GR PROPERTIES LIMITED
國銳地產有限公司

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "Board") of GR Properties Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, which have been reviewed by the audit committee of the Company, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2015

	Notes	**Year ended 31 December 2015** *HK$*	Eleven months ended 31 December 2014 *HK$*
CONTINUING OPERATIONS			
REVENUE	4	**76,809,367**	5,937,043
Cost of sales		**(53,761,876)**	(1,233,538)
Gross profit		**23,047,491**	4,703,505
Gain on bargain purchase of subsidiaries	11	**6,776,122**	–
Other income and gains	4	**1,319,932**	45,566
Selling and distribution expenses		**(1,454,679)**	–
Administrative expenses		**(29,130,382)**	(15,244,841)
Other operating expenses, net		**(993,284)**	(972,526)
Fair value loss on investment properties		**(15,988,119)**	–
Finance costs	5	**(1,991,112)**	(1,783,059)

	Notes	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(18,414,031)**	(13,251,355)
Income tax	7	**261,671**	(202,437)
LOSS FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		**(18,152,360)**	(13,453,792)
DISCONTINUED OPERATION			
Profit for the year/period from a discontinued operation		**–**	5,106,141
LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**(18,152,360)**	(8,347,651)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		(Restated)
Basic and diluted:			
– For loss for the year/period		**(0.031)**	(0.016)
– For loss for the year/period from continuing operations		**(0.031)**	(0.025)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Year ended 31 December 2015 *HK$*	Eleven months ended 31 December 2014 *HK$*
LOSS FOR THE YEAR/PERIOD	**(18,152,360)**	(8,347,651)
OTHER COMPREHENSIVE LOSS		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
– Translation of foreign operations	**(5,453,420)**	(2,644,869)
– Reclassification adjustments upon disposal of subsidiaries	**(469,071)**	(542,866)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD, NET OF INCOME TAX OF NIL	**(5,922,491)**	(3,187,735)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**(24,074,851)**	(11,535,386)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$	2014 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**5,628,302**	4,504,200
Investment properties		**188,505,568**	95,069,001
Intangible assets		**10,598**	19,573,396
Prepayments, deposits and other receivables		**655,519**	–
Total non-current assets		**194,799,987**	119,146,597
CURRENT ASSETS			
Properties under development		**91,006,295**	–
Inventories		**157,896**	–
Trade receivables	9	**20,668,920**	–
Prepayments, deposits and other receivables		**2,954,221**	1,102,334
Due from related companies		**1,149,972**	–
Cash and bank balances		**243,060,265**	41,395,142
Total current assets		**358,997,569**	42,497,476
CURRENT LIABILITIES			
Trade payables	10	**10,461,349**	–
Receipts in advance		**25,893,410**	–
Other payables and accruals		**39,214,514**	4,363,985
Due to related companies		**3,394,044**	–
Income tax payables		**4,511,512**	1,086,123
Other taxes payables		**5,437,333**	1,715,268
Total current liabilities		**88,912,162**	7,165,376
NET CURRENT ASSETS		**270,085,407**	35,332,100
TOTAL ASSETS LESS CURRENT LIABILITIES		**464,885,394**	154,478,697
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**12,001,062**	15,138,765
Net assets		**452,884,332**	139,339,932
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**1,115,590,024**	777,970,773
Reserves		**(662,705,692)**	(638,630,841)
Total equity		**452,884,332**	139,339,932

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. A disposal group held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest dollar except when otherwise indicated.

Owing to the change of the financial year end date of the Company from 31 January to 31 December, the consolidated financial statements of the Company for the period ended 31 December 2014 cover a period of eleven months from 1 February 2014 to 31 December 2014. Accordingly, the comparative amounts presented for the current year's consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and related notes, which were prepared for eleven months ended 31 December 2014, are not comparable.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements:

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

Other than as explained below regarding the impact of *Annual Improvements to HKFRSs 2010-2012 Cycle and Annual Improvements to HKFRSs 2011-2013 Cycle*, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

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

3. OPERATING SEGMENT INFORMATION

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

(a) the property development and investment segment engages in the leasing of shops, storerooms and car parking spaces in Fujian Province, the People's Republic of China ("PRC"), as well as property development for sale and property investment in the United States of America (the "USA").

(b) the property management segment, which was acquired by the Group during the year (note 11), engages in the provision of property management services for office buildings, residential properties and car parks in Beijing, the PRC;

(c) the sale of dye-sublimation printed products segment engages in the manufacture and sale of dye-sublimation printed products (discontinued during the eleven months ended 31 December 2014).

The hotel management segment, which holds a hotel management right and was a reportable operating segment in the prior period's financial statements, is not a significant operating segment of the Group in terms of revenue, operating performance, assets and liabilities. Accordingly, the Group did not report the hotel management segment as a reportable operating segment in these financial statements. As a result, comparative amounts for the operating segment information disclosed in this note have been restated to conform to the current year's presentation.

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 loss before tax except that finance costs, gain on bargain purchase of subsidiaries, gain on disposal of interests in subsidiaries as well as head office and corporate income and expenses are excluded from this measurement.

Segment assets and segment liabilities exclude unallocated head office and corporate assets as these assets and liabilities are managed on a group basis.

	Continuing operations						Discontinued operation			
	Property development and investment		Property management		Total		Sale of dye-sublimation printed products		Total	
	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$ (Restated)	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$ (Restated)
Segment revenue	**6,723,334**	5,937,043	**70,086,033**	–	**76,809,367**	5,937,043	**–**	–	**76,809,367**	5,937,043
Segment results	**(18,328,745)**	(2,295,726)	**7,059,998**	–	**(11,268,747)**	(2,295,726)	**–**	–	**(11,268,747)**	(2,295,726)
Reconciliation:										
Imputed interest on convertible bonds					**–**	(1,783,059)	**–**	–	**–**	(1,783,059)
Interest on loan from a shareholder					**(1,991,112)**	–	**–**	–	**(1,991,112)**	–
Gain on bargain purchase of subsidiaries					**6,776,122**	–	**–**	–	**6,776,122**	–
Gain on disposal of interests in subsidiaries					**217,708**	–	**–**	5,106,141	**217,708**	5,106,141
Other unallocated gains					**1,102,224**	45,566	**–**	–	**1,102,224**	45,566
Corporate and other unallocated expenses					**(13,250,226)**	(9,218,136)	**–**	–	**(13,250,226)**	(9,218,136)
Profit/(loss) before tax					**(18,414,031)**	(13,251,355)	**–**	5,106,141	**(18,414,031)**	(8,145,214)

	Continuing operations						Discontinued operation			
	Property development and investment		Property management		Total		Sale of dye-sublimation printed products		Total	
	2015 HK$	2014 HK$	2015 HK$	2014 HK$	2015 HK$	2014 HK$ (Restated)	2015 HK$	2014 HK$	2015 HK$	2014 HK$ (Restated)
Segment assets	**285,573,416**	111,754,125	**111,773,700**	–	**397,347,116**	111,754,125	**–**	–	**397,347,116**	111,754,125
Reconciliation:										
Corporate and other unallocated assets										
– Property, plant and equipment					**180,622**	4,006,610	**–**	–	**180,622**	4,006,610
– Intangible assets					**–**	5,221,238	**–**	–	**–**	5,221,238
– Deposits and other receivables					**875,621**	847,329	**–**	–	**875,621**	847,329
– Cash and bank balances					**155,394,197**	39,814,771	**–**	–	**155,394,197**	39,814,771
Total assets					**553,797,556**	161,644,073	**–**	–	**553,797,556**	161,644,073
Segment liabilities	**19,170,299**	19,307,524	**79,160,674**	–	**98,330,973**	19,307,524	**–**	–	**98,330,973**	19,307,524
Reconciliation:										
Corporate and other unallocated liabilities										
– Other payables and accruals					**2,582,251**	2,996,617	**–**	–	**2,582,251**	2,996,617
Total liabilities					**100,913,224**	22,304,141	**–**	–	**100,913,224**	22,304,141

	Continuing operations						Discontinued operation			
	Property development and investment		Property management		Total		Sale of dye-sublimation printed products		Total	
	Year ended 31 December 2015 ***HK$***	Eleven months ended 31 December 2014 *HK$*	**Year ended 31 December 2015** ***HK$***	Eleven months ended 31 December 2014 *HK$*	**Year ended 31 December 2015** ***HK$***	Eleven months ended 31 December 2014 *HK$*	**Year ended 31 December 2015** **HK$**	Eleven months ended 31 December 2014 *HK$*	**Year ended 31 December 2015** ***HK$***	Eleven months ended 31 December 2014 *HK$*
Other segment information:										
Impairment losses recognised in profit or loss										
– Operating segments	**–**	881,020	**–**	–	**–**	881,020	**–**	–	**–**	881,020
– Amount unallocated					**470,744**	–	**–**	–	**470,744**	–
Depreciation and amortisation										
– Operating segments	**598,967**	609,736	**482,367**	–	**1,081,334**	609,736	**–**	–	**1,081,334**	609,736
– Amount unallocated					**240,037**	195,860	**–**	–	**240,037**	195,860
					1,321,371	805,596	**–**	–	**1,321,371**	805,596

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of property management services rendered, net of value added tax, business tax and government surcharges; and gross rental income received and receivable from the tenants of investment properties, net of business tax and government surcharges.

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

	Year ended 31 December 2015 ***HK$***	Eleven months ended 31 December 2014 *HK$*
Revenue		
Rendering of property management services	**70,086,033**	–
Gross rental income	**6,723,334**	5,937,043
	76,809,367	5,937,043
Other income and gains		
Bank interest income	**313,626**	45,566
Penalty income from tenants	**558,518**	–
Gain on disposal of intangible assets	**67,040**	–
Gain on disposal of subsidiaries	**217,708**	–
Others	**163,040**	–
	1,319,932	45,566

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$
Interest on a loan from a shareholder	**1,991,112**	–
Imputed interest on convertible bonds	**–**	1,783,059
	1,991,112	1,783,059

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	Note	Year ended 31 December 2015 HK$	Eleven months ended 31 December 2014 HK$
Cost of property management services rendered		**52,789,869**	–
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**972,007**	1,233,538
Depreciation		**1,321,371**	805,596
Amortisation of intangible assets*		**425,416**	–
Loss on disposal of items of property, plant and equipment		**61,442**	7,902
Minimum lease payments under operating leases in respect of land and buildings		**2,010,677**	940,251
Employee benefit expense (including directors' remuneration):			
Salaries, allowances and benefits in kind		**22,295,132**	5,208,221
Pension scheme contributions		**5,075,478**	378,237
		27,370,610	5,586,458
Impairment of intangible assets*		**470,744**	881,020
Impairment of trade receivables	9(b)	**403,867**	–
Impairment of other receivables		**–**	55
Foreign exchange differences, net		**85,072**	83,821

* The amortisation and impairment of intangible assets are included in "Administrative expenses" and "Other operating expenses, net" on the face of the consolidated statement of profit or loss, respectively.

7. INCOME TAX

An analysis of the Group's income tax from continuing operations is as follows:

	Year ended 31 December 2015 *HK$*	Eleven months ended 31 December 2014 *HK$*
Current – Mainland China	**2,254,652**	72,659
Current – USA	**28,446**	–
Deferred	**(2,544,769)**	129,778
Total tax (credit)/expense for the year/period	**(261,671)**	202,437

No provision for Hong Kong profits tax have been made as the Group did not generate any assessable profits arising in Hong Kong during the year. (Eleven months ended 31 December 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 year based on the prevailing legislation, interpretations and practices in respect thereof.

The current USA tax provision represented withholding tax provision calculated at the applicable tax rate of 30% on the interest income from the subsidiary in the USA for the year based on existing legislation, interpretations and practices in respect thereof.

8. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year/period and the loss for the year/period from continuing operations attributable to the shareholders of the Company of HK$18,152,360 (Eleven months ended 31 December 2014: HK$8,347,651) and HK$18,152,360 (Eleven months ended 31 December 2014: HK$13,453,792), respectively, and the weighted average number of 577,302,906 (Eleven months ended 31 December 2014: 531,358,837 (restated)) ordinary shares in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of basic loss per share amounts for the year/period has been adjusted retrospectively to reflect the impact of rights issue completed on 24 November 2015.

The Group had no potentially dilutive shares in issue during the year ended 31 December 2015. In respect of the diluted loss per share amounts for the prior period, no adjustment has been made to the basic loss per share amounts presented as the impact of the convertible bonds outstanding during the prior period had no diluting effect on the basic loss per share amounts presented.

9. TRADE RECEIVABLES

	2015	2014
	HK$	*HK$*
Trade receivables	**25,138,080**	–
Less: Impairment *(note b)*	**(4,469,160)**	–
	20,668,920	–

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 service fees annually in advance. Trade receivables represented unsettled balances of the property management service fees.

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

	2015	2014
	HK$	*HK$*
Past due:		
Less than 1 year	**13,927,350**	–
1 year to 2 years	**5,659,072**	–
2 years to 3 years	**1,082,498**	–
	20,668,920	–

(b) The movements in the Group's provision for impairment of trade receivables during the year/period are as follows:

	Year ended 31 December 2015	Eleven months ended 31 December 2014
	HK$	*HK$*
At beginning of year/period	**–**	–
Acquisition of subsidiaries	**4,276,505**	–
Impairment during the year/period recognised in profit or loss, net *(note 6)*	**403,867**	–
Exchange realignment	**(211,212)**	–
At end of year/period	**4,469,160**	–

10. 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 the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK$	*HK$*
Within 3 months	**5,845,702**	–
3 to 6 months	**664,092**	–
6 to 12 months	**2,277,110**	–
Over 1 year	**1,674,445**	–
	10,461,349	–

11. BUSINESS COMBINATION

On 27 May 2015, the Group acquired the entire equity interests in 北京澳西商業管理有限公司 ("Beijing AOCEAN Business Management Company Limited*, or AOCEAN Business Management") from an independent third party for a cash consideration of RMB17,000,000 (equivalent to HK$21,561,018). AOCEAN Business Management and its subsidiary (collectively the "AOCEAN Group") were engaged in the provision of property management services for certain office buildings, residential properties and car parks in Beijing, the PRC.

The fair values of the identifiable assets and liabilities of the AOCEAN Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK$
Net assets acquired:	
Property and equipment	**2,781,453**
Intangible assets	**11,809**
Inventories	**236,317**
Trade receivables	**38,632,373**
Prepayments, deposits and other receivables	**2,085,505**
Due from related companies	**5,143,802**
Cash and bank balances	**56,981,670**
Trade payables	**(11,761,041)**
Receipts in advance	**(13,199,458)**
Other payables and accruals	**(44,182,419)**
Other taxes payable	**(1,879,408)**
Due to related companies	**(4,717,749)**
Income tax payables	**(1,795,714)**
Total identifiable net assets at fair value	**28,337,140**
Gain on bargain purchase of subsidiaries	**(6,776,122)**
	21,561,018
Satisfied by cash	**21,561,018**

The fair values of trade receivables, prepayments, deposits and other receivables and amounts due from related companies 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 on this acquisition. These transaction costs had been expensed and also included in administrative expenses in profit or loss for the eleven months ended 31 December 2014.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	Year ended 31 December 2015 *HK$*	Eleven months ended 31 December 2014 *HK$*
Cash consideration	**(21,561,018)**	–
Cash and bank balances acquired	**56,981,670**	–
Net inflow of cash and cash equivalents included in cash flows from investing activities	**35,420,652**	–
Transaction costs of the acquisition included in cash flows from operating activities	**–**	(2,712,607)
	35,420,652	(2,712,607)

During the year, the AOCEAN Group contributed HK$70,086,033 and HK$5,753,301 to the Group's revenue and profit for the year between the date of acquisition and the end of the reporting period, respectively.

Had the above acquisition been effected at the beginning of the year, the total amount of revenue of the Group for the year ended 31 December 2015 would have been HK$132,099,221, and the amount of the loss for the year ended 31 December 2015 would have been HK$9,156,699.

Further details of the transaction are set out in the Company's circular dated 27 March 2015.

12. COMPARATIVE AMOUNTS

Due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. In addition, as disclosed in note 3, the Group no longer identifies hotel management segment as a reportable operating segment in these financial statements as it is not a significant operating segment of the Group in terms of revenue, operating performance, assets and liabilities.

As a result of the above, certain comparative amounts have been restated and reclassified to conform to the current year's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE YEAR

The year 2015 is a cornerstone of the Company.

During the year, the Group completed the acquisition of the entire equity interest of AOCEAN Business Management in May 2015 and a parcel of land located in Santa Monica, in the County of Los Angeles, State of California, the USA in August 2015. The Group successfully engaged in the property management segment and successfully reformed the property investment segment as the property development and investment segment.

Furthermore, with an aim to strengthen the Company's equity base and liquidity, the Company proceeded with a rights issue during the year. Rights issue of 263,947,276 rights shares at the subscription price of HK$1.30 per rights share on the basis of one rights share for every two existing shares held on the record date (the "Rights Issue") was completed in late November 2015. Dealings in the fully-paid rights shares commenced on 3 December 2015. Gross proceeds and net proceeds from the rights issue amounted to HK$343,131,459 and HK$337,619,251, respectively. Details of the Rights Issue are set out in the Company's circular dated 10 November 2015.

During the year ended 31 December 2015, the Company has utilised approximately 65% of the net proceeds from the Rights Issue in the amount of approximately HK$219,113,000 for repaying (i) certain interest-free and unsecured shareholder loans provided by Wintime Company Limited ("Wintime"); and (ii) the shareholder loan granted by Wintime for the purpose of funding the acquisition of the parcel of land located in Santa Monica, in the County of Los Angeles, State of California, the USA and the interest thereon.

2. FINANCIAL HIGHLIGHTS

Profit or loss items	**Year ended 31 December 2015** *HK$*	Eleven months ended 31 December 2014 *HK$*
Turnover	**76,809,367**	5,937,043
Loss for the year/period attributable to shareholders of the Company	**(18,152,360)**	(8,347,651)

Assets and liabilities	**2015** *HK$*	2014 *HK$*
Total assets	**553,797,556**	161,644,073
Total liabilities	**(100,913,224)**	(22,304,141)
Net assets	**452,884,332**	139,339,932

Turnover of the year is approximately 13 folds of that for the eleven months ended 31 December 2014. This is mainly attributed to the engagement in the property management segment with effect from June this year.

The remarkable increase in total assets is principally attributed to the acquisition of a parcel of land located in Santa Monica, the County of Los Angeles, California, the USA, at a cost of US$25,250,000 (equivalent to approximately HK$195,940,000).

3. BUSINESS REVIEW

During the year ended 31 December 2015, the Group's operations are organised into business segments based on the nature of the operations. There are two reportable operating segments, including (i) the property management segment; and (ii) the property development and investment segment. The first segment is located in the PRC, the second segment is located in the USA and the PRC. For details of operating segment information, please refer to note 3 to this announcement.

3.1 Property management segment

Subsequent to the completion of the acquisition of AOCEAN Business Management in May 2015. The Group successfully engaged in the property management segment.

As at 31 December 2015, AOCEAN Business Management managed nine major residential and commercial property projects, all of which are 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.

3.2 Property development and investment segment

In respect of the property development and investment segment, the Group has generated its revenue mainly by leasing out properties located in Fuzhou City of Fujian Province in the PRC to independent tenants, which are being held by 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 year, the property leasing business of Jiacheng Fujian and Faith Stand China remained stable.

In view of the fact that the growth momentum of the property market in Fujian Province is cooling down, a fair value loss on investment properties of approximately HK$15,988,000 is recognised during the year.

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 in Santa Monica, in the County of Los Angeles, State of California, the USA, to East Pacific (the "Purchase Agreement"). On 31 March 2015, East Pacific and Wilshire entered into the first amendment to the Purchase Agreement, pursuant to which the purchase price of the land increased to USD25,250,000 (equivalent to approximately HK$195,940,000).

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 property market in the USA. The market in the USA is one with great development potential for property development business. Santa Monica in the State of California, the USA, 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.

Subsequent to the completion of acquisition of the said parcel of land, the Group successfully reformed the property investment segment as property development and investment segment during the year.

4. FINANCIAL REVIEW

4.1 Liquidity and financial resources

For the year ended 31 December 2015, the Group recorded a loss attributable to shareholders of the Company of approximately HK$18,152,000 from continuing operations (Eleven months ended 31 December 2014: a loss of approximately HK$13,454,000). The substantial increase in loss attributable to shareholders of the Company is mainly attributed to the fact that a fair value loss on investment properties of approximately HK$15,988,000 is recognised during the year.

As at 31 December 2015, the Group had available bank balances and cash of approximately HK$155,683,000, RMB72,172,000 and US$160,000 (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 2.73 (31 December 2014: 5.78).

As at 31 December 2015, the Group's debts to assets ratio was 0.161 (31 December 2014: 0.044). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included trade payables of approximately HK$10,461,000 (31 December 2014: Nil), receipts in advance of approximately HK$25,893,000 (31 December 2014: Nil), other payables and accruals of approximately HK$39,215,000 (31 December 2014: approximately HK$4,364,000), other taxes payables of approximately HK$5,437,000 (31 December 2014: approximately HK$1,715,000), amounts due to related companies of approximately HK$3,394,000 (31 December 2014: Nil) and income tax payables of approximately HK$4,512,000 (31 December 2014: approximately HK$1,086,000) over the total assets of approximately HK$553,798,000 (31 December 2014: approximately HK$161,644,000).

4.2 Foreign currency exposure

During the year ended 31 December 2015, the Group's business operations were principally in the PRC and the USA and the main operational currencies are HK$, RMB and USD. The Group's transactions were mainly denominated in RMB and USD. The majority of assets and liabilities are denominated in HK$, RMB and USD. Any significant exchange rate fluctuations of foreign currencies against HK$ may have financial impact to the Group. The Group will closely monitor the exchange rate trend and take corresponding measures in a timely manner to reduce foreign currency exchange risk and exposure.

4.3 Human resources and remuneration policy

As at 31 December 2015, the total number of employees of the Group (excluding Directors) was approximately 320 (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, the PRC and the USA 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.

4.4 Final dividend

The Board of the Company resolved not to declare any dividend for the year ended 31 December 2015 (Eleven months ended 31 December 2014: Nil).

4.5 Pledge of assets

As at 31 December 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.

4.6 Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

4.7 Material acquisition and disposal

After the acquisition of AOCEAN Business Management, which was completed on 27 May 2015, the Group has successfully engaged in 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 USA was completed on 18 August 2015 (US time). Upon its completion, the Group has successfully reformed the property investment segment as property development and investment segment. Geographically, the Group has successfully expanded into the market in the USA.

Save as disclosed herein, the Group had no other material acquisition and disposal during the year ended 31 December 2015.

4.8 Share capital

The Company completed with a Rights Issue during the year. For details, please refer to the paragraphs headed "1. Overview of the year" of the Management Discussion and Analysis section.

4.9 Comparative amounts

Certain figures have been restated. The details are set out in note 12 to this announcement.

5. FUTURE PROSPECT

Upon completion of the acquisitions abovementioned and the rights issue which took place during the year, the liquidity position of the Group has improved significantly and the Group is at a better position to take up challenges in the future.

Looking ahead, year 2016 will be a challenging year for the Company. As a result of rationalization of business operations, it is the intention of the management to continue the existing property management, property development and property investment business of the Group. The Company will review the existing businesses, operations and/or directions of the Group from time to time and may implement changes with regard to such review when appropriate. In addition, the management of the Group will closely monitor the market and seize the opportunities to adopt appropriate measures and strategies to strive for the best returns to the shareholders.

6. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's listed securities during the year ended 31 December 2015.

7. CORPORATE GOVERNANCE CODE

The Board of the Company is committed to maintain and ensure high standards of corporate governance practice. The Company stresses the importance of maintaining the quality of the Board by ensuring that the directors possess a wide range of expertise and the effective implementation of an accountability system, so as to ensure that business activities and decision making processes are regulated in a proper manner.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2015.

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

The Company will seek to improve its management and raise its control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders.

8. CHANGES IN DIRECTORS' INFORMATION

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

- Mr. Mak Kwong Yiu, an independent non-executive director ("INED") of the Company, has resigned as the executive director and the chief executive officer of Convoy Financial Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1019) and independent non-executive director, chairman of audit committee and remuneration committee, and a member of nomination committee of Lerado Group (Holding) Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1225) with effect from 31 March 2016 and 2 November 2015, respectively.

- Mr. Chui Tsan Kit, an INED of the Company, 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.

9. 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 as contained in the Listing Rules. Having made specific enquiry to all directors of the Company, the Company is not aware of any non-compliance with the Model Code regarding the trading of the Company's securities for the year ended 31 December 2015.

10. AUDIT COMMITTEE

The audit committee has reviewed the annual results and has no dissenting view on the accounting policies adopted by the Group and on the Group's internal controls and risk management, accounting and financial reporting functions.

11. SUFFICIENCY OF PUBLIC FLOAT

At the latest practicable date prior to the issue of this announcement based on information that is publicly available to the Company and within the best knowledge of the Board, the Company maintained sufficient public float as required under the Listing Rules throughout the year ended 31 December 2015.

12. PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company will be posted at the website of the Company (http://www.grproperties.com.hk) and the website of the Stock Exchange (http://www.hkexnews.hk). Annual Report for the year ended 31 December 2015 of the Company containing all information as required by the Listing Rules will be despatched to the shareholders of the Company later and posted at the above websites.

By order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 31 March 2016

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.

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