



INTERIM REPORT 中期報告
2015/16

廣澤
地產



**GROUND
PROPERTIES**
廣澤地產

GROUND PROPERTIES COMPANY LIMITED
廣澤地產有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號：989

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAI Xiu (*Chairman*)

(*resigned as Chief Executive Officer on
10 November 2015*)

WANG Guanghui

HUANG Bingxing

Independent Non-executive Directors

CHAN Yuk Tong

MEI Jianping

WEI Lidong

BOARD COMMITTEES

Audit Committee

CHAN Yuk Tong (*Chairman*)

MEI Jianping

WEI Lidong

Remuneration Committee

CHAN Yuk Tong (*Chairman*)

MEI Jianping

WEI Lidong

CHAI Xiu

Nomination Committee

MEI Jianping (*Chairman*)

CHAN Yuk Tong

CHAI Xiu

COMPANY SECRETARY

LUNG Yuet Kwan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL

PLACE OF BUSINESS

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PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISOR

Michael Li & Co.

AUDITOR

Mazars CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

989

Management Discussion and Analysis

RESULTS AND OPERATIONS REVIEW

The Group endeavours to promote the sustainability of diversified business, including telecommunications retail sales and management services, property development and management as well as property investment.

Upon completion of acquisition of 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”), the Group continued to integrate and optimise the telecommunications retail sales and management services during the period under review to further improve work flow and enhance operating efficiency. In addition, the cooperation with a renowned US audio brand as the exclusive distributor of its headphone products in the PRC also progressed well with expanding business scale and stronger growth momentum, thus building a solid foundation for the Group’s future development.

During the period under review, the Group and Ka Yik Investments Limited, a company wholly-owned by Ms. Cui Xintong, entered into a conditional sale and purchase agreement in relation to the proposed acquisition of the entire equity interest in Ka Yun Investments Limited, a company wholly-owned by Ka Yik Investments Limited at a consideration of HK\$4,650,000,000. The Group also entered into a sale and purchase agreement to acquire the entire equity interest in 吉林市萬升房地產開發有限公司 (Jilin Wan Sheng Property Development Company Limited*) (“Jilin Wan Sheng”). These acquisitions, upon completion, are expected to contribute to the expanding business scale and market share of the Group in the property development market in Jilin Province.

For the six months ended 30 September 2015 (the “Period”), the overall revenue of the Group was approximately HK\$104,770,000 (six months ended 30 September 2014 (the “2014 Period”): HK\$42,946,000), representing a year-on-year growth of 144%. Gross profit was HK\$49,890,000 (2014 Period: HK\$21,832,000). Net loss after tax for the Period was HK\$30,404,000 (2014 Period: HK\$35,914,000). The loss for the Period included certain legal and professional fees incurred in respect of the Ka Yun Acquisition as disclosed under the section headed “Material Acquisitions”. Excluding such legal and professional fees, the net loss for the Period would have been HK\$16,777,000, representing a decrease of HK\$19,137,000 or 53%.

Telecommunications Retail Sales and Management Services

Last year, the Group successfully expanded its telecommunications business through acquisitions completed in December 2014 and effectively increased the revenue and profitability. During the Period, the Group endeavoured to integrate the one-stop management model and continued to optimise its operations to better cope with the expanding business scale. As a result, revenue from the telecommunications retail sales and management services segment significantly increased 147% to HK\$104,770,000 (2014 Period: HK\$42,480,000); gross profit was HK\$49,890,000 (2014 Period: HK\$21,454,000) and gross profit margin was 48% (2014 Period: 51%). Net profit after tax from the retail sales and management services segment was approximately HK\$13,401,000 (2014 Period: HK\$3,388,000).

Management Discussion and Analysis

Retail service stores operation – Telecommunications operator A

In September 2014, the Group completed the acquisition of the entire equity interest in Shanghai XingJiTong and added 8 retail service stores at prime commercial locations in Shanghai. As at 30 September 2015, the Group managed a total of 28 retail service stores in Shanghai (31 March 2015: 28 stores), of which two of the stores were under revamp during the Period. As the Group provides data management services for renowned telecommunications operators in the PRC, the business scale is further enlarged. Same-store sales growth is encouraging. Meanwhile, the commerce reward point event jointly operated by the Group and the electronic mall progressed well. Benefiting from the fast growing 4G technology in the PRC, the management expects that this business segment will continue to maintain steady growth in the coming two to three years.

Cooperation with a renowned US headphone brand

Leveraging on its superior operation capability and sales channels, the Group has been in cooperation with a renowned US audio brand since June 2014 and has become the exclusive distributor of the brand's popular headphone product series in the PRC. Sales of the headphone product business were remarkable. Revenue from this business grew substantially from HK\$22,765,000 since the launch in June 2014 to 30 September 2014 to HK\$41,882,000 for the Period. In view of the fast growing intelligent electronic terminal industry, it is expected that the brand will launch highly competitive new products by the end of the year.

The cooperation with the renowned US audio brand enhances the Group's operating capability in such business and allows the Group to build the foundation in the distribution network and channel, which is conducive to entering into future business cooperation between the Group and other brands and can further expand the scale of its trading business.

Telecommunications call center services – Telecommunications operator A

The Group secured two service contracts with telecommunications operator A: one contract through the acquisition of Shanghai Motion JUNS which was completed in December 2014; and the other in February 2015 through the continued business development with telecommunications operator A. Among which, the inbound call centre services segment performed satisfactorily. Another contract 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. Since the acquisition of Shanghai Motion JUNS, the number of staff increased from 420 in March 2015 to 510 and the phone lines of the call center increased from 310 to 400, attaining an utilisation rate of 100%. From December 2014, this business segment recorded fast growth with revenue contribution of HK\$28,284,000 for the Period. The management is focusing on further enhancing the operating efficiency and management level with a view to achieving sustainable growth.

Retail network operation – Telecommunications operator B

The Group holds 55% equity interest 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 is primarily engaged in telecommunications retail network operation for telecommunications operator B, including selling telecommunications and mobile products to end user customers in Shanghai since its establishment in 2010. Given the slow-down of new customers with telecommunications operator B, the Group’s revenue with telecommunications operator B continued to decrease. The Group will adjust the mode of distribution cooperation with telecommunications operator B and may adjust the number of outlets as appropriate and the scale of direct selling after consideration to better control the level of profitability.

Property development and management

The Changbaishan Property Project, held as to 35% equity interest by the Group, progressed smoothly as scheduled. The preparatory works and overall planning have been substantially completed. The sales model and channels have also been substantially established. The project is expected to commence Phase 1 pre-sales in 2016, whereas the construction of Phase 1 and the supporting facilities are scheduled to be completed by the end of 2016. In addition, 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 not yet contributed revenue to the Group during the Period.

Jilin Wan Sheng is principally engaged in property development in Jilin City. The acquisition of Jilin Wan Sheng by the Group is in progress which is expected to be completed by the end of 2015. Phases 1 and the first part of Phase 2 of Jilin Wan Sheng’s property project, “萬升•前城國際” (Wansheng • Qiancheng International*), have been completed and the remaining part of Phase 2 is expected to commence construction in May 2016.

In addition, the Group entered into a conditional sale and purchase agreement with Ka Yik Investments Limited to acquire the entire equity interest in Ka Yun Investments Limited, which together with its subsidiaries, is principally engaged in the development of residential and commercial properties in Jilin Province, the PRC, including the remaining 65% interests in the Changbaishan Property Project not yet owned by the Group. This would allow the Group to fast track the pace of growth and scale of its property development and management business and, following the completion of the acquisition, to be in a stronger financial position to obtain financing when needed.

Management Discussion and Analysis

Property investment

The investment properties were kept vacant during the Period. The Group has secured new tenants for the investment properties and the new lease contracts will commence from December 2015.

PROSPECTS

In recent years, in face of the increasing popularity of the 4G communication technology and telecommunication network in the PRC, the telecommunication industry has experienced speedy growth. According to statistics issued by Ministry of Industry and Information Technology of the People's Republic of China for September 2015, the total number of 4G users nationwide was approximately 302 million. From January to September 2015, the gross amount of the telecommunication business amounted to RMB1,656.23 billion, representing a year-on-year growth of 25.3%; and revenue from telecommunication business amounted to RMB873.53 billion, representing a year-on-year growth of 2.9%. As a professional telecommunications outsourcing services provider, the Group will continue to maintain close cooperation with existing operators and customers and actively explore business opportunities with other telecommunication service providers. At the same time, it will actively plan the extension of the scope of services of the call center to financial services including credit and insurance so as to further expand the scale of telecommunication business and create income streams. Given the attractive income from the distribution business with the renowned US headphone brand, the Group will continue to optimise the distribution model and prudently assess the growth opportunities arising from product mix diversification, and will consider entering into distribution cooperation with other international well-known brands. Besides, the Group is currently in collaboration with some famous logistics service providers and internet service providers in the PRC to expand customer base through online marketing by combining the audio and mobile communication businesses. Moving forward, it will further optimise the product distribution model and build more sales platforms to enhance the level of profitability.

The Group has clear future growth objectives. While integrating and optimising the existing telecommunications retail sales and management services business, the Group will strive to diversify business development to achieve long-term sustainable development. In view of the improving standard of living in the PRC, coupled with the implementation of the two-child policy announced at the Fifth Plenum recently held, it is expected that the housing demand will continue to grow and maintain sound development in the long run. The Group is prudently optimistic about the outlook of the property market in the PRC. Leverage on the solid foundation and network established by the management in the property market in northeastern China over the years, following the proposed acquisition of Jilin Wan Sheng, the Group plans to continue to explore other potential acquisition opportunities to further expand its property development business and expand the scope of business to other provinces in addition to the development and management of existing properties in Jilin Province. In addition, the Group will also carefully seek more potential property investment opportunities and adhere to its prudent strategy in assessing the potential business opportunities to enrich its investment portfolio.

Looking ahead, the Group will continue to steadily push ahead the development of various business segments, promote business diversification and endeavour to seize new growth opportunities so as to achieve long-term sustainable growth of its businesses as a whole.

Management Discussion and Analysis

FINANCIAL REVIEW

Review of interim 2015 results

Revenue

During the Period, the Group's revenue increased from HK\$42,946,000 for the 2014 Period to HK\$104,770,000, representing a substantial increase of HK\$61,824,000 or 1.4 times. The increase was primarily attributable to (i) the increase in the sales of headphones by HK\$19,117,000; and (ii) new revenue contribution from telecommunications call center services (acquisition completed in December 2014) of HK\$28,284,000; and (iii) the increase in revenue from 8 new telecommunications retail stores (acquisition completed in September 2014) of HK\$5,388,000.

Gross profit

The overall gross profit of the Group for the Period is approximately HK\$49,890,000 representing a substantial increase of HK\$28,058,000 or 1.3 times as compared to the 2014 Period, which is attributable to the increase in revenue from the sales of the headphones and telecommunications call center services businesses, the gross margin remained stable at 48% for the Period (2014 Period: 51%).

Other revenue

The Group's other revenue for the Period is HK\$10,822,000, mainly contributed from interest income arising from the entrusted loan granted to an independent third party which amounted to HK\$9,118,000.

Distribution costs

The Group's distribution costs increased from HK\$14,836,000 for the 2014 Period to HK\$27,804,000 for the Period, representing an increase of HK\$12,968,000 or 87%. The increase was primarily attributable to (i) the increase in staff costs of HK\$7,511,000 contributed from the increased number of head count; and (ii) the increase in rent and rate. These increases were contributed from the telecommunications call centers and the additional telecommunications retail stores operated by the Group. In addition, the Group incurred additional advertising expenses to promote the renowned headphone brand distributed by the Group.

Administrative expenses

The Group's administrative expenses for the Period amounted to HK\$45,497,000 (2014 Period: HK\$39,483,000), representing an increase of HK\$6,014,000. The increase was attributable to (i) the increase in legal and professional fees of HK\$13,627,000 and travelling and other expenses of HK\$385,000 incurred in respect of the Ka Yun Acquisition as disclosed under the section headed "Material Acquisitions"; and (ii) the exchange loss of HK\$5,031,000 incurred arising from the strong Hong Kong dollars against Renminbi upon translation of the Group's monetary items denominated in Renminbi; and partially offset by no equity-settled share-based expenses incurred for the Period as the share options granted to external consultants in prior years had been fully vested (2014 Period: HK\$15,705,000).

Finance costs

The Group's finance costs for the Period amounted to HK\$11,432,000, the interest of which were related to the interest-bearing borrowings. The increase was mainly attributable to the average loan balance during the Period which was higher as compared to the 2014 Period.

Income tax

The Group's income tax expense was related to the provision for PRC Enterprise Income Tax on its telecommunications retails sales and management services operation. The profit arising from the substantial growth in this business in Shanghai resulted in a significant increase in income tax.

For the Group's other operations, they were at a loss-making position which tax loss benefits have not been recognised.

LIQUIDITY AND FINANCIAL RESOURCES

Assets

The Group's property, plant and equipment had a slight increase of HK\$2,050,000 as more fixed assets were purchased for the expanding telecommunications call center service business. The Group's investment properties and interest in associates remained stable as at 30 September 2015 as compared to 31 March 2015 given (i) the stable property market in Hong Kong; and (ii) the Group's Changbaishan Property Project is still at its planning and preliminary work stage.

Management Discussion and Analysis

The Group's current assets amounted to HK\$483,953,000 as at 30 September 2015 (31 March 2015: HK\$528,097,000), representing a decrease of HK\$44,144,000 or 8%. The decrease was mainly attributable to the repayment of bank borrowings and operating expenditure.

Debt and gearing

The Group's interest bearing borrowings as at 30 September 2015 decreased by HK\$10,819,000 to HK\$486,755,000 which was made up of the following:

	At 30 September 2015 <i>HK\$'000</i>	At 31 March 2015 <i>HK\$'000</i>
Secured bank loans	204,000	210,000
Secured entrusted bank loan	175,552	179,830
Secured trust receipt loan	22,203	22,744
Unsecured promissory notes	85,000	85,000
	<u>486,755</u>	<u>497,574</u>

As at 30 September 2015, the ratio of net debt to equity was 37% (31 March 2015: 31%).

Cash flows for the Group's operating and investing activities

For the Period, the Group recorded net cash outflows before changes in working capital of HK\$14,236,000 (2014 Period: HK\$5,907,000). The changes in working capital increased the net cash outflow from operating activities to HK\$23,292,000 (2014 Period: HK\$57,634,000). For investing activities, the Group recorded a cash outflow of HK\$2,050,000 (2014 Period: HK\$183,798,000), mainly for the purchase of fixed assets in respect of the telecommunications call center services.

SHARE CAPITAL

As at 30 September 2015, the Company had 858,450,000 shares of HK\$0.05 each in issue (31 March 2015: 858,450,000 shares of HK\$0.05 each) with total shareholders' fund of the Group amounting to approximately HK\$700,091,000 (31 March 2015: HK\$727,816,000).

CONTINGENT LIABILITIES

As at 30 September 2015, the Group did not have any significant contingent liabilities (31 March 2015: Nil).

CHARGE ON ASSETS

As at 30 September 2015, the Group had the following assets pledged against bank loans granted:

	30 September 2015	31 March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	340,000	340,000
Pledged bank deposits	198,488	203,326

EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

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

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group had 931 full-time staff. Total staff costs (including directors' emoluments) for the Period amounted to approximately HK\$32,981,000 (2014 Period: HK\$24,704,000). The staff costs for the six months ended 30 September 2015 consisted of HK\$4,098,000 equity-settled share-based payment expenses in respect of the grant of 29,950,000 share options to directors of the Company and employees in October 2014. 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.

MATERIAL ACQUISITIONS

(A) PROPOSED ACQUISITION OF ENTIRE EQUITY INTEREST OF JILIN WAN SHENG AND THE ENTRUSTED LOAN AGREEMENT

On 11 September 2015, World Rich Management Limited ("World Rich" or the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Wansheng Agreement") with Ms. Cui Guiying and Ms. Wang Dongwei (collectively, the "Vendors"), independent third parties, pursuant to which World Rich has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in Jilin Wan Sheng for the consideration of RMB150,000,000 (equivalent to approximately HK\$180,000,000) (the "Wansheng Acquisition"). As at the date of this report, the Wansheng Acquisition has not been completed.

As reported in the Company's announcements and circular, in consideration of the funding needs of Jilin Wan Sheng, on 25 September 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" or the "Lender") entered into the entrusted loan agreement, pursuant to which the Lender engaged 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, advance a loan in the principal amount of RMB143,900,000 (equivalent to approximately HK\$175,552,000), which was funded by the Group, to Jilin Wan Sheng (the "Borrower"). The interest rate for the entrusted loan is 10% per annum for 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 Lender, the Borrower and the Bank 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 “First Entrusted Loan Extension Arrangement”). On 25 September 2015, the entrusted loan was further extended to 25 March 2016 (the “Second Entrusted Loan Extension Arrangement”) and on 8 October 2015, a supplemental agreement was signed to amend certain terms of the Wansheng Agreement in consequence of the Second Entrusted Loan Extension Arrangement, including the extension of the payment date of the deposit, the entrusted loan repayment date as set out in the conditions precedents, and the extension of the long stop date (the “Supplemental Agreement”).

Details of the Wansheng Acquisition, the Original Entrusted Loan Arrangement, the First Entrusted Loan Extension Arrangement, the Second Entrusted Loan Extension Arrangement and the Supplemental Agreement were set out in the Company’s announcements dated 25 September 2014, 25 March 2015, 11 September 2015, 14 September 2015 and 25 September 2015, 8 October 2015, 30 October 2015 and the circular dated 30 April 2015.

(B) PROPOSED ACQUISITION OF ENTIRE EQUITY INTEREST IN A COMPANY ENGAGING IN PROPERTY DEVELOPMENT IN JILIN PROVINCE

On 26 May 2015, Frontier Power Investments Limited (a wholly-owned subsidiary of the Company) (the “Purchaser”) and Ka Yik Investments Limited (the “Vendor”) and Ms. Cui Xintong (the ultimate controlling shareholder of the Company and the daughter of Ms. Chai Xiu, an executive director of the Company and the chairperson of the Board) entered into the initial agreement (as supplemented by the supplemental agreement dated 3 July 2015), pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire issued capital of Ka Yun Investments Limited (“Ka Yun”) for the consideration of HK\$4,650,000,000 which shall be satisfied partly (i) by allotment and issue new shares by the Company; (ii) by allotment and issue of convertible preference shares by the Company; and (iii) by issue of convertible bonds by the Company (the “Ka Yun Acquisition”).

Ka Yun, which together with its subsidiaries, is principally engaged in the development of residential and commercial properties in Jilin Province, the PRC. The Ka Yun Acquisition constitutes a connected transaction, a very substantial acquisition and a reverse takeover under the Listing Rules. As at the date of this report, the Ka Yun Acquisition has not been completed. Details of the Ka Yun Acquisition were set out in the Company’s announcements dated 26 May 2015, 3 July 2015 and 16 October 2015.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2015

The board (the “Board”) of directors (the “Directors”) of Ground Properties Company Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2015 together with the comparative figures as follows:

	Note	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
Revenue	4	104,770	42,946
Cost of sales and services		(54,880)	(21,114)
Gross profit		49,890	21,832
Other revenue	4	10,822	2,044
Other net income		–	2,098
Distribution costs		(27,804)	(14,836)
Administrative expenses		(45,497)	(39,483)
Finance costs	5	(11,432)	(5,808)
Share of results of associates		(1,247)	(891)
Share of results of a joint venture		268	–
Loss before taxation	6	(25,000)	(35,044)
Income tax	7	(5,404)	(870)
Loss for the period		(30,404)	(35,914)
Loss attributable to:			
Shareholders of the Company		(30,404)	(35,911)
Non-controlling interests		–	(3)
Loss for the period		(30,404)	(35,914)
Losses per share (HK cents)			
– Basic and diluted	8	(3.54)	(4.67)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Loss for the period	(30,404)	(35,914)
Other comprehensive income for the period, net of tax <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of foreign operations	(1,419)	517
Total comprehensive income for the period	(31,823)	(35,397)
Total comprehensive income attributable to:		
Shareholders of the Company	(31,823)	(35,394)
Non-controlling interests	–	(3)
	(31,823)	(35,397)

Condensed Consolidated Statement of Financial Position

As at 30 September 2015

		30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
	Note		
Non-current assets			
Investment properties		340,000	340,000
Property, plant and equipment		7,486	6,606
Interests in associates		385,540	386,532
Interests in a joint venture		10,540	10,597
		<u>743,566</u>	<u>743,735</u>
Current assets			
Inventories		28,284	30,859
Trade and other receivables	10	55,756	42,116
Entrusted loan receivable	11	175,552	179,830
Pledged bank deposits	12	198,488	203,326
Bank balances and cash		25,873	71,966
		<u>483,953</u>	<u>528,097</u>
Current liabilities			
Trade and other payables	13	32,677	39,656
Interest-bearing borrowings	14	324,755	319,574
Tax payable		3,045	1,835
		<u>360,477</u>	<u>361,065</u>
Net current assets		<u>123,476</u>	<u>167,032</u>
Total assets less current liabilities		<u>867,042</u>	<u>910,767</u>

	Note	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Non-current liabilities			
Interest-bearing borrowings	14	162,000	178,000
Deferred tax liabilities		5,099	5,099
		<u>167,099</u>	<u>183,099</u>
NET ASSETS		<u>699,943</u>	<u>727,668</u>
CAPITAL AND RESERVES			
Share capital	15	42,923	42,923
Reserves		657,168	684,893
		<u>700,091</u>	<u>727,816</u>
Total capital and reserves attributable to shareholders of the company		700,091	727,816
Non-controlling interests		(148)	(148)
		<u>699,943</u>	<u>727,668</u>
TOTAL EQUITY		<u>699,943</u>	<u>727,668</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

	Attributable to shareholders of the Company						
	Non-distributable				Total	Non-controlling interests	
	Issued capital	Contributed surplus	Accumulated profits	Total		controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2015	42,923	359,877	210,587	114,429	727,816	(148)	727,668
Exchange difference	-	(1,419)	-	-	(1,419)	-	(1,419)
Loss for the period	-	-	-	(30,404)	(30,404)	-	(30,404)
Total comprehensive income for the period	-	(1,419)	-	(30,404)	(31,823)	-	(31,823)
Grant of share options	-	4,098	-	-	4,098	-	4,098
Lapse of share options	-	(900)	-	900	-	-	-
Balance at 30 September 2015	42,923	361,656	210,587	84,925	700,091	(148)	699,943
Balance at 1 April 2014	28,532	62,454	210,587	134,344	435,917	(142)	435,775
Exchange difference	-	517	-	-	517	-	517
Loss for the period	-	-	-	(35,911)	(35,911)	(3)	(35,914)
Total comprehensive income for the period	-	517	-	(35,911)	(35,394)	(3)	(35,397)
Issue of shares	14,391	272,022	-	-	286,413	-	286,413
Grant of share options	-	22,936	-	-	22,936	-	22,936
Balance at 30 September 2014	42,923	357,929	210,587	98,433	709,872	(145)	709,727

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
OPERATING ACTIVITIES		
Cash used in operations	(37,528)	(63,541)
Interest received	9,863	1,372
Interest paid	(6,184)	(3,363)
Income tax paid	(4,194)	(259)
Net cash used in operating activities	(38,043)	(65,791)
INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(2,050)	(170)
Acquisition of interests in a subsidiary (net of cash and cash equivalents)	–	(1,683)
Increase in entrusted loan receivable	–	(181,945)
Net cash used in investing activities	(2,050)	(183,798)
FINANCING ACTIVITIES		
New bank loans raised	32,203	204,956
Repayment of bank loans	(38,203)	–
Issue of share capital	–	286,413
Increase in pledged bank deposits	–	(205,717)
Net cash (used in) from financing activities	(6,000)	285,652
Net (decrease) increase in cash and cash equivalents	(46,093)	36,063
Cash and cash equivalents at the beginning of the period	71,966	38,860
Cash and cash equivalents at the end of the period, represented by bank balances and cash	25,873	74,923

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

This interim financial report has 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”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations (collectively the “HKFRSs”).

The interim financial report is unaudited, but has been reviewed by Mazars CPA Limited (“Mazars”) in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the HKICPA. Mazars’s independent review report to the Board of Directors is included on page 34.

The financial information relating to the financial year ended 31 March 2015 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements is set out in the Company’s website at www.groundproperties.com.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim financial report are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2015, except for the adoption of the new and revised HKFRSs described below.

In the current interim period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group's accounting period beginning on 1 April 2015.

Amendments to HKAS 19 (2011), Defined benefit plans: Employee contributions

Annual improvements to HKFRSs 2010-2012 cycle

Annual improvements to HKFRSs 2011-2013 cycle

The application of the above had no material effect on the results and financial positions of the Group for the current or prior accounting periods.

The Group has not early adopted the new standards, amendments to standard and interpretations, which have been issued but are not yet effective for the financial year beginning on 1 April 2015.

The Directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION

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

The Group's reportable segments are as follows:

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 center services*; and (ii) telecommunications retail sales and management services	The People's Republic of China (the "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

* The Group's telecommunications call center services operation commenced contributing revenue to the Group since December 2014.

3. SEGMENT INFORMATION (continued)

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

For the six months ended 30 September 2015	Telecommunications retail sales and management services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Property development and management (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Group (Unaudited) HK\$'000
Segment Revenue					
Revenue from external customers	104,770	-	-	-	104,770
Segment results	12,413	(1,464)	(8,063)	(26,317)	(23,431)
Interest income					9,863
Finance costs					(11,432)
Loss before taxation					(25,000)
Income tax					(5,404)
Loss for the period					(30,404)
Included in segment results:					
Share of results of associates	-	-	(1,247)	-	(1,247)
Share of results of a joint venture	268	-	-	-	268

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

For the six months ended 30 September 2014 (Restated)	Telecommunications retail sales and management services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Property development and management (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Group (Unaudited) HK\$'000
Segment Revenue					
Revenue from external customers	42,480	448	18	–	42,946
Segment results	4,056	(801)	(16,117)	(17,746)	(30,608)
Interest income					1,372
Finance costs					(5,808)
Loss before taxation					(35,044)
Income tax					(870)
Loss for the period					(35,914)
Included in segment results:					
Share of results of associates	–	–	(891)	–	(891)

4. REVENUE

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

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Sale of mobile phones, headphones, telecommunications equipment and other products	43,606	26,269
Rental income	–	448
Telecommunications call center services income	28,284	–
Telecommunications retail sales and management services income	32,880	16,211
Project management income	–	18
Revenue	104,770	42,946
Interest income	9,863	1,372
Others	959	672
Other revenue	10,822	2,044
Total revenue	115,592	44,990

5. FINANCE COSTS

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on bank loans repayable within five years	6,267	3,363
Interest on promissory notes	5,165	2,445
	11,432	5,808

Notes to the Condensed Consolidated Financial Statements

6. LOSS BEFORE TAXATION

This is stated after charging:

	Note	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Staff costs (include Directors' emoluments)	(a)	32,981	24,704
Cost of inventories		33,355	19,269
Depreciation		1,032	413
Operating lease charges on premises		6,165	3,498
Equity-settled share-based payment in respect of consultancy services		—	15,705

Note:

- (a) Included in staff costs was equity-settled share-based payment expenses of HK\$4,098,000 (2014: HK\$7,231,000) arising from 29,950,000 share options granted to the Directors and employees of the Group in October 2014.

7. INCOME TAX

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

The 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%).

The major component of income tax charge is:

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current tax		
PRC Enterprise Income Tax	5,404	870
Tax charge for the period	5,404	870

8. LOSS PER SHARE

The calculation of basic loss per share is based on the losses attributable to ordinary shareholders for the period of HK\$30,404,000 (2014: HK\$35,911,000) and the weighted average of 858,450,000 ordinary shares in issue during the period (2014: 769,120,546 ordinary shares).

Diluted loss per share for the six months ended 30 September 2015 and 2014 are the same as the basic loss per share as the potential ordinary shares are anti-dilutive.

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2015 (2014: Nil).

Notes to the Condensed Consolidated Financial Statements

10. TRADE AND OTHER RECEIVABLES

	Note	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Trade receivables			
Trade receivables from third parties	(a)	37,099	28,537
Other receivables			
Deposits, prepayments and other receivables		18,657	13,579
		55,756	42,116

Note:

- (a) 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 receivables due approximates their fair values.

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

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
0 – 30 days	24,312	18,860
31 – 60 days	8,963	5,621
61 – 90 days	3,437	4,038
Over 90 days	387	18
	37,099	28,537

10. TRADE AND OTHER RECEIVABLES (continued)

Note: (continued)

Included in the Group's trade receivables balance are debtors with a carrying amount of HK\$3,824,000 (31 March 2015: HK\$4,056,000) which are past due at the end of the reporting period for which the Group has not impaired. These receivables 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. The Group does not hold any collateral over these balances. These receivables are 0-30 days past due but not impaired (31 March 2015: 0-30 days).

11. ENTRUSTED LOAN RECEIVABLE

A wholly-owned subsidiary of the Company (the "Lender") entered into an entrusted loan agreement with a 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\$175,552,000) through a bank in the PRC. A bank deposit of RMB143,900,000 (equivalent to approximately HK\$175,552,000), as set out in note 12, has been used to secure the entrusted bank loan shown in note 14(b) in order to facilitate the entrusted loan receivable. 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 26 September 2014 with an interest rate of 10% per annum. 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.

On 25 March 2015, an entrusted loan extension agreement was signed between the Borrower and the Lender that the maturity date of the loan was extended to 26 September 2015. On 25 September 2015, a supplemental agreement was signed to further extend the maturity date of the loan to 25 March 2016. The entrusted loan receivable is neither past due nor impaired.

Notes to the Condensed Consolidated Financial Statements

12. PLEDGED BANK DEPOSITS

A bank deposit of RMB143,900,000 (equivalent to approximately HK\$175,552,000) 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 and note 14(b).

A bank deposit of RMB18,800,000 (equivalent to approximately HK\$22,936,000) is pledged as cash collateral for the operation to a wholly-owned subsidiary of the Company in the PRC as trust receipt loan of HK\$22,203,000, details of which are set out in note 14(c).

All pledged bank deposits earn interest income at a prevailing rate as published by the People's Bank of China.

Pledged bank deposits denominated in Renminbi (expressed in Hong Kong dollars) are as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Renminbi	198,488	203,326

13. TRADE AND OTHER PAYABLES

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Trade and bills payables	7,662	20,443
Other payables		
Accrued charges and other creditors	24,550	19,094
Deposits received	465	119
	25,015	19,213
	32,677	39,656

13. TRADE AND OTHER PAYABLES (continued)

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

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
0 – 30 days	6,538	19,332
31 – 60 days	219	286
61 – 90 days	149	170
Over 90 days	756	655
	7,662	20,443

14. INTEREST-BEARING BORROWINGS

	Note	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Secured bank loans	(a)	204,000	210,000
Secured entrusted bank loan	(b)	175,552	179,830
Secured trust receipt loan	(c)	22,203	22,744
Unsecured promissory notes	(d)	85,000	85,000
		486,755	497,574

The maturity of the interest-bearing borrowings is as follows:

Within one year	324,755	319,574
In the second year	32,000	32,000
In the third to fifth years, inclusive	130,000	146,000
	486,755	497,574
Portion classified as current liabilities	(324,755)	(319,574)
Non-current portion	162,000	178,000

Notes to the Condensed Consolidated Financial Statements

14. INTEREST-BEARING BORROWINGS (continued)

Notes:

- (a) The bank loans of HK\$204,000,000 was secured by the investment properties of HK\$340,000,000. The secured bank loans bear interest at HIBOR plus 3% per annum.
- (b) The secured entrusted bank loan was raised to facilitate the entrusted loan receivable of HK\$175,552,000 shown in note 11. The entrusted loan is secured by a bank deposit of RMB143,900,000 shown in note 12 and bears an interest at a prevailing rate as published by the People's Bank of China plus 0.05%. The entrusted loan is repayable in March 2016.
- (c) The trust receipt loan of HK\$22,203,000 was secured by a bank deposit of HK\$22,936,000 made with a bank in the PRC. This loan bears interest at a fixed rate of 1.55% per annum and repayable within one year.
- (d) The promissory notes of HK\$85,000,000 were unsecured and bear interest at rates ranging from 4% to 12% per annum depends on the repayment date of the principal amounts. The principal of promissory notes, together with interest expenses of HK\$13,884,000, were settled on 28 October 2015.

15. SHARE CAPITAL

	30 September 2015		31 March 2015	
	Number of shares	(Unaudited) HK\$'000	Number of shares	(Audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.05 each	15,600,000,000	780,000	15,600,000,000	780,000
Issued and fully paid:				
Ordinary shares of HK\$0.05 each	858,450,000	42,923	858,450,000	42,923

16. RELATED PARTY TRANSACTIONS

The Group has the following material related party transactions during the period, which were carried out in the normal course of business and on terms arranged by or between the parties concerned:

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Key management personnel		
Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees is as follows:		
– Salaries, allowances and benefit in kinds	7,022	4,076
– Retirement scheme contributions	228	44
	7,250	4,120

17. COMMITMENTS

Commitments under operation leases – the Group as lessee

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
In respect of leased properties:		
Within one year	11,552	10,175
In the second to fifth years inclusive	12,818	9,699
	<u>24,370</u>	<u>19,874</u>

18. COMPARATIVE FIGURES

Conforming to current year's presentation, the expenses of HK\$12,421,000 for the six months ended 30 September 2014 that were included in administrative expenses have been reclassified to distribution costs. Moreover, the increase in entrusted loan receivable has been reclassified from operating activities to investing activities in the condensed consolidated statement of cash flows. The revised presentation reflects more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.

Report on Review of Interim Financial Information



MAZARS CPA LIMITED

瑪澤會計師事務所有限公司

42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道 18 號中環廣場 42 樓

**To the Board of Directors of
Ground Properties Company Limited**
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 14 to 33, which comprises the condensed consolidated statement of financial position of Ground Properties Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 September 2015 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mazars CPA Limited

Certified Public Accountants

Hong Kong

27 November 2015

Chan Wai Man

Practising Certificate number: P02487

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2015, the Directors and chief executive of the Company had the following interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"):

(a) Interests in shares of the Company (the "Shares")

Name of Directors	Nature of Interest	Position	No. of Shares held	Approximate percentage of Issued Shares
Mr. Huang Bingxing	Beneficial Owner	Long	169,000	0.02%

(b) Interests in the share options of the Company

Name of Directors/ Chief Executive	Nature of Interest	Position	No. of Share Options Held	Approximate Percentage of Issued Shares
Ms. Chai Xiu	Beneficial Owner	Long	850,000	0.10%
Mr. Wang Guanghui	Beneficial Owner	Long	3,000,000	0.35%
Mr. Huang Bingxing	Beneficial Owner	Long	8,000,000	0.93%
Mr. Chen Luhui (<i>Note</i>)	Beneficial Owner	Long	8,000,000	0.93%
Mr. Chan Yuk Tong	Beneficial Owner	Long	850,000	0.10%
Mr. Mei Jianping	Beneficial Owner	Long	850,000	0.10%

Note: Mr. Chen Luhui resigned as non-executive Director on 8 September 2015. Pursuant to the 2012 Share Options Scheme (as defined below), the 8,000,000 share options granted to Mr. Chen were lapsed on 8 October 2015 (i.e. one month following the date of cessation as qualified person) as a result of his resignation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES (continued)

Save as disclosed above, as at 30 September 2015, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors and chief executive of the Company, as at 30 September 2015, the following parties (other than the Directors and the chief executive of the Company as disclosed above) had or were deemed to have the following interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(a) Interest in the Shares

Name of Substantial Shareholders	Nature of Interest	Position	Number of Shares Held	Approximate Percentage of Interest
Ms. Cui Xintong ("Ms. Cui") (Note 1)	Interest in controlled corporations	Long	901,020,694	104.96%
Charm Success Group Limited	Beneficial Owner	Long	558,020,694	65.00%
Ka Yik Investments Limited (Note 1)	Beneficial Owner	Long	343,000,000	39.96%
China Galaxy International Finance (Hong Kong) Co., Limited (Note 2)	Having a security interest in shares	Long	558,020,694	65.00%

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

(b) Interest in the underlying shares

Name of Substantial Shareholders	Nature of Interest	Position	Number of Underlying Shares Held	Approximate Percentage of Interest
Ms. Cui (<i>Note 3</i>)	Interest in a controlled corporation	Long	5,127,588,235	597.31%
Ka Yik Investments Limited (<i>Note 3</i>)	Beneficial Owner	Long	5,127,588,235	597.31%

Notes:

- 901,020,694 Shares consist of 558,020,694 Shares held by Charm Success Group Limited ("Charm Success"), a company wholly and beneficially owned by Ms. Cui and 343,000,000 Shares to be issued to Ka Yik Investments Limited ("Ka Yik"), a company wholly and beneficially owned by Ms. Cui, upon completion of the transactions contemplated under the sale and purchase agreement dated 26 May 2015 (as amended and supplemented by a supplemental agreement dated 3 July 2015) (the "Sale and Purchase Agreement"), details of which are disclosed in the announcements of the Company dated 26 May 2015 and 3 July 2015 respectively. Ka Yik is interested in 343,000,000 Shares, Ms. Cui is deemed to be interested in the Shares held by Charm Success and Ka Yik by virtue of being their controlling shareholder under Part XV of the SFO. Ms. Cui is the daughter of Ms. Chai who is a director of the Company.
- Central Huijin Investment Ltd., which currently holds a 78.57% equity interest of China Galaxy Financial Holdings Company Limited, which in turn is the controlling shareholder of China Galaxy Securities Co., Ltd., a joint stock limited company incorporated in the PRC on 26 January 2007, whose H Shares are listed on the Stock Exchange (Stock Code: 06881). China Galaxy International Financial Holdings Limited is a wholly-owned subsidiary of China Galaxy Securities Co. Ltd. China Galaxy International Finance (Hong Kong) Co., Limited is wholly-owned by China Galaxy International Financial Holdings Limited. All these companies are deemed to have a security interest in the Shares held by China Galaxy International Finance (Hong Kong) Co., Limited under Part XV of the SFO.
- Ka Yik is interested in 5,127,588,235 underlying shares of the Company pursuant to the Sale and Purchase Agreement and Ms. Cui is deemed to be interested in the underlying shares held by Ka Yik by virtue of being its controlling shareholder under Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Save as disclosed above, as at 30 September 2015, no other person (other than Directors and chief executive of the Company) had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The existing share option scheme was adopted by the shareholders of the Company at the annual general meeting held on 5 September 2012 (the "2012 Share Option Scheme") with scheme mandate limit refreshed on 8 August 2014. The 2012 Share Option Scheme is valid and effective for 10 years from the date of adoption, i.e. 5 September 2012.

During the Period, the movement in the share options under the 2012 Share Option Scheme is as follows:

Grantees	Number of Share Options				Outstanding as at 30 September 2015	Date of Grant	Exercise Period	Exercise Price per Share Option HK\$
	Outstanding as at 1 April 2015	Granted During the Period	Exercised During the Period	Lapsed During the Period				
Directors:								
Ms. Chai Xiu	850,000	-	-	-	850,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Mr. Wang Guanghui	1,500,000	-	-	-	1,500,000	24/10/2014	24/10/2015- 23/10/2024	1.200
	1,500,000	-	-	-	1,500,000	24/10/2014	24/10/2016- 23/10/2024	1.200
Mr. Huang Bingxing	4,000,000	-	-	-	4,000,000	24/10/2014	24/10/2015- 23/10/2024	1.200
	4,000,000	-	-	-	4,000,000	24/10/2014	24/10/2016- 23/10/2024	1.200
Mr. Chen Luhui (Note)	8,000,000	-	-	-	8,000,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Mr. Chan Yuk Tong	850,000	-	-	-	850,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Mr. Mei Jianping	850,000	-	-	-	850,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Sub-total	21,550,000	-	-	-	21,550,000			

Other Information

SHARE OPTION SCHEME (continued)

Grantees	Number of Share Options				Outstanding as at 30 September 2015	Date of Grant	Exercise Period	Exercise Price per share Option HK\$
	Outstanding as at 1 April 2015	Granted During the Period	Exercised During the Period	Lapsed During the Period				
Employees	1,300,000	-	-	-	1,300,000	19/06/2014	19/06/2014- 18/06/2024	0.980
	9,475,000	-	-	(2,100,000)	7,375,000	24/10/2014	24/10/2015- 23/10/2024	1.200
	9,475,000	-	-	(2,100,000)	7,375,000	24/10/2014	24/10/2016- 23/10/2024	1.200
Others	36,000,000	-	-	-	36,000,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Sub-total	56,250,000	-	-	(4,200,000)	52,050,000			
Total	77,800,000	-	-	(4,200,000)	73,600,000			

Note:

Mr. Chen Luhui resigned as non-executive Director on 8 September 2015. Pursuant to the 2012 Share Options Scheme, the 8,000,000 share options granted to Mr. Chen were lapsed on 8 October 2015 (i.e. one month following the date of cessation as qualified person) as a result of his resignation.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management and the external auditor of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The Group's interim results for the six months ended 30 September 2015 have been reviewed by the Audit Committee and by the external auditor of the Company.

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 six months ended 30 September 2015.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by Directors. All Directors have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code during the Period.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code") during the Period except for the following deviation:

Code Provision A.2.1

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

During the Period, the roles of chairperson and chief executive officer of the Company were performed by Ms. Chai Xiu, who was responsible for overall corporate planning and strategic policy making and managing of day-to-day operations of the Group in the respective roles. The Board considered that the roles of chairperson 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 considered that the balance of power and authority is adequately ensured by the effective Board which comprised experienced individuals with a balance of skills and experience appropriate for the requirements of the Group.

Ms. Chai resigned as the chief executive officer of the Company (the "Chief Executive Officer") with effect from 10 November 2015 in order to devote more time on her other business commitments. Ms. Chai remained as an executive Director and chairperson of the Board. The Company is in the process of identifying a suitable candidate to assume the role as Chief Executive Officer. Currently, the duties of chief executive officer have been taken up by Mr. Wang Guanghui and Mr. Huang Bingxing, the executive Directors and the president of the Company's respective business units. Both Mr. Wang and Mr. Huang possess extensive experience in managing of day-to-day operations of the Group which enables the Group to maintain its efficient planning of long-term strategies and implementation of business plans as well as compliance with the requirement under this code provision, for the purpose of separation of the roles of chairperson and chief executive officer.

Other Information

CHANGE OF DIRECTORS' INFORMATION

Save as disclosed above, pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors subsequent to the publication of the 2014/15 annual report in July 2015 are set out below:

- (a) Mr. Chen Luhui resigned as non-executive Director and director of subsidiaries of the Company with effect from 8 September 2015 in order to devote more time on his other business commitment. Details of which were set out in the announcement of the Company dated 8 September 2015.
- (b) The monthly salary of Ms. Chai Xiu as executive Director and the chairperson of the Board was adjusted from HK\$300,000 to HK\$200,000 with effect from 1 October 2015.

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

Hong Kong, 27 November 2015

- * *The English names of the PRC entities referred to in this report 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.*



**GROUND
PROPERTIES**
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