in 上海新華匯訊通信設備銷售有限公司 (Shanghai Xinhua Motion Communication Technology Company Limited*) ("Shanghai Xinhua Motion"), which has been collaborating with another leading national telecommunications operator B primarily engaging in telecommunications retail network operation for this operator, including selling telecommunications and mobile products to end user customers in Shanghai since its establishment in 2010.

Property development and management

As for the property development and management business, the Changbaishan property project (the "Changbaishan Property Project") has been progressing on schedule. To enhance its position in the property market in Jilin Province, the PRC, the Group has been actively expanding business network and further strengthened its residential property market development in Jilin Province in order to boost the profitability of the segment.

The Group holds 35% equity interest in the Changbaishan Property Project as at 31 March 2015. The Changbaishan Property Project covers a gross floor area of more than 1,000,000 square metres. Phase 1 of the project is still in progress and is expected to start pre-sale in 2016. Phase 1 and the supporting facilities are scheduled to be completed at the end of 2016. In addition to the 35% equity interest in the Changbaishan Property Project, the Group also owns the management rights of Changbaishan Property Project, enabling it to create income streams through providing management services including planning, design, budgeting, licensing, contract tendering and contract administration. This segment has contributed HK$18,000 revenue to the Group during the year.

During the year under review, on the other hand, the Group has also signed a memorandum of understanding with the shareholders of 吉林市萬升房地產開發有限公司 (Jilin Wan Sheng Property Development Company Limited*) ("Jilin Wan Sheng") in relation to the intended acquisition of all of its equity interests. The maturity date of the entrusted loan of Jilin Wan Sheng in an amount of RMB143,900,000 (equivalent to approximately HK$179,830,000) has been extended for a further term of six months from 26 March 2015 to 26 September 2015. The principal activity of Jilin Wan Sheng is property development in Jilin City. As at the date of this announcement, no legally-binding agreement was entered into by the Company.

In addition, the Group has entered into a conditional sale and purchase agreement with the controlling shareholder of the Company to acquire the entire equity interest in a company incorporated in the British Virgin Islands, which together with its subsidiaries, is principally engaged in the development of residential and commercial properties in Jilin Province, China. This acquisition would allow the Group to fast track the pace of growth and scale of its property development and management business and, following completion of the acquisition, to be in a stronger financial position to obtain financing when needed.

Property investment

During the year, the lease contract of the investment properties was expired in April 2014, and the Group is currently negotiating with potential tenants for the leasing. Therefore, the rental income of this segment was only approximately HK$448,000 for the year. The Group recorded rental income of HK$9,759,000 for the last financial year.

PROSPECTS

As the PRC has entered into the "New Normal" development stage, its growth drivers are expected to become more diverse and the country is believed to be able to maintain stable and sustainable growth. The GDP per capita in the PRC has continued to rise, and the disposable income per capita in the PRC was RMB20,167 in 2014, actually increasing by 8% when compared with last year. The improving living standard of the public is expected to stimulate the market demand for a high quality lifestyle with greater leisure time. As the Central Government strives to establish and optimise the long term effective regulatory mechanism to guide the healthy development of the property market, the Group believes that the operation of the property market will become more standardised. The management is poised to fully capitalise on the Group's advantages and rich experience in property investment and management and capture the enormous opportunities from the booming property market in the PRC.

The Changbaishan Property Project in which the Group has invested is situated in a prime location, near the National Scenic Area of Tianchi and Changbaishan Airport. It is well-positioned to meet local demand for hotels, sightseeing and tourist facilities. Therefore, the Group is positive about its development prospects. As for the residential property, given the strong rigid demand in northeastern China and the healthy market environment, the Group is seeking appropriate development opportunities in this region. In the future, the Group plans to increase its land bank at a gradual pace to add new drivers for business development. We intend to leverage the management's resources and network in Jilin to strategically plan and develop the residential and commercial property market there as we open a new chapter for business development.

As the professional telecommunications outsourcing services provider from China, the Group will continue to strengthen cooperation with existing partners and explore opportunities to work with other telecommunications service providers to expand its telecommunications business and capitalize on its channel advantage to further expand the retailing of electronic products, such as mobile accessories. The Group will prudently assess the potential of fast-growing regions aiming to capture the opportunities to further enlarge its retail store network and enlarge its market share through its high quality services.

The number of staff of Shanghai Motion JUNS has been increasing along with its rapid development. As at May 2015, it has more than 600 staff who strive to enrich and improve the diversity and quality of the telecommunications services. The Group believes that its good relationship forged by providing inbound and outbound call centers to local telecom operators, and our strict implementation of the management standard of Customer Operations Performance Centre Inc., will bring more business opportunities and enhance its market reputation. As its cooperation with famous audio brands from the US is proceeding smoothly, the sales performance has exceeded the expectation, generating promising revenue for the Group. To further expand the sales platform and customer source, the Group is in discussion with renowned logistics enterprise and internet companies in PRC for business cooperation, we hope it can attract more customers and increase cost effectiveness through online sales and marketing.

As for the investment properties business, the Group will adhere to its prudent yet proactive strategy, keep abreast with the latest changes in the market, assess the potential business opportunities and seize the chance to enrich its investment portfolio.

Looking ahead, the Group will strive to diversify business development. It is confident that it can integrate and optimise the telecommunications retail sales and management services business. It will continue to expand its property development and management business and seek property investment opportunities with growth potential, so as to achieve sustainable and stable growth.

FINANCIAL REVIEW

KEY CHANGES TO INCOME STATEMENT ITEMS

Turnover

The overall turnover of the Group for the year ended 31 March 2015 is approximately HK$129,494,000, representing a substantial increase of HK$73,283,000 or 1.3 times when compared to last financial year. Such increase is mainly contributed by the significant growth in the sales of mobile phones, headphones and other products and income arising from the telecommunications call center services.

Gross profit

The overall gross profit of the Group for the year ended 31 March 2015 is approximately HK$56,007,000, representing a substantial increase of HK$16,593,000 or 42% when compared to last financial year. Such increase is mainly contributed by the significant growth in the sales of mobile phones, headphones and other products and profit arising from the telecommunications call center services.

Other revenue

The overall other revenue of the Group for the year ended 31 March 2015 is approximately HK$11,295,000, representing an increase of HK$7,059,000 or 1.67 times when compared to last financial year. The increase is mainly due to the interest income generated from the entrusted loan receivable.

Distribution costs

The Group's distribution costs are mainly related to the direct cost and front line staff wages and benefits of selling function. The distribution costs amounted to approximately HK$33,327,000 for the year ended 31 March 2015, representing an increase of HK$5,890,000 or 21% when compared to last financial year. The increase in distribution costs is mainly attributable to the new headphone trading business within the Group's telecommunications retail sales and management services business operation.

Administrative costs

The Group's administrative costs are mainly attributable to the indirect cost and payroll related costs of management and head office staff, which amounted to approximately HK$64,907,000 for the year ended 31 March 2015, representing a significant increase of HK$25,354,000 or 64% when compared to last financial year. Such increase is mainly due to the increase of the share-based compensation expenses of HK$28,017,000 that related to the grants of share options on 19 June 2014 and 24 October 2014.

Finance costs

The overall finance costs of the Group for the year ended 31 March 2015 amounted to approximately HK$16,743,000, representing an increase of HK$12,996,000 or 3.47 times when compared to last financial year. The increase is mainly owing to the 6 months effect in last year as the borrowings obtained at the end of October 2013 but there is a full year effect of the borrowings this financial year. In addition, the Group required to raise an entrusted loan and bears an interest on the promissory note at a rate of 12% in 2015 *(2014: 4% to 6%)*.

Income tax

During the year, the Group's current income tax amounted to HK$4,103,000, representing an increase of HK$3,606,000 or 7.26 times when compared to last financial year. The change is mainly due to the turnaround of the financial results relating to the telecommunications retail and management services business operation from operating loss in last financial year into a profit this financial year.

KEY CHANGES TO FINANCIAL POSITION

Investment properties

The Group's investment properties are the office premises in Kowloon Bay, Hong Kong. As at 31 March 2015, the fair value of investment properties of the Group amounted to HK$340,000,000 representing an increase of HK$25,000,000 or 8% from the end of last financial year, which was credited to the consolidated income statement. The investment properties are revalued by Savills Valuation and Professional Services Limited, an independent firm of surveyors, on an open market value basis.

Interests in associates

Interests in associates are the Group's investment in the Changbaishan Property Project. As at 31 March 2015, the carrying amount of the interests in associates amounted to HK$386,532,000, representing a slight increase of HK$2,613,000 from the end of last financial year attributable to the share of results of Changbaishan Property Project.

Inventories

The increase in the Group's inventories by HK$29,279,000 or 18.53 times compared to last year reflected the expansion into the trading business in headphone products since June 2014. Also, the inventory turnover days has increased from 74 days to 100 days when compared to the end of last financial year, mainly attributable to the increase in the inventory of headphone products arising from the new headphone trading business. The Group's inventories are substantially aged under six months, and no stock provision is considered necessary.

Trade receivables

As at 31 March 2015, the increase in the Group's trade receivables by HK$23,384,000 or 4.54 times compared to last financial year was contributed by the new trading business of headphone products starting from June 2014. Management reviews the recoverable amount of each individual balance at the end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts. As at 31 March 2015, none of the trade receivables was impaired.

Entrusted loan receivable

On 25 September 2014, the Group entered into a memorandum of understanding with an intention to acquire the entire equity interest in Jilin Wan Sheng from independent third parties. On the same date, the Group entered into an entrusted loan agreement with Jilin Wan Sheng to provide a loan of RMB143,900,000. On 25 March 2015, the entrusted loan was extended to 26 September 2015. The purpose of such entrusted loan is solely to provide working capital to Jilin Wan Sheng so as to pay the construction cost for residential units relating to its property development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group had current assets of HK$528,097,000 *(2014: HK$51,954,000)*, including cash and bank balances and pledged bank deposits in an aggregate of HK$275,292,000 *(2014: HK$38,860,000)*. The net cash position of the Group (i.e. total cash and the bank balance deducting the entrusted loan) is in an aggregate of HK$95,462,000 *(2014: HK$38,860,000)*. The increase in the Group's current assets was contributed by the increase in (i) inventories and trade receivables arising from the new headphone trading business; and (ii) entrusted loan receivables and pledged bank deposits arising from loan to Jilin Wan Sheng. The Group's current liabilities as at 31 March 2015 were HK$361,065,000 *(2014: HK$162,546,000)*, which increase was mainly attributable to the increase in bank loans for the entrusted loan to Jilin Wan Sheng. The liquidity ratio (calculated on the basis of the Group's current assets to its current liabilities) of the Group as at 31 March 2015 was 1.46 times *(2014: 0.32 times)*. The significant improvement for the liquidity ratio is mainly due to the raising of fund from open offer as well as the expansion of business operation.

As at 31 March 2015, the Group has outstanding borrowings of approximately HK$497,574,000 *(2014: 295,000,000)* which comprised of (i) bank borrowings of approximately HK$412,574,000 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 2015 was 68.4% *(2014: 67.7%)*.

In May 2014, the Company raised net proceeds of approximately HK$284,000,000 through the Open Offer on the basis of one (1) offer share (the "Offer Share") for every two (2) then shares at a price of HK$0.20 per Offer Share.

SHARE CONSOLIDATION

Following the approval of the share 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 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 on the effective date. Details of the Share Consolidation were set out in the Company's announcements dated 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 an open offer (the "Open Offer") on the basis of one (1) offer share (the "Offer Share") for every two (2) then shares at a price of HK$0.20 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 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, 23 April 2014 and 28 May 2014 and the prospectus dated 7 May 2014.

As disclosed in the announcement of the Company dated 25 September 2014, the Company changed the use of the net proceeds from the Open Offer to (i) not more than HK$244,000,000 for developing the Group's Property Investment Business for commercial and/or residential properties in major cities in the PRC, including the entrusted loan agreement, the eventual consideration payment for the proposed acquisition and any additional construction costs to be incurred on the residential project of Jilin Wan Sheng; and (ii) as to the remaining balance for general working capital purposes.

As at 31 March 2015, the net proceeds of HK$284,000,000 have been utilized as to (i) RMB143,900,000 (equivalent to approximately HK$181,945,000) for the entrusted loan to Jilin Wan Sheng; (ii) approximately HK$32,793,000 for payment of loan interests, salary, rent and professional fee; and (iii) the remaining sum of 69,262,000 is being retained as cash and bank balances.

ACQUISITION OF ENTIRE EQUITY INTEREST OF SHANGHAI MOTION JUNS

On 15 July 2014, 上海潤迅概念通信產品連鎖銷售有限公司 (Shanghai CM Concept Communications Products Franchise Sale Company Limited*) ("Shanghai CM Concept"), a wholly-owned subsidiary of the Company, entered into the agreement (as supplemented by two supplemental agreements dated 29 September 2014 and 11 November 2014 respectively) with Mr. Huang Bingxing ("Mr. Huang") and Mr. Chen Zhihao ("Mr. Chen") (collectively, the "Vendors") pursuant to which, Shanghai CM Concept has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in Shanghai Motion JUNS at the consideration of RMB9,000,000 (equivalent to approximately HK$11,250,000) (the "Acquisition of Shanghai Motion JUNS"). Shanghai Motion JUNS, together with Shanghai Xinhua Motion, a limited liability company established under the laws of the PRC and is held as to 55% equity interest by Shanghai Motion JUNS, are primarily engaged in the provision of products and services in the mobile telecommunications market in Shanghai.

The Acquisition of Shanghai Motion JUNS was completed in December 2014 with the Shareholders' approval at the special general meeting held on 4 December 2014. Details of the Acquisition of Shanghai Motion JUNS were set out in the announcements dated 22 July 2014, 20 August 2014, 29 September 2014, 11 November 2014, and 4 December 2014 and the circular dated 18 November 2014.

ACQUISITION OF ENTIRE EQUITY INTEREST OF SHANGHAI XINGJITONG

On 20 August 2014, Shanghai CM Concept entered into the agreement with Mr. Huang and Mr. Chen (collectively, the "Vendors") pursuant to which, Shanghai CM Concept conditionally agreed to acquire and the Vendors conditionally agreed to sell the entire equity interest in Shanghai XingJiTong at the consideration of RMB1,500,000 (equivalent to approximately HK$1,897,000) (the "Acquisition of Shanghai XingJiTong"). Shanghai XingJiTong is primarily engaged in the provision of services for leading national telecommunication operators in the mobile telecommunications market in Shanghai. The Acquisition of Shanghai XingJiTong was completed in September 2014. Details of the Acquisition of Shanghai XingJitong were set out in the announcement dated 20 August 2014.

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN JILIN WAN SHENG AND THE ENTRUSTED LOAN AGREEMENT

On 25 September 2014, the Company and 崔桂英 (Cui Gui Ying*) and 王冬薇 (Wang Dong Wei*) (collectively, the "Proposed Vendors"), each of the Proposed Vendors is an independent third party, entered into the non-legally binding memorandum of understanding (the "MOU"), pursuant to which the Company intended to acquire 100% equity interest of Jilin Wang Sheng (the "Proposed Acquisition").

In consideration of the funding needs of Jilin Wan Sheng, on 25 September 2014, Shanghai CM Concept (the "Lender") entered into the entrusted loan agreement (the "Original Entrusted Loan Agreement"), pursuant to which, the Lender instructed 招商銀行股份有限公司長春分行 (China Merchants Bank Co., Ltd., Changchun branch*) (the "Bank") to act as a lending agent to, inter alia, release a loan in the principal amount of RMB143,900,000 (equivalent to approximately HK$181,945,000), which was funded by the Group, to Jilin Wan Sheng (the "Borrower") in the entrusted loan arrangement. The interest rate for the entrusted loan is 10% per annum in a term of six months and the interest for the entrusted loan should be settled by the Borrower on a monthly basis. The purpose of the entrusted loan is solely for the construction cost of residential units relating to property development at the Property Project by the Borrower (the "Original Entrusted Loan Arrangement").

On 25 March 2015, the Company and the Proposed Vendors have entered into the supplemental MOU, pursuant to which the expiry date of the exclusivity period stated in the MOU has been extended from 31 March 2015 to 30 September 2015. Besides, the Lender, the Borrower and the Bank also entered into the entrusted loan extension agreement to extend the maturity date of the original entrusted loan for a further term of 6 months from 26 March 2015 to 26 September 2015 (the "Entrusted Loan Extension Arrangement").

As at the date of this announcement, no legally-binding agreement in relation to the Proposed Acquisition was entered into by the Company and the Proposed Vendors. Details of the Proposed Acquisition, the Original Entrusted Loan Arrangement and the Entrusted Loan Extension Arrangement were set out in the announcements dated 25 September 2014 and 26 March 2015 and the circular dated 30 April 2015.

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN A COMPANY ENGAGING IN PROPERTY DEVELOPMENT IN JILIN PROVINCE

On 26 May 2015, a wholly-owned subsidiary of the Company (the "Purchaser") entered into a sale and purchase agreement with Ka Yik Investments Limited (the "Vendor"), which is wholly-owned by Ms. Cui Xintong, the controlling shareholder of the Company, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest in a company (the "Target Company") incorporated in British Virgin Islands (the "Acquisition") at a consideration of HK$4,650,000,000.

The Target Company, which together with its subsidiaries, is principally engaged in the development of residential and commercial properties in Jilin Province, China. The Acquisition constitutes a connected transaction, a very substantial acquisition and a reverse takeover under the Listing Rules. An announcement setting out the details of the Acquisition will be published as soon as possible.

SHARE CAPITAL

As at 31 March 2015, the Company had 858,450,000 shares in issue *(2014: 2,853,150,000 shares)* with total shareholders' fund of the Group amounting to approximately HK$727,816,000 *(2014: HK$435,917,000)*.

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

(i) following the Share Consolidation became effective on 15 May 2014, 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 HK$42,922,500 divided into 858,450,000 shares of HK$0.05 each.

CONTINGENT LIABILITIES

As at 31 March 2015, the Group did not have any significant contingent liabilities *(2014: Nil)*.

CHARGE ON ASSETS

As at 31 March 2015, the Group had the following assets pledged against bank loans granted:

	2015	2014
	HK$'000	*HK$'000*
Investment properties	**340,000**	315,000
Pledged bank deposits	**203,326**	–

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had 855 *(2014: 274)* full-time staff. The significant increase in full-time staff is mainly capture with the rapid development of call centre service that operated under Shanghai Motion JUNS. Total staff costs (including directors' emoluments) incurred for the year amounted to approximately HK$52,297,000 *(2014: HK$36,235,000)*. 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 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 2015 have been reviewed by the Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

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 2015.

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 (the "Code") as set out in Appendix 14 to the Listing Rules during the year except the following deviations:

1. 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.

2. **Code Provision A.6.7**

   Under code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Nie Meisheng, an independent non-executive Director who resigned on 6 November 2014, was unable to attend the annual general meeting of the Company held on 8 August 2014 due to other prior business commitment.

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

Pursuant to the announcement dated 26 May 2015, the Group entered into a sale and purchase agreement with Ka Yik Investments Limited to acquire the entire equity interest in a company incorporated in British Virgin Islands at a consideration of HK$4,650,000,000. Details are set out in section headed "**PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN A COMPANY ENGAGING IN PROPERTY DEVELOPMENT IN JILIN PROVINCE**".

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 (www.hkex.com.hk). An annual report for the year ended 31 March 2015 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
Ground Properties Company Limited
Chai Xiu
Chairman

Hong Kong, 26 June 2015

As at the date hereof, the executive Directors are Ms. Chai Xiu, Mr. Wang Guanghui and Mr. Huang Bingxing; the non-executive Director is Mr. Chen Luhui and the independent non-executive Directors are Mr. Chan Yuk Tong, Mr. Mei Jianping and Mr. Wei Lidong.

* *The English names of the PRC entities referred to in this announcement are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*