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**GROUND
INTERNATIONAL
广泽国际**

GROUND INTERNATIONAL DEVELOPMENT LIMITED

廣澤國際發展有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 989)

CLARIFICATION ANNOUNCEMENT IN RELATION TO THE FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

Reference is made to the announcement of Ground International Development Limited (the “Company”) dated 28 June 2019 in relation to the final results of the Company for the year ended 31 March 2019 (the “Results Announcement”). Capitalised terms herein shall have the same meanings as those defined in the Results Announcement unless the context otherwise requires.

The Board would like to clarify that due to an inadvertent statistical error, the Company’s outstanding guarantees amount as at 31 March 2019 as stated in the Results Announcement should be RMB1,433.5 million instead of RMB1,111.5 million. Certain breakdown figures and figures in relation to exposure to credit risk in respect of guarantees on page 33 of the Results Announcement should also be amended correspondingly. The Board would like to replace the first paragraph on page 32 of the Results Announcement, the entire page 33 of the Results Announcement and part (ii) of the section headed “CONTINGENT LIABILITIES” on page 48 of the Results Announcement by the following paragraphs respectively (with the changes underlined for easy reference):

First paragraph on P.32

“For the year ended 31 March 2019, the revenue and net profit of the Group from provision of guarantee services were RMB22.3 million and RMB9.6 million respectively (31 March 2018: revenue of RMB15.1 million and net profit of RMB19.2 million respectively). As at 31 March 2019, the Group’s total outstanding guarantees were RMB1,433.5 million, of which the property development and agriculture sectors accounted for 25% and 47% of the Group’s outstanding guarantees, respectively. The provision of guarantee services to customer in property development sector also gives opportunities to create potential synergies with the Group’s current property development segment. The Group also took advantage of the controlling shareholder’s network in the agricultural sector to gain financing guarantee business opportunities in this sector.”

Entire P.33

“As at 31 March 2019, the type of outstanding guarantees are set out below:

	RMB'000	%
Assets/ securities backed	839,430	<u>58.6</u>
Secured by counter-guarantees	<u>594,100</u>	<u>41.4</u>
	<u><u>1,433,530</u></u>	<u><u>100</u></u>

(Expressed in RMB'000, unless otherwise stated)

	As at 31 March 2019
Leverage ratio	<u>2.64</u>
Outstanding guarantee liability	<u>1,433,530</u>
Net assets of the guarantee business	543,884
Provision rate	<u>1.07</u>
Provision for guarantee losses	15,315
Total outstanding guarantees	<u>1,433,530</u>

The maximum exposure to credit risk in respect of guarantees issued by industry at 31 March 2019 and 2018 are as follows:

	<u>As at 31 March 2019</u>		<u>As at 31 March 2018</u>	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Agriculture and husbandry sector	<u>682,050</u>	<u>47</u>	541,200	49
Property development	<u>353,860</u>	<u>25</u>	297,700	27
Wholesale and retail	<u>285,250</u>	<u>20</u>	165,000	15
Service sector	<u>109,000</u>	<u>8</u>	48,000	4
Others	<u>3,370</u>	-	56,600	5
Total of guarantees issued	<u><u>1,433,530</u></u>	<u>100</u>	<u><u>1,108,500</u></u>	<u>100</u>

In addition to the provision of guarantee services, FR Guarantee also provides advance to its guarantee customers for additional financing via entrusted loan arrangement.”

Part (ii) of “CONTINGENT LIABILITIES” on P.48

“(ii)The Group has provided financing guarantee services to certain borrowers to secure obligation of such borrowers for repayments. As at 31 March 2019, the financing guarantees amounting to RMB1,433.5 million (At 31 March 2018: RMB1,108.5 million) were provided to financial institutions with respect to these borrowers. Such guarantees will terminate upon the full repayment of loans by the borrowers to the financial institutions; and two years after the obligations under the loan agreement have been fulfilled.

Pursuant to the terms of the guarantees, upon default in loan repayments by these borrowers, the Group is responsible for repaying the outstanding loans together with accrued interest to the financial institutions. During the year, the Group did not incur any

material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the borrowers are minimal. Also, the pledged assets were provided by the borrowers pursuant to the terms of the guarantees and a provision of RMB15.3 million (At 31 March 2018: RMB12.8 million) has been made in connection with the guarantees in addition to the deferred income recognised as contract liabilities. Therefore, the Directors expect further losses arising from the guarantees issued to be insignificant.”

GENERAL

The above changes do not affect other information contained in the Results Announcement and all other contents of the Results Announcement remain correct and unchanged.

By order of the Board
Ground International Development Limited
Cui Xintong
Chairperson

Hong Kong, 19 July 2019

As at the date of this announcement, the executive Directors are Ms. Cui Xintong and Ms. Liu Hongjian; the non-executive Director is Mr. Cong Peifeng and the independent non-executive Directors are Mr. Tsang Hung Kei, Mr. Zhu Zuoan and Mr. Wang Xiaochu.