GR PROPERTIES LIMITED
國銳地產有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 108)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the "Board") of GR Properties Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015, together with comparative figures for the five months ended 30 June 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**For the six months ended 30 June 2015 (Unaudited)** *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
CONTINUING OPERATIONS			
REVENUE	5	**11,873,571**	2,572,086
Cost of sales		**(6,078,745)**	(310,156)
Gross profit		**5,794,826**	2,261,930
Gain on bargain purchase of subsidiaries		**6,776,122**	–
Other income	5	**60,546**	19,758
Selling and distribution expenses		**(217,245)**	–
Administrative expenses		**(11,835,971)**	(4,703,226)
Other operating expenses, net		**(31,287)**	(565,939)
Fair value loss on investment properties		**(16,167,105)**	–
Finance costs	6	**(64,110)**	(1,783,059)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	7	**(15,684,224)**	(4,770,536)
Income tax	8	**2,232,134**	–

	Notes	**For the six months ended 30 June 2015 (Unaudited)** *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(13,452,090)**	(4,770,536)
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation		**–**	5,106,141
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**(13,452,090)**	335,605
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
Basic and diluted			
– For profit/(loss) for the period		**(0.04)**	0.00
– For loss from continuing operations		**(0.04)**	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2015 (Unaudited) *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
PROFIT/(LOSS) FOR THE PERIOD	**(13,452,090)**	335,605
OTHER COMPREHENSIVE LOSS		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(49,747)**	(2,150,710)
Reclassification adjustments for gain on disposal of interests in subsidiaries included in profit or loss	**–**	(542,866)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX OF NIL	**(49,747)**	(2,693,576)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**(13,501,837)**	(2,357,971)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	**30 June 2015 (Unaudited) *HK$***	31 December 2014 (Audited) *HK$*
NON-CURRENT ASSETS			
Property and equipment		**6,714,414**	4,504,200
Investment properties	10	**78,906,058**	95,069,001
Intangible assets		**18,757,297**	19,573,396
Deposit paid for an acquisition of a parcel of land	11	**16,116,338**	–
Total non-current assets		**120,494,107**	119,146,597
CURRENT ASSETS			
Inventories		**207,097**	–
Trade receivables	12	**28,739,470**	–
Prepayment, deposits and other receivables		**2,897,294**	1,102,334
Due from related parties	13	**5,541,284**	–
Cash and bank balances		**98,110,847**	41,395,142
Total current assets		**135,495,992**	42,497,476
CURRENT LIABILITIES			
Trade payables	14	**11,194,365**	–
Other payables and accruals	15	**60,333,305**	6,079,253
Due to related parties	13	**4,263,719**	–
Income tax payables		**3,221,800**	1,086,123
Total current liabilities		**79,013,189**	7,165,376
NET CURRENT ASSETS		**56,482,803**	35,332,100
TOTAL ASSETS LESS CURRENT LIABILITIES		**176,976,910**	154,478,697

	Notes	**30 June 2015 (Unaudited)** *HK$*	31 December 2014 (Audited) *HK$*
NON-CURRENT LIABILITIES			
Loan from a shareholder	16	**38,572,640**	–
Deferred tax liabilities		**12,566,175**	15,138,765
Total non-current liabilities		**51,138,815**	15,138,765
Net assets		**125,838,095**	139,339,932
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	17	**777,970,773**	777,970,773
Reserves		**(652,132,678)**	(638,630,841)
Total equity		**125,838,095**	139,339,932

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

GR Properties Limited (the "Company") is a limited liability company incorporated in Hong Kong and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office and the principal place of business of the Company is located at Suite 1603, Wheelock House, 20 Pedder Street, Central, Hong Kong.

During the six months ended 30 June 2015, the Company and its subsidiaries (the "Group") was principally engaged in properties investment for earning rental income, the provision of hotel management services and the provision of property management services for office buildings and residential properties. During the period, the Group acquired the entire equity interest in 北京澳西商業管理有限公司 (Beijing AOCEAN Business Management Company Limited, or "AOCEAN Business Management") and entered into an agreement to purchase a parcel of land located at Santa Monica, in the County of Los Angeles, State of California, the United States of America, Further details of these acquisitions are set out in the Company's announcements and circular dated 20 January 2015, 9 March 2015, 27 March 2015 and 14 May 2015, respectively. The Group's businesses of the provision of property management services and property development have been commenced.

At 30 June 2015, the immediate holding company of the Company is Wintime Company Limited ("Wintime"), which is incorporated in the British Virgin Islands, and, in the opinion of the directors of the Company, the ultimate holding company of the Company is Winluck Global Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation adopted in the preparation of these interim condensed financial statements are the same as those used in the annual financial statements for the eleven months ended 31 December 2014 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial statements, as further detailed in note 3 below.

In addition, pursuant to a resolution of the board of directors (the "Board") during the eleven months ended 31 December 2014, the Company's financial year end date was changed from 31 January to 31 December. Accordingly, the current financial period covers the six months ended 30 June 2015. The comparative figures cover a five-month period from 1 February 2014 to 30 June 2014, which may not be comparable with the amounts shown for the current period.

These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

3. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised HKFRSs, for the first time for the current period's interim condensed consolidated financial statements.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

In addition, the requirement of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into effect for the first time, during the current period. The main impact to these interim condensed consolidated financial statements is on the presentation and disclosure of certain information in the interim condensed consolidated financial statements.

The adoption of these new and revised HKFRSs, and new interpretation has had no significant financial effect on these interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their products and services, and has five reportable operating segments as follows:

- Property investment: this segment engages in the leasing of shops, storerooms and car parking spaces in Fujian Province, Mainland.

- Hotel management: this segment engages in the provision of hotel management services.

- Provision of property management services: during the period, the Group is expanding into the business of provision of property management services which is identified as a separate reportable segment, this segment engages in the provision of property management services for office buildings and residential properties in Beijing, the People's Republic of China (the "PRC").

- Property development: during the period, the Group is expanding into the business of property development which is identified as a separate reportable segment, this segment engages in the property development in the United States of America

- Sales of dye-sublimation printed products: this segment, which was disposed of during the eleven months ended 31 December 2014, engages in the manufacture and sales of the dye-sublimation printed products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax, except that imputed interest on convertible bonds, gain on disposal of interests in subsidiaries and interest on loan from a shareholder as well as head office and corporate expenses are excluded from such measurement.

Segment assets excluded other unallocated head office and corporate assets as these assets are managed on a group basis.

For the six months ended 30 June 2015

Group

	Continuing operations					Discontinued operation	
	Property investment (Unaudited) *HK$*	Hotel management (Unaudited) *HK$*	Property management (Unaudited) *HK$*	Property development (Unaudited) *HK$*	Sub-total (Unaudited) *HK$*	Sales of dye-sublimation printed products (Unaudited) *HK$*	Total (Unaudited) *HK$*
Segment revenue	**3,406,030**	**–**	**8,467,541**	**–**	**11,873,571**	**–**	**11,873,571**
Segment results	**(16,736,708)**	**(751,678)**	**8,952,991**	**(534,772)**	**(9,070,167)**	**–**	**(9,070,167)**
Reconciliation:							
Unallocated gains					**3,019**	**–**	**3,019**
Corporate and other unallocated expenses					**(6,552,966)**	**–**	**(6,552,966)**
Interest on loan from a shareholder					**(64,110)**	**–**	**(64,110)**
Loss before tax					**(15,684,224)**	**–**	**(15,684,224)**

For the five months ended 30 June 2014

Group

	Continuing operations					Discontinued operation	
	Property investment (Unaudited) *HK$*	Hotel management (Unaudited) *HK$*	Property management (Unaudited) *HK$*	Property development (Unaudited) *HK$*	Sub-total (Unaudited) *HK$*	Sales of dye-sublimation printed products (Unaudited) *HK$*	Total (Unaudited) *HK$*
Segment revenue	2,572,086	–	–	–	2,572,086	–	2,572,086
Segment results	(524,333)	(284,042)	–	–	(808,375)	–	(808,375)
Reconciliation:							
Unallocated gains					19,758	–	19,758
Corporate and other unallocated expenses					(2,198,860)	–	(2,198,860)
Imputed interest on convertible bonds					(1,783,059)	–	(1,783,059)
Gain on disposal of interests in subsidiaries					–	5,106,141	5,106,141
Profit/(loss) before tax					(4,770,536)	5,106,141	335,605

As at 30 June 2015

Group

	Continuing operations					Discontinued operation	
	Property investment (Unaudited) *HK$*	Hotel management (Unaudited) *HK$*	Property management (Unaudited) *HK$*	Property development (Unaudited) *HK$*	Sub-total (Unaudited) *HK$*	Sales of dye-sublimation printed products (Unaudited) *HK$*	Total (Unaudited) *HK$*
Segment assets	**94,832,725**	**5,022,881**	**103,211,939**	**16,573,587**	**219,641,132**	**–**	**219,641,132**
Reconciliation:							
Corporate and other unallocated assets:							
– property and equipment					**3,726,148**	**–**	**3,726,148**
– prepayment, deposits and other receivables					**423,431**	**–**	**423,431**
– cash and bank balances					**32,199,388**	**–**	**32,199,388**
Total assets					**255,990,099**	**–**	**255,990,099**

As at 31 December 2014

Group

	Continuing operations			Discontinued operation	
	Property investment (Audited) *HK$*	Hotel management (Audited) *HK$*	Sub-total (Audited) *HK$*	Sales of dye-sublimation printed products (Audited) *HK$*	Total (Audited) *HK$*
Segment assets	111,754,125	5,496,960	117,251,085	–	117,251,085
Reconciliation:					
Corporate and other unallocated assets:					
– property and equipment			3,801,605	–	3,801,605
– prepayment, deposits and other receivables			847,329	–	847,329
– cash and bank balances			39,744,054	–	39,744,054
Total assets			161,644,073	–	161,644,073

5. REVENUE AND OTHER INCOME

Revenue represents property management services rendered and gross rental income received from investment properties, net of business tax and government surcharges.

An analysis of revenue and other income from continuing operations is as follows:

	For the six months ended 30 June 2015 (Unaudited) ***HK$***	For the five months ended 30 June 2014 (Unaudited) *HK$*
Revenue		
Property management services	**8,467,541**	–
Gross rental income	**3,406,030**	2,572,086
	11,873,571	2,572,086

	For the six months ended 30 June 2015 (Unaudited) *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
Other income		
Bank interest income	**59,921**	19,758
Others	**625**	–
	60,546	19,758

6. FINANCE COSTS

Analysis of finance costs from continuing operations is as follows:

	For the six months ended 30 June 2015 (Unaudited) *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
Interest on loan from a shareholder	**64,110**	–
Imputed interest on convertible bonds	**–**	1,783,059
	64,110	1,783,059

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is arrived at after charging:

	For the six months ended 30 June 2015 (Unaudited) *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
Depreciation of property and equipment	**576,991**	351,540
Amortisation of intangible assets	**357,267**	–
Impairment of intangible assets*	**477,528**	–
Reversal of impairment of trade receivables*	**(446,240)**	–

* Impairment of intangible assets and reversal of impairment of trade receivables are included in "Other operating expenses, net" in the condensed consolidated statement of profit or loss.

8. INCOME TAX

	For the six months ended 30 June 2015 (Unaudited) *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
Current - Mainland China	**341,122**	–
Deferred	**(2,573,256)**	–
Total tax credit for the period	**(2,232,134)**	–

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (Five months ended 30 June 2014: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on the prevailing legislation, interpretations and practices in respect thereof.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	For the six months ended 30 June 2015 (Unaudited) *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
Profit/(loss) for the period attributable to shareholders of the Company	**(13,452,090)**	335,605
Loss for the period from continuing operations attributable to shareholders of the Company	**(13,452,090)**	(4,770,536)
Weighted average number of ordinary shares in issue during the period	**527,894,552**	485,662,988

In respect of the diluted earnings/(loss) per share amounts, no adjustment has been made to the basic earnings per share amounts presented for the current and prior periods, as the Group had no potentially dilutive ordinary shares in issue during these periods.

10. INVESTMENT PROPERTIES

At 30 June 2015, the Group's investment properties consisted of 30 shops, 7 storerooms and 22 car parking spaces. The directors of the Company have determined that the investment properties consist of three classes of asset, based on the nature, characteristics and risks of each property. These properties are leased to third parties under operating leases. They are situated in Mainland China and are held under medium term leases.

The Group's investment properties were revalued on 30 June 2015 based on valuations performed by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at RMB63,140,000 (equivalent to HK$78,906,058) (31 December 2014: RMB76,110,000 (equivalent to HK$95,069,001)).

Fair value hierarchy disclosure
At 30 June 2015, fair value measurements of all of the Group's investment properties are using significant unobservable inputs (Level 3) as defined in HKFRS 13. During the period, there was no transfer into or out of Level 3.

11. DEPOSIT PAID FOR AN ACQUISITION OF A PARCEL OF LAND

As at 30 June 2015, an amount of United States Dollar ("US$") 2,079,286 (equivalent to HK$16,116,338) was paid by the Group in relation to the Group's acquisition of a parcel of land in the City of Santa Monica, State of California, the United States of America. The balance is classified as a non-current asset.

12. TRADE RECEIVABLES

	30 June 2015 (Unaudited) *HK$*	31 December 2014 (Audited) *HK$*
Trade receivables	**32,565,759**	–
Less: Impairment	**(3,826,289)**	–
	28,739,470	–

Notes:

(a) Trade receivables are non-interest-bearing and solely arise from the provision of property management services. Tenants of the Group's managed properties are required to pay a calendar year's property management services fees annually in advance. Trade receivables represented unsettled balances of the property management services fees.

(b) An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2015	31 December 2014
	(Unaudited)	(Audited)
	HK$	*HK$*
Neither past due nor impaired		
Past due but not impaired:		
Less than 6 months	**12,029,283**	–
6 to 12 months	**8,548,771**	–
1 year to 2 years	**6,948,566**	–
2 years to 3 years	**1,212,850**	–
	28,739,470	–

The balance due from landlords, which two directors have beneficial interests, amounted to HK$5,095,519 as at 30 June 2015.

13. BALANCES WITH RELATED PARTIES

The Group's balances with related parties as at 30 June 2015 included:

(i) an amount of HK$5,541,284 receivable from landlords in which two directors have beneficial interests, in respect of the property management income received on behalf of the Group,

(ii) an amount of HK$2,143,445 payable to landlords, in which two directors have beneficial interests, in respect of car park rental income collected from tenants on behalf of landlords; and

(iii) an amount of HK$2,120,274 payable to landlords, in which two directors have beneficial interests, in respect of the cost of heating income paid by the landlords on behalf of the Group.

14. TRADE PAYABLES

Trade payables are non-interest bearing and the average credit period is 30 days. An aged analysis of the Group's trade payables as at the end of current period, based on the invoice date, is as follows:

	30 June 2015 (Unaudited) *HK$*	31 December 2014 (Audited) *HK$*
Within 3 months	**3,277,998**	–
3 to 6 months	**1,618,671**	–
6 to 12 months	**5,234,658**	–
Over 1 year	**1,063,038**	–
	11,194,365	–

15. OTHER PAYABLES AND ACCRUALS

	30 June 2015 (Unaudited) *HK$*	31 December 2014 (Audited) *HK$*
Other payables	**34,212,381**	4,210,120
Accruals	**6,845,291**	153,865
Receipts in advance	**15,785,772**	–
Other tax payables	**3,489,861**	1,715,268
	60,333,305	6,079,253

The Group's other payables and accruals as at 30 June 2015 included balances of subsidiaries that are newly acquired during the period. Further details of these balances are set out in note 18 to condensed interim consolidated financial statements.

The Group's other payables and accruals as at 30 June 2015 included, inter alia, the following:

(i) an amount of HK$12,230,252 (31 December 2014: Nil) payable to water, heating and electricity suppliers in respect of utilities fees collected on behalf of suppliers form tenants;

(ii) an amount of HK$14,472,013 (31 December 2014: Nil) of decoration deposits and property management services fees deposits for a commercial building received from and refundable to tenants; and

(iii) an amount of HK$15,785,772 (31 December 2014: Nil) of receipts in advance represented property management services fees received which had not been earned as at 30 June 2015.

16. LOAN FROM A SHAREHOLDER

Pursuant to a shareholder's loan agreement dated 2 March 2015, Wintime granted a shareholder's loan of HK$194,000,000 (equivalent to approximately US$25,000,000) to the Company. The shareholder's loan bears interest at the rate of 3% per annum, and is repayable in 3 years from the date of drawndown of the shareholder's loan or such other date agreed between Wintime and the Company.

At 30 June 2015, the Company had drawn down the principal of HK$38,572,640 (equivalent to US$4,976,537) from the loan granted.

17. SHARE CAPITAL

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
	HK$	*HK$*
Issued and fully paid:		
527,894,552 ordinary shares	**777,970,773**	777,970,773

18. BUSINESS COMBINATIONS

On 27 May 2015, the Group acquired the entire equity interests in AOCEAN Business Management from an independent third party for an aggregate consideration of RMB17,000,000 (equivalent to HK$21,561,018). The consideration was satisfied by cash. Further details of the transaction are set out in the Company's circular dated 27 March 2015. AOCEAN Business Management and its subsidiary were engaged in investment holding and the provision of property management services, respectively.

The provisional fair value of the identifiable assets and liabilities of AOCEAN Business Management and its subsidiary as at the date of acquisition were as follows:

	For the six months ended 30 June 2015 (Unaudited) *HK$*	For the five months ended 30 June 2014 (Unaudited) *HK$*
Net assets acquired		
Property and equipment	**2,781,453**	–
Intangible assets	**11,809**	–
Inventories	**236,317**	–
Trade receivables	**38,632,373**	–
Prepayment, deposits and other receivables	**2,085,505**	–
Due from related parties	**5,143,802**	–
Cash and bank balances	**56,981,670**	–
Trade payables	**(11,761,041)**	–
Other payables and accruals	**(59,261,285)**	–
Due to related parties	**(4,717,749)**	–
Income tax payables	**(1,795,714)**	–
	28,337,140	–
Gain on bargain purchase of subsidiaries	**(6,776,122)**	–
	21,561,018	–
Satisfied by cash	**21,561,018**	–
Net cash inflow arising from acquisition:		
Cash consideration	**(21,561,018)**	–
Cash and bank balances acquired	**56,981,670**	–
	35,420,652	–

The fair values of trade receivables, prepayment, deposits and other receivables and due from related parties as at the date of acquisition amounted to HK$38,632,373, HK$2,085,505 and HK$5,143,802 respectively. The gross contractual amounts of these receivables were HK$42,908,878, HK$2,085,505 and HK$5,143,802 respectively, of which trade receivables of HK$4,276,505 are expected to be uncollectible.

The Group incurred transaction costs of HK$2,712,607 for this acquisition. These transaction costs had been expensed and also included in administrative expenses in the condensed consolidated statement of profit or loss for the eleven months ended 31 December 2014.

The gain on bargain purchase of HK$6,776,122 arising from the above acquisition is determined on a provisional basis as the Group is in the process of completing the independent valuation to assess the fair value of the identified assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

During the period, the acquired business contributed HK$8,467,540 and HK$1,819,998 to the Group's revenue and profit for the period between the date of acquisition and the end of the reporting period, respectively.

Had the above acquisition been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2015 would have been HK$67,431,030, and the amount of the loss for the interim period would have been HK$11,543,731.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

19. RELATED PARTY DISCLOSURES

(a) The Group had the following material transactions during the six months ended 30 June 2015:

The Group provides property management services to landlords, in which two directors have beneficial interests. In return, the Group receives property management service fee which was charged at rates mutually agreed between the Group and landlords. During the period, the property management services fees received by the Group from landlords amounts to HK$2,222,236 (five months ended 30 June 2014: Nil).

Save as disclosed above and the transactions and balances details in notes 6, 12, 13 and 16 to the financial statements, the Group had no material transactions and outstanding balances with related parties during the period ended 30 June 2015 and 2014.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June 2015 (Unaudited)	For the five months ended 30 June 2014 (Unaudited)
	HK$	*HK$*
Short-term employee benefits	**330,000**	379,957
Pension scheme contributions	**16,500**	15,500
Total compensation paid to key management personnel	**346,500**	395,457

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values, and accordingly, no disclosure of the fair values of these financial instruments is made.

For other non-current financial liabilities, the carrying amount is not significantly different from its respective fair value, no disclosure of the fair value of the financial instrument is made.

21. CAPITAL COMMITMENT

At 30 June, 2015, the Group had capital commitment of US$23,250,000 (equivalent to approximately HK$180,000,000), which is contracted, but not provided for, in respect of an acquisition of a parcel of land located at Santa Monica, in the County of Los Angeles, State of California, the United States of America. Further details are set out in note 22 to the interim condensed consolidated financial statements.

22. EVENT AFTER THE REPORTING PERIOD

On 26 February 2015, East Pacific Properties LLC ("East Pacific") as the purchaser, an indirect wholly-owned subsidiary of the Company, entered into a purchase agreement with Wilshire West Car Wash, LLC ("Wilshire") as the vendor, pursuant to which, Wilshire agreed to sell a parcel of land located at Santa Monica, in the County of Los Angeles, State of California, the United States of America. On 31 March 2015, the parties entered into the first amendment to the purchase agreement, pursuant to which the purchase price of the land is US$25,250,000 (equivalent to approximately HK$196,000,000). The transaction was completed on 18 August 2015. Further details of the acquisition are set out in the Company's circular dated 14 May 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

Year 2015 is a new page for the Company.

During the six months ended 30 June 2015, the Group's operations are being categorised into four business segments: property management, hotel management, property investment and property development. The property management, hotel management and property investment segments are located in the People's Republic of China (the "PRC"), the property development segment is located in the United States of America (the "US").

1.1 Property management

On 8 January 2015, Rui Cheng Investment Company Limited ("Rui Cheng") as the purchaser, a wholly-owned subsidiary of the Group, entered into an acquisition agreement with 北京澳西控股有限公司 (Beijing AOCEAN Holdings Company Limited*, or "AOCEAN Holdings") as the vendor, pursuant to which AOCEAN Holdings agreed to sell its entire equity interest in 北京澳西商業管理有限公司 (Beijing AOCEAN Business Management Company Limited*, or "AOCEAN Business Management") to Rui Cheng for a consideration of RMB17,000,000 (equivalent to approximately HK$21,561,000). The acquisition was completed on 27 May 2015. Upon completion of the acquisition of AOCEAN Business Management, the Group has successfully expanded into the property management business in the PRC.

In recent years, urbanisation continues in the PRC, which results in a strong demand for quality housing and industrial and commercial properties in the Mainland China. In Beijing, China's capital and a first-tier city, market demand for residential and commercial properties is buoyant. According to the data on the official website of 北京市住房和城鄉建設委員會 (Beijing Housing and City and Rural Area Construction Committee*), in recent years, the area completed for commodity housing in Beijing shows a tendency of increase. In 2014, the area completed for commodity housing (including residential, office, and commercial buildings and buildings for other purposes) was 30,541,000 square metres, representing an increase of 14.51% over the corresponding period in the previous year while in 2013 and 2012, the relevant growth rates were 11.5% and 6.5% respectively. Under these circumstances, there will be immense potential for development in the business of professional and specialised property management.

* *The English name is an unofficial translation for identification purpose only*

As at 30 June 2015, AOCEAN Business Management manages seven major residential and commercial property projects, all of which were located in Beijing, the PRC. The services provided by AOCEAN Business Management under the management agreements thereof include, inter alia (i) provision of heat supply and maintenance services of heat exchange stations and pipeline network; (ii) provision of management services to car parks such as maintenance of various facilities and equipment in the car parks; and (iii) provision of property management services to vacant properties and general management services such as repair and maintenance of the buildings and fire safety equipment and facilities to residential and commercial property projects.

1.2 Hotel management

保成(福建)酒店管理有限公司 (Vast Glory (Fujian) Hotel Management Limited*) ("Vast Glory Fujian"), concluded a hotel management contract with an independent third party to provide hotel management service for a hotel in 2011. This subject hotel, which is under construction, is located in Pingtan Island, Fujian, the fifth largest island in the PRC.

As an update, the expected commencement date of operation of the subject hotel has been rescheduled to the third quarter of 2016. This is mainly attributed to the fact that the fire systems engineering was only approved in January 2015, notwithstanding that the approval procedure initially started in the first quarter of 2014. Upon approval of the fire systems engineering, it will then proceed to the final stage of renovation and decoration. When the construction of the ancillary infrastructure of the surrounding area of the subject hotel completes, it is expected to commence operation and generate steady revenue for the Group by then.

Despite the fact that the Central People's Government has laid down concrete development plans for the coastal area in Fujian Province and Fujian Province ushers in better development opportunities, economic growth is hard to sustain. The future development of the real estate industry and the hotel industry in Fujian Province is uncertain.

1.3 Property investment

In respect of the property investment division, the Group has generated its revenue mainly by leasing out properties held in Fuzhou City of Fujian Province in the PRC to independent tenants through 福建佳成置業發展有限公司 (Jiacheng (Fujian) Investments Co., Ltd.*) ("Jiacheng Fujian") and Faith Stand (China) Limited ("Faith Stand China"), two wholly-owned subsidiaries of the Company. During the period, the property leasing business of Jiacheng Fujian and Faith Stand China remained stable.

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Jiacheng Fujian also made investments in 福建中青創業投資有限公司 (Fujian Channel Capital Co., Ltd.*) and 佳信(福建)光電科技有限公司 (Jiaxin (Fujian) Opto-Electronic Technology Co., Ltd.*). Both companies are private entities incorporated in the PRC and engage in property development in 海西高新技術產業園區 (New & High Technology Industry Zone*) located in Fuzhou City of Fujian Province. Although the Central People's Government of the PRC had laid down concrete measures to promote the construction and encourage the development of this economic zone, the growth momentum of the market is cooling down.

1.4 Property development

On 26 February 2015, East Pacific Properties LLC ("East Pacific") as the purchaser, an indirect wholly-owned subsidiary of the Company, entered into a purchase agreement with Wilshire West Car Wash, LLC ("Wilshire") as the vendor, pursuant to which Wilshire agreed to transfer a parcel of land located at Santa Monica, in the County of Los Angeles, State of California, the US, to East Pacific (the "Purchase Agreement"). On 31 March 2015, East Pacific and Wilshire entered into the first amendment to the Purchase Agreement ("First Amendment"), pursuant to which the purchase price of the land increased to USD25,250,000 (equivalent to approximately HK$195,940,000).

As at 30 June 2015, a deposit of USD2,079,286 was paid. At closing, 18 August 2015 (US time), East Pacific paid USD23,250,000 to Wilshire, being the balance of the purchase price payable by East Pacific under the Purchase Agreement (as amended and supplemented by the First Amendment).

The Board is of the opinion that leveraging on the Company's profound knowledge of and experience in the real estate sector and according to our future development strategy, it is a good time to seize the opportunity to explore the US property market. The US market is one with great development potential for property development business. Santa Monica in the State of California, the US, is a city of booming tourism. It is situated at a prime location and the purchase price is reasonable. The Board believes that the acquisition will strengthen the Company's current core business and enhance its competitiveness and sustainability in making profits in the long run.

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2. FINANCIAL REVIEW

2.1 Financial Analysis

During the period, the Group achieved a revenue of approximately HK$11,874,000 (five months ended 30 June 2014: approximately HK$2,572,000). The substantial increase in revenue is mainly attributed to the completion of acquisition of AOCEAN Business Management during the period, the property management segment reported segment revenue of approximately HK$8,468,000 (five months ended 30 June 2014: zero).

The Group recorded loss for the period of approximately HK$13,452,000 (five months ended 30 June 2014: profit of approximately HK$336,000). Loss for the period is principally attributed to the fair value loss on investment properties of approximately HK$16,167,000 (five months ended 30 June 2014: zero).

As at 30 June 2015, the Group had available bank balances and cash of approximately HK$32,579,000, RMB52,078,000 and USD58,000 (31 December 2014: approximately HK$39,809,000 and RMB1,270,000), representing a capital liquidity ratio (bank balances and cash divided by current liabilities) of 1.24 (31 December 2014: 5.78).

As at 30 June 2015, the Group's debts to assets ratio was 0.46 (31 December 2014: approximate to zero). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included trade payables of approximately HK$11,194,000 (31 December 2014: nil), other payables and accruals of approximately HK$60,333,000 (31 December 2014: approximately HK$6,079,000), due to related parties of approximately HK$4,264,000 (31 December 2014: nil) and loan from a shareholder of approximately HK$38,573,000 (31 December 2014: nil) and income tax payables of approximately HK$3,222,000 (31 December 2014: approximately HK$1,086,000) over the amount of total assets of approximately HK$255,990,000 (31 December 2014: approximately HK$161,644,000).

During the period, the Company entered into a loan agreement with a shareholder in respect of a loan with a principal amount of HK$194,000,000 (equivalent to approximately USD25,000,000). The loan bears interest at 3% per annum, unsecured, with a term of three years from the date of draw down or such other date as mutually agreed by the shareholder and the Company. The principal purpose of the shareholder's loan was to finance the acquisition of the land in Santa Monica, the US. As at 30 June 2015, the loan from a shareholder amounted to approximately HK$38,573,000 (equivalent to US$4,977,000).

2.2 Foreign currency exposure

During the period, the majority of the subsidiaries of the Company operated in the PRC with most of their transactions denominated and settled in RMB. In this respect, there is no significant currency mismatch in their operational cashflows and the Group is not exposed to any significant foreign currency exchange risk in its operations.

2.3 Human resources and remuneration policy

As at 30 June 2015, the total number of employees of the Group (excluding directors of the Company) was approximately 340 (31 December 2014: approximately 30). Most of them were located in the PRC.

Remuneration offered by the Group was determined in accordance with the relevant policies in Hong Kong and the PRC and with reference to market trend, as well as individual competence and performance of the staff. Other related benefits included contributions to Mandatory Provident Fund schemes, social insurance, and medical insurance funds.

2.4 Interim dividend

The Board resolved not to declare any interim dividend for the six months ended 30 June 2015 (five months ended 30 June 2014: Nil).

2.5 Pledge of assets

As at 30 June 2015, the Group did not pledge any of its assets for bank credits. Also, the Group was not subject to any responsibilities in accordance with any bank credit documents.

2.6 Contingent liabilities

As at 30 June 2015, the Group had no material contingent liabilities.

2.7 Capital commitments

As at 30 June 2015, the Group had capital commitment of USD23,250,000 contracted for but not provided, which would be used for acquisition of a parcel of land located in Santa Monica, the US.

2.8 Material acquisition and disposal

After the acquisition of AOCEAN Business Management was completed on 27 May 2015, the Group has successfully expanded into the property management business in the PRC.

The acquisition of a parcel of land located in Santa Monica, in the County of Los Angeles, State of California, the US was completed on 18 August 2015 (US time). Upon its completion, the Group is ready to expand into the property development business in the US.

For further details of the acquisitions mentioned above, please refer to the section headed "Business Review" of this announcement.

Save as disclosed herein, the Group had no material acquisition and disposal during the six months ended 30 June 2015.

2.9 Share options

No share option scheme has been adopted by the Group.

Save as disclosed herein, there has been no material change to information disclosed in the Company's annual financial statements for the eleven months ended 31 December 2014 which necessitates additional disclosure to be made in this section.

3. FUTURE PROSPECT

Looking ahead, the second half of this financial year is full of challenges. As a result of the rationalization of business operations, it is the intention of the management to continue with the existing property management, hotel management and property investment of the Group. There will be ongoing review and assessment of the performance of the Group's various business segments and the management will consider modifying the existing business strategy in line with the interest of the Company. Subsequent to the completion of acquisition of a parcel of land located in Santa Monica in August 2015, the Group is ready to expand into the property development business and will adopt the necessary measures for such purpose as and when appropriate, in the best interest of the Company. The Company will further review the existing businesses, operations and/or directions of the Group from time to time and may implement changes when appropriate. In addition, the management of the Group may consider any need to strengthen its capital structure and will closely monitor the market, seize the opportunities and adopt appropriate measures and strategies to strive for better returns for the shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015.

In respect of code provision A.6.7 of the CG Code, one of the independent non-executive directors was not able to attend the annual general meeting of the Company held on 1 June 2015 due to his other business commitments.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director since the date of the Company's annual report for the eleven months ended 31 December 2014 and up to the date of this interim report is set out below:

- Mr. Chui Tsan Kit, an Independent Non-executive Director, was appointed as independent non-executive director of GET Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8100) with effect from 23 April 2015.

COMPLIANCE WITH 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 as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all directors of the Company, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the period.

AUDIT COMMITTEE

The Audit Committee of the Company is to review and supervise the financial reporting process and internal control procedures of the Group. The Group's interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

The Audit Committee of the Company comprises of three independent non-executive directors, namely, Mr. Tung Woon Cheung Eric ("Mr. Tung"), Mr. Mak Kwong Yiu and Mr. Chui Tsan Kit, with Mr. Tung as the Chairman.

PUBLICATION OF RESULTS ON WEBSITES

Pursuant to the discloseable financial information of Appendix 16 to the Listing Rules, the results of the Company will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.grproperties.com.hk) in due course.

By order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 31 August 2015

As at the date of this announcement, the executive directors of the Company are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Liu Shuhua; and the independent non-executive directors of the Company are Mr. Tung Woon Cheung Eric, Mr. Mak Kwong Yiu, and Mr. Chui Tsan Kit.