GROUND INTERNATIONAL DEVELOPMENT LIMITED

廣澤國際發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board (the "Board") of directors (the "Directors") of Ground International Development Limited (formerly known as Ground Properties Company Limited, the "Company") announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000* (Restated)
Revenue	*5*	**1,225,545**	624,440
Cost of sales and services		**(889,767)**	(469,476)
Gross profit		**335,778**	154,964
Other income and gains	*5*	**29,527**	30,292
Selling and distribution expenses		**(49,161)**	(54,768)
Administrative expenses		**(97,347)**	(106,978)
Finance costs	*6*	**(34,172)**	(88,263)
Other expenses		**(13,368)**	(29,582)
Change in fair value of investment properties		**–**	14,949
Change in fair value of derivative financial instruments	*13*	**(25,488)**	–
Share of loss of a joint venture		**(237)**	(29)
PROFIT/(LOSS) BEFORE TAX	*7*	**145,532**	(79,415)
Income tax	*8*	**(74,739)**	(38,571)
PROFIT/(LOSS) FOR THE YEAR		**70,793**	(117,986)

	Notes	**2017**	2016
		RMB'000	*RMB'000*
			(Restated)
Attributable to:			
Owners of the parent		**70,793**	(118,107)
Non-controlling interests		**–**	121
		70,793	(117,986)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**RMB4.2 cents**	RMB(10.0) cents
Diluted		**RMB1.2 cents**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
PROFIT/(LOSS) FOR THE YEAR	**70,793**	(117,986)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income may be reclassified to profit or loss in subsequent periods:		
Change in fair value of available-for-sale investments	**23,999**	–
Exchange differences on translation of foreign operations	**(7,712)**	10,583
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**16,287**	10,583
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**87,080**	(107,403)
Attributable to:		
Owners of the parent	**87,080**	(107,521)
Non-controlling interests	**–**	118
	87,080	(107,403)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	2017 RMB'000	2016 RMB'000 (Restated)	2015 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**12,441**	14,084	5,286
Investment properties		**961,138**	943,628	272,068
Goodwill		**4,999**	4,999	–
Interests in associates		**–**	–	303,752
Investment in a joint venture		**8,158**	8,395	8,424
Available-for-sale investments		**201,131**	–	–
Deferred tax assets		**64,402**	63,684	–
Total non-current assets		**1,252,269**	1,034,790	589,530
CURRENT ASSETS				
Properties under development and completed properties held for sale		**3,118,485**	3,131,866	–
Inventories		**36,758**	29,392	24,695
Trade and other receivables	*11*	**668,941**	718,650	177,600
Prepaid income tax		**27,984**	69,076	–
Derivative financial instruments	*13*	**46,549**	–	–
Pledged and restricted deposits		**46,598**	30,300	162,702
Cash and cash equivalents		**417,766**	84,998	57,583
Total current assets		**4,363,081**	4,064,282	422,580
CURRENT LIABILITIES				
Trade and other payables	*12*	**1,232,820**	1,491,398	31,734
Deposits from sales of properties		**884,347**	1,191,617	–
Deferred income		**–**	25,543	–
Loans from controlling shareholder		**264,824**	1,668	–
Bank and other borrowings		**496,777**	677,056	255,723
Income tax payable		**39,307**	48,524	1,469
Total current liabilities		**2,918,075**	3,435,806	288,926
NET CURRENT ASSETS		**1,445,006**	628,476	133,654
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,697,275**	1,663,266	723,184

	Notes	2017	2016	2015
		RMB'000	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
NON-CURRENT LIABILITIES				
Liability component of Convertible Bonds	*13*	**206,104**	–	–
Bank and other borrowings		**470,970**	311,793	142,436
Deferred tax liabilities		**303,404**	310,544	4,080
Total non-current liabilities		**980,478**	622,337	146,516
Net assets		**1,716,797**	1,040,929	576,668
EQUITY				
Equity attributable to owners of the parent				
Share capital	*14*	**141,047**	36,575	36,575
Convertible preference shares	*15*	**2,206,954**	–	–
Equity component of Convertible Bonds	*13*	**151,545**	–	–
Reserves		**(782,749)**	1,004,354	540,211
		1,716,797	1,040,929	576,786
Non-controlling interests		**–**	–	(118)
Total equity		**1,716,797**	1,040,929	576,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. Its registered office address is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its ordinary shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year ended 31 March 2017, the Group were principally engaged in the property development and management, including planning, design, budgeting, licensing, contract tendering and contract administration, property investment, and provision of telecommunications retail sales and management services.

As at 31 March 2017, Charm Success Group Limited ("Charm Success") and Ka Yik Investments Limited ("Ka Yik"), both 100% held by Ms. Cui Xintong ("Ms. Cui", a director and deputy chairperson of the Board), held approximately 17.16% and 56.66% of the total issued capital of the Company respectively.

2. BASIS OF PREPARATION (INCLUDING MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL)

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2017 but are extracted from those financial statements.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

As disclosed below, the consolidated financial statements of the Group have been prepared using the merger basis of accounting as if the Acquisition (as defined herein below) had been completed and the current group structure had been in existence since the common control was first established on 24 April 2015. Accordingly, the comparative figures of the consolidated financial statements have been restated. In addition, the financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2016, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ended 31 March 2017. Details of any changes in accounting policies are set out in note 3.

The change in presentation currency of the Group's consolidated financial statements

The Company's functional currency is Hong Kong dollars ("HK$"). The presentation currency of the consolidated financial statements in the previous financial year was also HK$.

Since the completion of the Acquisition, the functional currency of most of the subsidiaries within the Group is Renminbi ("RMB") and the Group mainly operates its business in Mainland China and most of the assets and liabilities of the Group are denominated in RMB. The directors of the Company are in the opinion that it is more appropriate to change the presentation currency of the financial statements of the Group from HK$ to RMB. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from HK$ to RMB. Comparative figures in these consolidated financial statements have been restated from HK$ to RMB accordingly.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at the average exchange rates for the relevant financial year, unless exchange rates fluctuated significantly during the year, in which case, the exchange rates prevailing on the dates of transactions are used. The share capital, share premium and reserves are translated at the exchange rates on the dates of the relevant transactions.

Restatement of the consolidated financial statements for the year ended 31 March 2016 due to a business combination involving entities under common control

On 24 April 2015, Ms. Chai Xiu ("Ms. Chai", the former controlling shareholder of the Company, and a director and chairperson of the Board), transferred her entire shareholding in Charm Success to Ms. Cui (the daughter of Ms. Chai, and a director and deputy chairperson of the Board) pursuant to a deed of gift, such transfer was completed on the same date and Ms. Cui obtained the control of the Company on 24 April 2015.

Pursuant to a sale and purchase agreement (as amended by a supplemental agreement dated 3 July 2015, a second supplemental agreement dated 22 December 2015 and an extension letter dated 31 March 2016) dated 26 May 2015 entered into among Frontier Power Investments Limited ("Frontier Power", a wholly-owned subsidiary of the Company), Ka Yik and Ms. Cui, Frontier Power agreed to acquire and Ka Yik agreed to sell the entire equity interest in Ka Yun Investments Limited ("Ka Yun") at a consideration of HK$4,650 million (the "Acquisition"). The Acquisition was completed on 27 July 2016, from which the Group obtained the control of Ka Yun and its subsidiaries (the "Ka Yun Group") accordingly.

As the Company and Ka Yun have been under the common control of Ms. Cui before and after the Acquisition with such control not being transitory, the Group's obtaining of control over the Ka Yun Group pursuant to the Acquisition is considered as a business combination involving an entity under common control and Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by HKICPA has been applied. The consolidated financial statements of the Group have been therefore prepared using the merger basis of accounting from the date when the Company and Ka Yun became under common control of Ms. Cui (i.e. 24 April 2015). Accordingly, the comparative figures of the consolidated financial statements have been restated.

The net assets of the Ka Yun Group have been consolidated using the existing book values from the perspective of Ms. Cui, the common controlling party. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the business combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss for the year ended 31 March 2016 include the results of the Ka Yun Group from the date when the common control was first established (i.e. 24 April 2015).

3. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisition of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

4. OPERATING SEGMENT INFORMATION

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

Operating segments	Nature of business activities	Place of operation
Property development and management	Property development and provision of management service to property project	The PRC
Property investment	Property holding for long term investment and leasing purposes	The PRC and Hong Kong
Telecommunications retail sales and management services	Sale of headphones, mobile phones, telecommunications equipment and other products and provision for (i) telecommunications call center services; and (ii) telecommunications retail sales and management services	The PRC

The operating segment of "Others" previously disclosed mainly represents unallocated head office and corporate expenses which has been presented as a single line item of "unallocated head office and corporate expenses" rather than as a separate operating segment. The comparative figures have been restated accordingly.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid income tax, available-for-sale investments, derivative financial instruments, pledged and restricted deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, income tax payable, liability component of Convertible Bonds, bank and other borrowings, loans from controlling shareholder and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment results and other segment information

Year ended 31 March 2017

	Property development and management *RMB'000*	Property investment *RMB'000*	Telecommunications retail sales and management services *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	**1,012,350**	**20,119**	**193,076**	**1,225,545**
Segment results	**210,801**	**(5,746)**	**29,739**	**234,794**
Interest income				**672**
Finance costs				**(34,172)**
Change in fair value of derivative financial instruments				**(25,488)**
Unallocated head office expenses				**(30,037)**
Share of loss of a joint venture				**(237)**
Profit before tax				**145,532**
Income tax				**(74,739)**
Profit for the year				**70,793**
Segment assets:				
Reportable segment assets	**3,717,590**	**975,369**	**99,328**	**4,792,287**
Deferred tax assets				**64,402**
Prepaid income tax				**27,984**
Available-for-sale investments				**201,131**
Derivative financial instruments				**46,549**
Unallocated assets				**482,997**
Total assets				**5,615,350**
Segment liabilities				
Reportable segment liabilities	**(2,065,316)**	**(7,636)**	**(34,014)**	**(2,106,966)**
Deferred tax liabilities				**(303,404)**
Income tax payable				**(39,307)**
Liability component of Convertible Bonds				**(206,104)**
Unallocated liabilities				**(1,242,772)**
Total liabilities				**(3,898,553)**
Other segment information				
Capital expenditure*	**109**	**803**	**1,026**	**1,938**
Depreciation**	**1,351**	**713**	**1,816**	**3,880**

Year ended 31 March 2016 (Restated)

	Property development and management *RMB'000*	Property investment *RMB'000*	Telecommunications retail sales and management services *RMB'000*	Total *RMB'000*
Segment revenue:				
Sales to external customers	405,701	16,326	202,413	624,440
Segment results	28,029	(6,011)	24,098	46,116
Interest income				13,244
Finance costs				(88,263)
Unallocated head office expenses				(50,483)
Share of loss of a joint venture				(29)
Loss before tax				(79,415)
Income tax				(38,571)
Loss for the year				(117,986)
Segment assets:				
Reportable segment assets	3,768,094	953,607	91,553	4,813,254
Deferred tax assets				63,684
Prepaid income tax				69,076
Unallocated assets				153,058
Total assets				5,099,072
Segment liabilities				
Reportable segment liabilities	(2,649,278)	(11,613)	(30,693)	(2,691,584)
Deferred tax liabilities				(310,544)
Income tax payable				(48,524)
Unallocated liabilities				(1,007,491)
Total liabilities				(4,058,143)
Other segment information				
Capital expenditure*	442	1,650	2,869	4,961
Depreciation**	1,842	580	1,475	3,897

* During the year, the head office also incurred capital expenditure of RMB1,010,000 (2016: RMB75,000) which represents additions to non-current assets.

** Included in unallocated head office expenses is depreciation of RMB573,000 (2016: RMB378,000).

Geographical information

(a) Revenue from external customers

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
The PRC	**1,218,096**	622,672
Hong Kong	**7,449**	1,768
	1,225,545	624,440

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
The PRC	**684,366**	686,748
Hong Kong	**302,370**	284,358
	986,736	971,106

The non-current asset information above is based on the locations of the assets and excludes available-for-sale investments and deferred tax assets.

Information about major customers

There was no customer who accounted for over 10% of the Group's revenue for the year ended 31 March 2017 (2016: approximately RMB117,242,000 or 18.8% of the Group's revenue is derived from a single customer in the telecommunications retail sales and management services segment).

5. REVENUE, OTHER INCOME AND GAINS

Revenue mainly represents income from sale of properties, sale of headphones, mobile phones and telecommunication equipment and products, telecommunications retail sales and management service income, telecommunications call centre service income, rental income and property management service income.

An analysis of revenue, other income and gains is presented below:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Sale of properties	**994,492**	384,381
Sale of headphones, mobile phones and telecommunication equipment and products	**71,081**	90,553
Telecommunications retail sales and management service income	**66,117**	55,788
Telecommunications call centre service income	**55,878**	56,072
Rental income	**20,119**	16,326
Property management service income	**17,858**	21,320
	1,225,545	624,440
Other income and gains		
Government subsidy *(Note)*	**27,944**	15,899
Interest income	**672**	13,244
Others	**911**	1,149
	29,527	30,292

Note: During the years ended 31 March 2017 and 2016, the Group received government subsidy from local government authorities as recognition of the Group's contribution in the relevant district in the PRC.

6. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Interest on bank loans	**63,638**	76,954
Interest on convertible bonds	**23,596**	–
Interest on other loans	**1,221**	5,966
Interest on amount due to a related company *(Note)*	**3,056**	23,558
Interest on promissory notes	**–**	4,875
Total interest expense	**91,511**	111,353
Less: Interest capitalised*	**(57,339)**	(23,090)
	34,172	88,263

Note: During the years ended 31 March 2017 and 2016, certain subsidiaries of the Group borrowed loans from a related company (a former non-controlling shareholder of these subsidiaries) which bore interest at 20% per annum. These loans were repaid prior to the completion of the Acquisition.

* The borrowing costs have been capitalised at rates ranging from 5.6% to 6.8% per annum (2016: 5.6% to 11% per annum).

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Cost of properties sold	**713,594**	290,666
Cost of goods sold	**56,561**	72,648
Cost of rental	**23,384**	23,229
Cost of services	**96,228**	82,933
Depreciation	**4,453**	4,275
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**99,061**	100,771
Equity-settled share option expenses	**6,215**	4,730
Contribution to defined contribution plan	**22,063**	26,647
Total staff cost	**127,339**	132,148
Less: Amount capitalised into properties under development	**(6,758)**	(16,999)
	120,581	115,149
Auditor's remuneration		
Current year	**2,380**	920
Other service	**1,270**	5,934
Operating lease charges on premises	**10,493**	9,836
Foreign exchange differences, net	**(267)**	11,219
Gain on disposal of item of property, plant and equipment	**(431)**	(789)
Legal and professional fees arising from the Acquisition*	**5,513**	29,266

* Legal and professional fees arising from the Acquisition are included in other expenses in the consolidated statement of profit or loss.

8. INCOME TAX

The provision for the PRC Corporate Income Tax ("CIT") has been provided at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in the PRC (2016: 25%). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the countries in which the Group operates.

No Hong Kong profits tax has been provided for the years ended 31 March 2017 and 2016 as the Group's estimated unrecognised tax losses brought forward from previous years exceeded the estimated assessable profits for both years.

The Group's subsidiaries are not subject to any income tax in Bermuda, the British Virgin Islands and Samoa pursuant to the respective rules and regulations.

PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

The estimated withholding tax effects on the distribution of the unremitted retained earnings of the PRC subsidiaries and a joint venture were approximately of RMB50,025,000 (2016: RMB35,330,000). In the opinion of the directors, these retained earnings, at the present time, are required for financing the continuing operations of the PRC subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provisions for deferred taxation have been made in this respect.

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Current tax		
PRC CIT	**48,120**	16,601
PRC LAT	**34,739**	27,641
Hong Kong and overseas	**–**	–
	82,859	44,242
Deferred tax	**(8,120)**	(5,671)
	74,739	38,571

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2017 (2016: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to equity holders of the parent, and the weighted average number of ordinary shares of 1,669,102,000 (2016: 1,179,836,000) in issue during the year as if the consideration shares for the Acquisition were issued on 24 April 2015 when the common control was first established.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Earnings/(loss)		
Profit/(loss) attributable to equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculations	**70,793**	(118,107)
Effect of interest on the liability component of the Convertible Bonds	**23,596**	–
Effect of fair value loss on the derivative component of the Convertible Bonds	**25,488**	–
Adjusted profit/(loss) attributable to equity holders of the parent	**119,877**	(118,107)

	Number of shares	
	2017	2016
	'000	*'000*
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**1,669,102** [2]	1,179,836 [1]
Effect of dilution – weighted average number of ordinary shares:		
Convertible preference shares	**4,220,175**	4,253,312
Convertible Bonds	**599,331** [3]	551,168
Share options	**17,875**	– [4]
	6,506,483	5,984,316 [5]

1 In accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA, ordinary shares issued as part of a common control combination are included in the calculation of the weighted average number of shares for all periods presented. Accordingly, the number of ordinary shares used for the calculation of basic earnings per share above is the aggregate of the weighted average number of shares of the Company whose shares are outstanding after the combination.

2 The number of ordinary shares used for the calculation of basic earnings per share for the year ended 31 March 2017 includes the aggregate of the weighted average number of shares issued upon the conversion of 1,500,000,000 convertible preference shares, which were issued in connection to the Acquisition.

3 Because the diluted earnings per share amount is increased when taking the Convertible Bonds (as defined below) into account, the Convertible Bonds had an anti-dilutive effect on the basic earnings per share for the year ended 31 March 2017 and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the year of RMB70,793,000 and the weighted average number of ordinary shares of 5,907,152,000 in issue during the year.

4 Because the exercise prices of share options were out of the money compared to the average share prices of the Company during the year ended 31 March 2016, share options did not have a dilutive effect on the basic loss per share for the year ended 31 March 2016.

5 Because the Group incurred loss for the year ended 31 March 2016 and the diluted loss per share amount is increased when taking into account of the impact arising from the convertible preference shares and the convertible bonds, the convertible preference shares and the convertible bonds had an anti-dilutive effect on the basic loss per share for the year and were ignored in the calculation of diluted loss per share.

11. TRADE AND OTHER RECEIVABLES

		2017	2016
		RMB'000	*RMB'000*
			(Restated)
Trade receivables	*(a)*	**51,083**	52,383
Land development expenditure		**372,375**	314,757
Amounts due from related companies	*(b)*	**–**	127,091
Deposits for properties development		**26,613**	7,726
Deposits for pre-sale of properties		**27,766**	7,315
Prepaid business tax and other taxes		**34,524**	66,781
Other receivables, prepayments and deposits		**156,580**	142,597
		617,858	666,267
		668,941	718,650

(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, with certain few customers being offered a period of 90 days. The carrying amount of the receivables due approximates to their fair values. Trade receivables are non-interest-bearing.

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:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Within 1 month	**23,739**	35,532
1 to 2 months	**14,814**	12,446
2 to 3 months	**2,588**	1,880
Over 3 months	**9,942**	2,525
	51,083	52,383

Included in the Group's trade receivables balance are debtors with a carrying amount of RMB9,942,000 (2016: RMB2,525,000) 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.

(b) At 31 March 2016, amounts due from related companies were unsecured, interest-free and had no fixed terms of repayment. The balance was neither past due nor impaired.

12. TRADE AND OTHER PAYABLES

		2017	2016
		RMB'000	*RMB'000*
			(Restated)
Trade and bill payables	*(a)*	**74,303**	79,123
Accrued construction costs		**685,051**	417,410
Amounts due to related companies	*(b)*	**134,580**	582,251
Interest payable		**22,299**	43,742
Amount due to a joint venture	*(b)*	**14,000**	7,000
Deposits received from government		**2,189**	73,185
Receipt in advance from management services		**8,290**	5,685
Consideration payable on purchase of net assets of Wan Sheng in prior year		**–**	150,000
Other creditors and accruals		**260,168**	120,418
Other deposits received		**31,940**	12,584
		1,232,820	1,491,398

(a) An aged analysis of the trade and bill payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Within 1 month	**19,674**	22,500
1 to 2 months	**3,762**	5,812
2 to 3 months	**7,653**	4,132
Over 3 months	**43,214**	46,679
	74,303	79,123

The trade and other payables are non-interest-bearing and are normally settled on 60-day terms.

(b) At 31 March 2017 and 2016, amounts due to related companies and a joint venture are unsecured, interest-free and have no fixed terms of repayment.

13. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

(1) On 27 July 2016, the Company issued an aggregate principal amount of HK$500 million (equivalent to approximately RMB430 million on the issue date) convertible bonds which are due in 2021 (the "CBs due in 2021") as part of the considerations in respect of the Acquisition. The CBs due in 2021 are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$0.85 per share subject to adjustments. The interest rate is 2% per annum payable semi-annually in arrear each year before the maturity date.

The conversion rights are exercisable at any time from the date of issue of the CBs due in 2021 up to the maturity date of 27 July 2021, provided that any conversion does not result in the public float of the Company's shares being less than 25% (or any given percentage as required by the Listing Rules).

The CBs due in 2021 are not transferrable without the prior written notice of the Company.

The Company may at any time before the maturity date redeem the CBs due in 2021 (in whole or in part) at 100% of its principal amount.

On 29 March 2017, the CBs due in 2021 in the principal amount of HK$212.5 million (equivalent to approximately RMB188.2 million on the conversion date) were converted into 250 million shares of the Company at the conversion price of HK$0.85 per share.

The Company had not early redeemed any portion of the CBs due in 2021 during the year.

(2) On 2 December 2016, the Company issued an aggregate principal amount of HK$40 million (equivalent to approximately RMB36 million on the issue date) convertible bonds which are due in 2018 (the "CBs due in 2018") to an independent third party. The CBs due in 2018 are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$1.00 per share subject to adjustments. The interest rate is 8% per annum payable on the maturity date or the date of which early redemption of the CBs due in 2018 is made by the Company.

The conversion rights are exercisable at any time from the date of issue of the CBs due in 2018 up to the trading day immediately before the maturity date, a date immediately following two years after the first issue of the CBs due in 2018 (or, if that is not a business day, the first business date thereafter), provided that any conversion (a) shall not render such bondholder (together with its associates and the parties acting in concert with it) to hold or control 10% or more of the entire issued share capital of the Company immediately after the allotment and issue of the relevant ordinary shares upon the conversion; (b) will not cause the public float of the Company becoming unable to meet the requirement under the Listing Rules; and (c) shall not trigger a mandatory offer obligation under Rule 26 of the Code on Takeovers and Mergers on the part of the bondholder which exercised the conversion right and party(ies) acting in concert with it.

The CBs due in 2018 may be transferrable to any persons provided that the CBs due in 2018 may not be transferred to any connected person of the Company except with the prior approval of the Company.

The Company may at any time before the maturity date redeem the CBs due in 2018 (in whole or in part) at 100% of its outstanding principal amount. The holder of the CBs due in 2018 does not have such early redemption right.

The Company had not early redeemed any portion of the CBs due in 2018 during the year.

The CBs due in 2021 and the CBs due in 2018 are collectively referred to as the "Convertible Bonds".

The Company's early redemption right attaching to the Convertible Bonds are considered not closely related to the liability component of the Convertible Bonds; and therefore, these embedded features have been accounted for separately and classified as derivative financial instruments according to HKAS 39 *Financial instruments – Recognition and measurement*.

On the basis that the conversion options of the Convertible Bonds will be settled by the exchange of a fixed amount or fixed number of equity instruments, the Convertible Bonds are accounted for as compound instruments according to HKAS 32 *Financial instruments: Presentation*. The deemed proceeds, after the fair value of the early redemption right features are bifurcated, have been split into between a liability component and an equity component. The residual amount, representing the value of the equity component, is credited to "Equity component of the Convertible Bonds" in the Group's equity attributable to the Company's shareholders.

After initial recognition, the Company's early redemption right features classified as derivative financial instruments are remeasured to its fair value at each period end using the binomial pricing model. The liability component of the Convertible Bonds are subsequently carried at the amortised cost.

At the date of conversion, the carrying value of the liability component of the Convertible Bonds and of the early redemption right features are transferred to equity.

The Convertible Bonds recognised in the consolidated statement of financial position are calculated as follows:

	CBs due in 2021	**CBs due in 2018**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
On the issue dates upon initial recognition:			
Fair value of the Company's early redemption right features	(98,365)	(4,229)	(102,594)
Liability component of the Convertible Bonds	287,851	23,578	311,429
Equity component on the Convertible Bonds	240,815	16,346	257,161
Nominal value of the Convertible Bonds issued	430,301	35,695	465,996

The movement of the Company's early redemption right features classified as derivative financial instruments measured at fair value is as follows:

	RMB'000
At 1 April 2016, 31 March 2016 and 1 April 2015	–
Additions upon issue	102,594
Fair value change of derivative financial instruments	(25,488)
Transfer to equity upon conversion	(32,177)
Exchange realignment	1,620
At 31 March 2017	46,549

The movement of the liability component of the Convertible Bonds recognised in the consolidated statement of financial position is calculated as follows:

	RMB'000
At 1 April 2016, 31 March 2016 and 1 April 2015	–
Additions upon issue	311,429
Accrued effective interest	23,596
Accrued coupon interest transferred to interest payable	(4,337)
Transfer to equity upon conversion	(133,569)
Exchange realignment	8,985
At 31 March 2017	206,104

The imputed finance cost on the liability component of the Convertible Bonds is calculated using the effective interest method by applying effective interest rates per annum. The effective interest rate of the CBs due in 2021 is 10.73%, and the effective interest rate of the CBs due in 2018 is 32.52%.

The movement of the equity component of the Convertible Bonds recognised in the consolidated statement of financial position is as follows:

	RMB'000
At 1 April 2016, 31 March 2016 and 1 April 2015	–
Additions upon issue	257,161
Transfer to equity upon conversion	(105,616)
At 31 March 2017	151,545

As at 31 March 2017, the remaining principal amounts of the CBs due in 2021 and the CBs due in 2018 were approximately HK$287,500,000 (equivalent to RMB255,320,000) and HK$40,000,000 (equivalent to RMB35,523,000) respectively. Should the conversion rights attaching to the Convertible Bonds be exercised in full, an additional 378,235,294 ordinary shares would have been allotted and issued, which represent approximately 11.6% of the issued share capital of the Company at 31 March 2017.

14. SHARE CAPITAL

	Number of ordinary shares	Nominal value	
	'000	HK$'000	RMB'000
Authorised:			
Ordinary shares of HK$0.05 each	15,600,000	780,000	684,060
Issued:			
At 31 March 2016	858,450	42,923	36,575
At 31 March 2017	3,252,650	162,633	141,047

Following the passing of the resolutions by the shareholders of the Company at the special general meeting held on 25 July 2016, the authorised share capital of the Company includes 4,539,352,941 non-redeemable convertible preference shares of HK$0.05 each. Details of the convertible preference shares are set out in note 15.

A summary of movements in the Company's issued share capital is as follows:

	Notes	Number of shares in issue '000	Issued capital RMB'000
At 31 March 2016 and 1 April 2016 and 2015		858,450	36,575
Issuance of ordinary shares arising from the Acquisition	*(a)*	343,000	14,759
The share subscriptions under general and specific mandates	*(b)*	300,000	13,051
The conversion of convertible preference shares	*(c)*	1,500,000	65,508
The conversion of the Convertible Bonds	*(d)*	250,000	11,101
The exercise of share options	*(e)*	1,200	53
At 31 March 2017		3,252,650	141,047

Notes:

(a) As set out in Note 2, the Group completed the Acquisition on 27 July 2016. As part of the considerations in respect of the Acquisition, 343,000,000 new ordinary shares of the Company were allotted and issued to Ka Yik, a company wholly-owned by the controlling shareholder of the Company, at an issue price of HK$0.85 per consideration share. Further details of the issue of the consideration shares and the Acquisition were set out in the Company's circular dated 30 June 2016.

(b) Pursuant to seven separate subscription agreements entered into between the Company and seven independent third parties (the "Subscribers") respectively dated 5 August 2016 (as amended and supplemented by seven supplemental agreements dated 19 August 2016), 170,000,000 new ordinary shares of the Company were allotted and issued to the Subscribers under general mandate on 13 September 2016 at a subscription price of HK$1.01 per subscription share for a total cash consideration of HK$171.7 million (equivalent to approximately RMB148 million). Further details of the issuance of the subscription shares were set out in the Company's announcements dated 5 August 2016, 11 August 2016 and 19 August 2016.

    On 3 November 2016, 130,000,000 new ordinary shares of the Company were allotted and issued to the Subscribers under the specific mandate granted to the Directors by the shareholders at the special general meeting of the Company held on 31 October 2016 at a subscription price of HK$1.00 per subscription share for a total cash consideration of HK$130.0 million (equivalent to approximately RMB113.1 million) pursuant to seven separate subscription agreements dated 5 August 2016 and entered into between the Company and the Subscribers respectively. Further details of the issuance of the subscription shares were set out in the Company's circular dated 14 October 2016.

(c) During the year, an aggregate of 1,500,000,000 new ordinary shares of the Company were allotted and issued upon the conversion of 1,500,000,000 non-redeemable convertible preference shares.

(d) On 29 March 2017, 250,000,000 new ordinary shares of the Company were allotted and issued upon the conversion of the CBs due in 2021, with a principal amount of HK$212.5 million (equivalent to approximately RMB188.7 million), at the conversion price of HK$0.85 per conversion share.

(e) 1,200,000 new ordinary shares of the Company were allotted and issued upon the exercises of the Company's share options.

15. CONVERTIBLE PREFERENCE SHARES

On 27 July 2016, the Company issued 4,539,352,941 non-redeemable convertible preference shares (the "CPS") at an issue price of HK$0.85 per share to Ka Yik, for an aggregate consideration of HK$3,858,450,000 for satisfaction of part of the considerations in respect of the Acquisition.

Key terms of the CPS are as follows:

(1) The CPS shall not confer on the holder(s) thereof the right to receive notices of, or to attend and vote, at the general meetings of the Company, unless a resolution is to be proposed at the general meeting which if passed would vary or abrogate the rights or privileges of holders of the CPS.

(2) Holder(s) of the CPS have the right to convert each CPS, during the conversion period, into ordinary share(s) of the Company at the CPS conversion price. The holder(s) may exercise the conversion right, provided that any conversion of the CPS does not result in (i) the CPS conversion shares being issued at a price below their nominal value as at the conversion date; or (ii) if immediately after such conversion, the public float of the shares being less than 25% (or any given percentage as required by the Listing Rules). The ordinary shares of the Company when allotted and issued upon the exercise of the conversion right of the CPS shall rank equally among themselves and pari passu in all respects with the ordinary shares of the Company in issue on the date of allotment and issuance.

(3) The CPS are non-redeemable by the Company or the holder(s) of CPS.

(4) The CPS is transferrable subject to the conditions stated in the terms of the CPS and in accordance with the provision as set out in the Company's bye-laws.

(5) CPS shall confer on the CPS holder(s) the right to be paid, in priority to the ordinary shares of the Company in respect of any return of assets, pari passu as between themselves an amount equal to the aggregate notional value of the CPS plus all dividends accrued and unpaid with respect thereto, whereupon if the assets of the Company available for distribution shall be insufficient to provide for full payment to holder(s) of the CPS, the Company shall make payment on the CPS on a pro rata basis on return of capital on liquidation, winding-up or dissolution of the Company. The CPS do not confer on the holder(s) of CPS any further or other right to participate in the assets of the Company upon liquidation, winding up or dissolution of the Company.

    Subject to compliance with all applicable laws and the article of association of the Company, each CPS shall confer on its holder the right to receive an accrued and cumulative fixed dividend commencing from the date of the issue of the CPS on a yearly basis at a rate of 0.2% of the nominal value of HK$0.05 of each CPS outstanding in priority to any dividend in respect of any other class of shares in the capital of the Company, payable annually in arrear. The CPS holder(s) has unconditionally and irrevocably waived the receipt of such preferred dividend.

The CPS are classified as equity instruments in the Group's consolidated financial statements with the following considerations:

(a) The CPS holder(s) has unconditionally and irrevocably waived its right to receive the preferred distribution; and as such, the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the CPS. Therefore, there is no liability component of the CPS.

(b) The conversion options of the CPS will be settled by the exchange of a fixed number of equity instruments.

During the year ended 31 March 2017, 1.5 billion shares of CPS were converted into ordinary shares of the Company.

Should the conversion rights attaching to the CPS be exercised in full, an additional 3,039,352,941 ordinary shares would have been allotted and issued, which represent approximately 93.4% of the issued share capital of the Company as at 31 March 2017.

16. EVENTS AFTER THE REPORTING PERIOD

(a) On 27 April 2017, 338,351,000 new ordinary shares of the Company were allotted and issued to six subscribers under the specific mandate granted to the directors of the Company by the shareholders at the special general meeting of the Company held on 6 April 2017 at a subscription price of HK$1.20 per subscription share for a total cash consideration of HK$406,021,200 pursuant to six separate subscription agreements dated 9 January 2017 (as amended and supplemented by six supplemental agreements dated 10 March 2017) and entered into between the Company and each of the subscribers respectively. On 27 April 2017, one other subscriber entered into a deed of termination with the Company to terminate its subscription of shares and such subscription did not proceed. Further details of the allotment and issuance of the subscription shares were set out in the Company's announcements dated 9 January 2017, 10 March 2017, 6 April 2017 and 27 April 2017 and the Company's circular dated 20 March 2017.

(b) On 26 May 2017, 600,000,000 CPSs were converted into 600,000,000 ordinary shares of the Company by Ka Yik.

(c) In May 2017, the Group completed the acquisition of 吉林省中業商務信息諮詢有限公司 (Jilin Zhongye Business Information Advisory Company Limited*) and 吉林灃潤商務信息諮詢有限公司 (Jilin Fengrun Business Information Advisory Company Limited*) (collectively the "Target Companies"). The main asset of the Target Companies is an investment in a subsidiary which is a company established in the PRC and is principally engaged in provision of guarantee services in the PRC, which is in line with the Group's development strategies in micro-finance sector. The total consideration of RMB505.9 million has been settled. Further details of the acquisition were set out in the Company's announcement dated 28 March 2017.

(d) On 7 June 2017, the Board resolved to authorise the management of the Group to commence searches for and negotiations with potential purchasers for the disposal of its interests in members of the Group comprising the Telecommunication Business (as defined below). The Telecommunication Business involves the sales of headphones, mobile phones and telecommunications equipment, telecommunications call center service, telecommunications retail sales and management services, which were under the "Telecommunications retail sales and management services" segment. As 上海潤迅君斯通信科技有限公司 (Shanghai Motion JUNS Communication Technology Company Limited*), the subsidiary of the Group, will not be likely to obtain a nationwide call center business operation permit issued by the China Ministry of Information Industry, it will not be eligible for future bids of call center service. In view of the above and taking into account that all businesses (including the telecommunications call center services) under the telecommunications retail sales and management services segment (the "**Telecommunication Business**") of the Group are operated under the same management team and are inter-dependent upon each other, as well as the diminishment of synergistic effect among each of the businesses within the Telecommunication Business following the cessation of operation of the Call Centre Business, the management of the Group has recently discussed certain strategic options to, among other things, discontinue the whole Telecommunication Business. It is expected that the proposed disposal will be completed within the next 12 months. The telecommunications retail sales and management services will be excluded in the operating segment information in the next financial statements upon completion of such proposed disposal. Further details were disclosed in the Company's announcements dated 5 May 2017 and 7 June 2017.

17. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated in the preparation of the financial information as a result of the common control combination using merger accounting, the change in the Group's presentation currency (note 2) and the change in segment reporting (note 4) to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND OPERATIONS REVIEW

On 27 July 2016, the Company completed the acquisition of the entire equity interest in Ka Yun Investments Limited ("Ka Yun") and its subsidiaries (collectively the "Ka Yun Group"), which is principally engaged in the development, sale and leasing of residential, commercial and tourism properties and the provision of property management services in the People's Republic of China (the "PRC") for a consideration of HK$4,650 million (the "Ka Yun Acquisition"). Further details are set out in the section headed "Ka Yun Acquisition" in this announcement.

Ka Yun Acquisition has the aim of bolstering development of the Group's property business and presenting synergies to its existing businesses and has enabled the Group to hasten property development on the platform it has built, expanding property development and management business in Jilin province to enlarge its market share, so that it may with better advantages capture growth opportunities in the market and expand its businesses at opportune time to other provinces and cities in the PRC.

Since changing its name from Ground Properties Company Limited to Ground International Development Limited on 22 September 2016, the Group has been able to implement its business diversification strategy more comprehensively during the year. However, with a view that the call center business within the telecommunications retail sales and management service segment is unlikely to obtain the relevant nationwide permit necessary to participate in the future tender process, on 7 June 2017, the Board resolved to authorise the management of the Group to commence searches for and negotiations with potential purchasers for the disposal of the Group's interest in members of the Group comprising the telecommunications retail sales and management services business.

BUSINESS REVIEW

For the year ended 31 March 2017, overall revenue of the Group was approximately RMB1,225.5 million (2016: RMB624.4 million), representing a year-on-year increase of 96.3%. Gross profit was RMB335.8 million (2016: RMB155.0 million). Net profit after tax was RMB70.8 million (2016: net loss after tax of RMB118.0 million).

Property Development and Management

- Guangze • Tudors Palace (廣澤•瀾香)
- Guangze • Amethyst City (廣澤•紫晶城)
- Guangze Red House (廣澤紅府)
- Guangze China House (廣澤蘭亭)
- Wansheng • Qiancheng International* 萬升•前城國際
- Guangze International Shopping Centre – residential (廣澤國際購物中心－住宅)
- Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村)

Property Investment

- Enterprise Square – Office premises in Hong Kong
- Guangze International Shopping Centre (廣澤國際購物中心)

Property development

Contracted sales

For the year ended 31 March 2017, the Group launched pre-sales of the second phase of Guangze Red House (廣澤紅府) project, which is mainly a residential property project located in Yanji City, Jilin Province. In addition, the Group was focusing on the sales of the high-end villas and apartments at Guangze • Tudors Palace (廣澤•瀾香), which is located at Jilin City, Jilin Province. Wansheng • Qiancheng International* (萬升•前城國際), a project that was acquired by the Group in January 2016, commenced pre-sales of the first part of the second phase of the project.

A breakdown of the total contracted sales of the Group during the year ended 31 March 2017 is set out as follows:

City	Project name	Type of project	Contracted saleable gross floor area ("GFA")		Contracted sales		Contracted average selling price ("ASP")
			Sq.m.	*%*	*RMB'000*	*%*	*RMB/Sq.m.*
Jilin	Guangze • Tudors Palace (廣澤•瀾香)	– Residential	9,742.3	6.7	104,714.0	13.5	10,748.4
	Guangze • Amethyst City (廣澤•紫晶城)	– Residential	4,384.5	3.0	20,310.4	2.6	4,632.4
	Wansheng • Qiancheng International* 萬升－前城國際	– Residential	5,081.4	3.5	20,499.4	2.7	4,034.2
Yanji	Guangze Red House (廣澤紅府)	– Residential	94,582.8	64.6	467,062.6	60.4	4,938.1
		– Commercial	261.1	0.2	2,546.2	0.3	9,751.8
Baishan	Guangze International Shopping Centre (廣澤國際購物中心)	– Residential	6,036.8	4.1	22,746.6	2.9	3,768.0
		– Commercial	1,244.5	0.8	21,379.0	2.8	17,178.8
	Guangze China House (廣澤蘭亭)	– Residential	25,166.8	17.2	114,582.7	14.8	4,552.9
			146,500.2		773,840.9		5,282.2

Properties completed, delivered and sale of properties recognised during the year ended 31 March 2017

For the year ended 31 March 2017, the property projects in Jilin City, Baishan City and Yanji City contributed revenue arising from the sale of properties (excluding car parks) of RMB983.5 million with GFA recognised of approximately 147,810 sq.m as compared to that of RMB364.9 million with GFA recognised of approximately 68,927 sq.m for the year ended 31 March 2016. The increases in sales by 169.5% and GFA recognised by 114.4% were attributable to the completion and delivery of Guangze • Tudors Palace (廣澤 • 瀾香) and Guangze Red House (廣澤紅府) – Phase I during the year ended 31 March 2017 whereas there were no property projects completed during the year ended 31 March 2016. The sale of properties during the year ended 31 March 2016 was related to the sales of the remaining units of the property projects of Guangze • Amethyst City (廣澤 • 紫晶城) and Guangze International Shopping Centre (廣澤國際購物中心).

For the year ended 31 March 2017, the Group delivered and recognised sale of car park units of approximately RMB11.6 million from the sale of 101 car park units (2016: RMB19.5 million from 144 car park units).

Details of the projects completed and sale of properties of the Group recognised for the year ended 31 March 2017 are listed below:

City	Project name	Type of project	Saleable GFA of properties completed *Sq.m.*	Delivered saleable GFA *Sq.m.*	Delivered sales (gross) *RMB'000*	Delivered ASP *RMB/Sq.m.*
Jilin	Guangze • Tudors Palace (廣澤•瀾香)	– Residential	93,610	63,861	608,298	9,525
	Guangze • Amethyst City (廣澤•紫晶城)	– Residential	–	11,965	51,976	4,344
		– Commercial	–	7,128	69,328	9,726
Baishan	Guangze International Shopping Centre (廣澤國際購物中心)	– Residential	–	5,878	21,323	3,628
		– Commercial	–	55	784	14,255
Yanji	Guangze Red House (廣澤紅府) – Phase I	– Residential	61,778	55,975	248,731	4,444
		– Commercial	8,683	2,948	33,028	11,204
				147,810	1,033,468	6,992
Sales of car parks					11,594	
Less: sales tax					(50,570)	
Sales of properties					994,492	

Projects under development and held for development

As at 31 March 2017, the Group had a total of 4 projects at various stages of development, including an estimated GFA of projects under development of approximately 817,948 sq.m., and an estimated GFA of project held for future development of approximately 292,094 sq.m..

Of the Group's projects under development, the Group's high-end resort style mixed development project, namely Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村) situated at Guosong Village in Donggang Town (東崗鎮), Fusong County (撫松縣), Baishan City is planned to be the Group's major project in the next few years as the Group focuses on property development that involves cultural tourism (文化旅遊). The project will be of a resort style and bear the culture of Northeastern China. In order to complement the residential, commercial, hotel and hostel properties, hot spring centre as well as the natural scenery in the surrounding area of Changbaishan, the resort will include commercial street (商業街), various cultural and entertainment facilities. It is intended to offer all visitors with a wide range of activities when visiting Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村). As at 31 March 2017, the project is progressing as planned.

City	Project name	Type of project	Estimated GFA *Sq.m.*
Projects under development			
Jilin	Wansheng • Qiancheng International* 萬升 • 前城國際	– Residential	27,057
Yanji	Guangze Red House (廣澤紅府)	– Residential (Phase II)	122,509
Baishan	Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村)#	– Residential/Commercial (including hotels)	539,646
	Guangze China House (廣澤蘭亭) – Phase I	– Residential	128,736
Sub-total			817,948

City	Project name	Type of project	Estimated GFA
			Sq.m.
Projects held for development			
Baishan	Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村) #	– Residential/Commercial (including hotels)	207,761
	Guangze China House (廣澤蘭亭) – Phase II	– Residential	84,333
Sub-total			292,094
Total			1,110,042

The estimated GFA of Changhaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村) decreased from 1,111,458 sq.m. to 747,407 sq.m. as the plot ratio stated in the construction work planning permit issued by local urban planning administration authority was adjusted as the Group plans to construct a high-end low density tourist resort.

Subsequent to 31 March 2017, the Group succeeded in a public tender for the acquisition of the land use right of a land parcel in Yanji City, Jilin Province, the PRC, with a total site area of 48,591 sq.m..

Property investment

As at 31 March 2017, the Group held two investment properties, one being office premises and car parks in Kowloon Bay, Hong Kong and the other being certain units of a shopping centre in Baishan City, the PRC.

			Year ended 31 March	
	Location of the property	**Total leasable area**	**2017 Occupancy rate**	2016 Occupancy rate
Enterprise Square	Kowloon Bay, Hong Kong	40,505 sq.ft.	**89.9%**	23.2%
Guangze International Shopping Centre (廣澤國際購物中心)	Baishan City, the PRC	68,433 sq.m.	**78%**	62.2%

As at 31 March 2017, the Group leased out all units of Enterprise Square at Kowloon Bay, Hong Kong. For the Guangze International Shopping Centre (廣澤國際購物中心), the Group is currently adjusting the tenant mix at the shopping mall to enhance the traffic flow so as to improve the occupancy rate of the shopping mall.

Telecommunications retail sales and management services

During the reporting year, the Group continued to integrate and optimize its telecommunications retail and management services and the segment brought revenue amounting to RMB193.1 million (2016: RMB202.4 million). Gross profit was RMB60.9 million (2016: RMB61.0 million) and gross profit margin was 31.5% (2016: 30.1%). Net profit after tax was approximately RMB22.1 million (2016: RMB23.1 million). The stable result was mainly attributable to the saturated market of telecommunications industry after substaining fast growth for past years.

PROSPECTS

Cultural Tourism

Given the prevailing conditions in the PRC real estate market and the concept of “whole-region tourism” being put forward, the cultural tourism, healthcare and elderly care sectors gradually become the trend and direction for new development. To effectively promote its business development, the Group has formulated clear long-term growth strategies and objectives, and identified a growth model of “one primary sector as supplemented by two” (一主兩輔) where “one primary sector” refers to cultural tourism and healthcare and elderly care sectors and “two supplementary sectors” refers to the property development, investment and management sector and the financial services sector as part of the business adjustment and upgrade transformation.

Looking forward, riding on the booming PRC real estate market and the trend of the government’s strong efforts in promoting cultural tourism and healthcare business, the Group will adopt a flexible and diversified business model to generate ongoing and steady revenue and growth from its tourism and related property projects, being landscape tourism focus, developing a south-to-north tourism business belt with “Ground” characteristics.

On 31 March 2017, the Group entered into non-legally binding memoranda of understanding with 長春歐亞神龍灣旅遊有限責任公司 (Changchun Ouya Shenlongwan Tourism Limited Liability Company*, “Shenlongwan Tourism”) and 江西聖水堂文化旅遊發展有限公司 (Jiangxi Shengshuitang Cultural Tourism Development Company Limited*, (“Jiangxi Shengshuitang”) respectively (collectively the “MOUs”), pursuant to which the Group proposed to inject cash of RMB200,000,000 into Shenlongwan Tourism and to establish a joint venture company with Jiangxi Shengshuitang and other possible joint venture partners. As at the date of this announcement, the due diligence work and feasibility studies remain in progress. Details of the MOUs were set out in the Company’s announcements dated 31 March 2017.

Property development

Upon completion of the acquisition of the entire equity interests in Ka Yun and its subsidiaries on 27 July 2016, the Group has carried out ongoing structural changes to its own businesses, and endeavored its market penetration within the regions in Jilin Province and new market expansion. At the same time, the Group will also integrate and expand the property projects in the first-tier and second-tier cities in the Yangtze River Delta and Pearl River Delta regions in China so as to achieve nationwide coverage of property projects and to build its own national brand.

The Group successfully acquired the land use rights of a land parcel in Yanji City, Jilin Province (the "Land") by way of listing-for-sale. The Land has a total site area of approximately 48,591 sq.m. with a plot ratio of approximately 2.25. The Land is mainly used for the development of residential and commercial properties. Other details relating to the Land are set out in the announcement of the Company dated 16 May 2017.

Financial Services

On the other hand, high emphasis has been placed on privately-owned economy and micro-finance service in Jilin Province over the year of 2017, including innovating financing methods, improving the financing structures, solving micro enterprise high-difficulty high-cost financing problem, and gradually improving the quality of the micro-finance service. In addition, it is expected that micro-finance sector has been announced by the PRC Government to be an area that will help accelerate the development of privately-owned economy. Through the establishment of more micro-finance enterprises, it helps build "supportive" relationship between financial, governmental and privately-owned commercial sectors. In view of the above, the Group is also seeking opportunities to develop and expand into micro-finance sectors to create potential synergies with the Group's current property development business and to enhance its value to the Group's shareholders and stakeholders.

On 28 March 2017, the Group won the relevant public tender and entered into the public tender equity transfer agreements with the shareholders of 吉林省中業商務信息諮詢有限公司 (Jilin Zhongye Business Information Advisory Company Limited*) and 吉林灃潤商務信息諮詢有限公司 (Jilin Fengrun Business Information Advisory Company Limited*) (collectively the "Target Companies"). The main asset of the Target Companies is an investment in a subsidiary with principal activity engaged in provision of guarantees in the PRC which is in line with the Group's development strategies in micro-finance sector. Details of the acquisition were set out in the Company's announcement dated 9 January 2017 and 28 March 2017 respectively. The acquisition was completed in May 2017 and the total consideration of RMB505.9 million has been settled in cash from the Group's internal resources and equity financing.

Telecommunications Retail Sales and Management Services

As set out in the announcement dated 7 May 2017, given that 上海潤迅君斯通信科技有限公司 (Shanghai Motion JUNS Communication Technology Company Limited*), the subsidiary of the Group, is a company ultimately and wholly-owned by foreign invested shareholder, it will not be likely to obtain the nationwide call center service business operation permit. Accordingly, in the absence of the nationwide call center service business operation permit, the Group will not be eligible to participate in the tender to be conducted by the national telecommunication operator and consequently will have to cease its operation of the call center business in June 2017. The management of the Company has been authorised by the Board on 7 June 2017 to commence searches for and negotiations with potential purchasers for the disposal of the Group's interests in members of the Group comprising the telecommunications retail sales and management services business (including the call center business) to realise the profits of the telecommunications retail sales and management services business, and to centralise its resources and efforts in the cultural tourism, healthcare and elderly care, property development and financial services sectors with a view to generating sustainable long-term value to the shareholders.

Overall speaking, the Group will uphold the strategic development principle of "one primary sector as supplemented by two" (一主兩輔). With the cultural tourism and healthcare sector as the core business, the Group will continue to capture the opportunities arising from the development of the property market in Jilin Province. The Group will fully utilise the financial services platform to timely launch quality, innovative and competitive projects to local markets. Seizing the growth opportunities arising from the cultural tourism and healthcare sector and driven by the rising number of tourists locally and abroad as well as local economic growth, the Group will continue to adopt diversified property development strategies and maintain a balanced property portfolio. The Group will promote the brand awareness and recognition of its tourism and property businesses so as to build a solid foundation for sustainable growth in the future. At the same time, the Group will extend and explore high growth potential opportunities on a nationwide scale and expand the scope of tourism, property development and management as well as financial services businesses to other provinces so as to enhance the value of projects and achieve asset diversification. The Group will endeavor to strive for excellence with a view to achieving synchronized development of its three major business segments under the business model of "one sector as supplemented by two" (一主兩輔).

FINANCIAL REVIEW

Since the completion of the Ka Yun Acquisition on 27 July 2016, the Group was enlarged by the injection of the property development business held by Ka Yun Group. The consolidated financial statements of the Company had retrospectively accounted for the financial performance and financial position of Ka Yun Group since 24 April 2015 on a merger accounting basis as the Company and Ka Yun are both under the common control of Ms. Cui Xintong ("Ms. Cui"), an Executive Director and the controlling shareholder of the Company.

In addition, in view of the above Ka Yun Acquisition, as most of the subsidiaries within the Group operate in the PRC and has a functional currency in renminbi, the presentation currency of the consolidated financial statements have been changed from Hong Kong dollars to renminbi. The comparatives figures for the previous year have also been charged accordingly.

The unaudited net asset values of the Group as at 30 September 2016 and 31 March 2016 should be RMB1,507.4 million and RMB1,040.9 million as compared with those of RMB1,620.8 million and RMB1,154.3 million disclosed in the interim financial report for the six months ended 30 September 2016, respectively. The variance is primarily attributable to the difference in unit development costs on certain projects used for the transfer into costs of properties sold in prior years.

During the year, upon completion of the Ka Yun Acquisition, the Group further strengthened its two core businesses, namely property development and management, and property investment.

Key changes to income statement items

Revenue

Sales of properties became the major source of income for the Group accounting for 81.1% of the Group's total revenue for the year ended 31 March 2017 (2016: 61.6%). The analysis of the Group's revenue is as follows:

	Year ended 31 March 2017		**Year ended 31 March 2016**	
	RMB'000	*%*	*RMB'000*	*%*
Sale of properties	994,492	81.1	384,381	61.6
Sales of headphones, mobile phones and telecommunications equipment and other products	71,081	5.8	90,553	14.5
Telecommunications retail sales and management services income	66,117	5.4	55,788	8.9
Telecommunications call center services income	55,878	4.6	56,072	9.0
Rental income	20,119	1.6	16,326	2.6
Property management service income	17,858	1.5	21,320	3.4
	1,225,545	100.0	624,440	100.0

The Group's revenue increased from RMB624.4 million for the year ended 31 March 2016 to RMB1,225.5 million for the year ended 31 March 2017 or an increase by 96.3%, mainly contributed by the increase in sales of properties by RMB610.1 million. The increase in sales of properties was attributable to the completion and delivery of the Group's two residential projects, namely Guangze • Tudors Palace (廣澤 • 瀾香) and Guangze Red House (廣澤紅府) – Phase I, amounting to RMB848.1 million for the year ended 31 March 2017. The sales of properties recognised of RMB384.4 million for the year ended 31 March 2016 were mainly related to the sales recognised on the remaining units in respect of Guangze • Amethyst City (廣澤 • 紫晶城) – Phases I and II and Guangze International Shopping Centre (廣澤國際購物中心).

Gross profit and gross margin

The Group's overall gross profit has increased from RMB155.0 million for the year ended 31 March 2016 to RMB335.8 million for the year ended 31 March 2017 and gross margin has increased from 24.8% for the year ended 31 March 2016 to 27.4% for the year ended 31 March 2017 which were mainly attributable to the recognised sales of Guangze•Tudors Palace (廣澤•瀾香) that earned a higher margin.

Other income and gains

The Group's other income and gains decreased from RMB30.3 million for the year ended 31 March 2016 to RMB29.5 million for the year ended 31 March 2017. In the year ended 31 March 2017, the Group earned RMB27.9 million (2016: RMB15.9 million) from the government subsidy. The government grants in both years were related to the financial subsidies received for the contribution to the development of infrastructure in Baishan City.

Selling and distribution costs

The decrease in selling and distribution costs by RMB5.6 million from RMB54.8 million for the year ended 31 March 2016 to RMB49.2 million for the year ended 31 March 2017 was mainly contributed by the decrease in advertisement expenses from fewer advertising activities for the sales of Guangze International Shopping Centre.

Administrative expenses

The decrease in administrative expenses by RMB9.7 million from RMB107.0 million for the year ended 31 March 2016 to RMB97.3 million for the year ended 31 March 2017 was mainly contributed by (i) the decrease in staff costs of RMB3.8 million from the property development operation that implemented a performance-based salary structure with effect from January 2016 and (ii) repairs and maintenance expenses of RMB3.0 million were incurred for the investment properties in Hong Kong for the year ended 31 March 2016.

Other expenses

Other expenses for the years ended 31 March 2017 and 2016 mainly represented legal and professional fees incurred for the Acquisition.

Finance costs

The decrease in finance costs by RMB54.1 million from RMB88.3 million for the year ended 31 March 2016 to RMB34.2 million for the year ended 31 March 2017 was mainly attributable to (i) increasing interest expenses that qualified for capitalization and (ii) the decrease in average bank loan balance arising from loan repayment.

Change in fair value of derivative financial instruments

Derivative financial instruments are the Company's early redemption rights attaching to the Convertible Bonds issued in respect of the Acquisition and other fund raising activity. The fair value of the derivative financial instruments were valued by an independent valuer. The change in fair value of the derivative financial instruments was mainly attributable to the increase in the Company's share price at the reporting date when compared with the price at issue dates, which resulted in a decrease in fair value of the derivative financial instruments.

Income tax

The Group's current income tax includes PRC Corporate Income Tax ("CIT") and PRC Land Appreciation Tax ("LAT"). For the year ended 31 March 2017, the Group's income tax amounted to RMB74.7 million, representing an increase in RMB36.1 million or 93.5% when compared to the year ended 31 March 2016. Such increase was mainly attributable to the CIT and LAT provision made in respect of the delivery of units of Guangze • Tudors Palace (廣澤•瀾香) and Guangze Red House (廣澤紅府) – Phase I upon completion.

Key changes to financial position

Investment properties

At 31 March 2017, the Group's investment properties included the office premises in Kowloon Bay, Hong Kong and certain units of a shopping mall in Baishan City, Jilin Province. These investment properties were stated at fair value and were valued by Savills Valuation and Professional Services Limited (an independent firm of surveyors). There were no changes in the fair value of these investment properties when compared to that as at 31 March 2016.

Available-for-sale investments

On 30 December 2016, the Group subscribed for shares in Jilin Jiutai Rural Commercial Bank Corporation Limited ("Jilin Jiutai Bank"). Jilin Jiutai Bank is a joint-stock commercial bank headquartered in Changchun City, Jilin Province, the PRC; and the H-shares of which are listed in the Main Board of The Stock Exchange of Hong Kong Limited. As at 31 March 2017, the fair value of the subscribed shares is RMB201.1 million. A positive change in fair value of the investment of RMB24.0 million was recognised in the consolidated statement of comprehensive income.

Properties under development and completed properties held for sales

The Group's properties under development and completed properties held for sales are located in Jilin Province. The decrease in properties under development and completed properties held for sales from RMB3,131.9 million as at 31 March 2016 to RMB3,118.5 million as at 31 March 2017 was mainly attributable to the transfer of development costs to costs of sales in respect of Guangze • Tudors Palace (廣澤•瀾香) and Guangze Red House (廣澤紅府) – Phase I upon completion and delivery during the year ended 31 March 2017; and partially offset by the development work on Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村) and Guangze Red House (廣澤紅府) – Phase II.

Trade and other receivables

	At 31 March 2017 *RMB'000*	At 31 March 2016 *RMB'000*
Trade receivables from third parties	**51,083**	52,383
Other receivables		
– Land development expenditure	**372,375**	314,757
– Amounts due from related companies	**–**	127,091
– Deposits for properties development	**26,613**	7,726
– Deposits for pre-sale of properties	**27,766**	7,315
– Prepaid business tax and other taxes	**34,524**	66,781
– Other receivables, prepayments and deposits	**156,580**	142,597
	617,858	666,267
	668,941	718,650

Land development expenditure made by certain subsidiaries of the Group represents monies advanced to the local government for land development works at various land sites. The Directors anticipate that these land sites will be acquired through the tender, auction and listing process which will take place in 2017.

At 31 March 2016, amounts due from related companies were related to the property development segment. Upon the completion of the Acquisition, the balances had been settled.

Included in other receivables, prepayments and deposits at 31 March 2017 was a prepayment of the consideration for the acquisition of 吉林省中業商務信息諮詢有限公司 (Jilin Zhongye Business Information Advisory Company Limited*) and 吉林灃潤商務信息諮詢有限公司 (Jilin Fengrun Business Information Advisory Company Limited*) of RMB45 million.

Liquidity and financial resources

Cash position

As at 31 March 2017, the carrying amount of cash and cash equivalents of the Group was approximately RMB417.8 million (2016: approximately RMB85.0 million), representing an increase of approximately 391.5% as compared with that as at 31 March 2016. The increase was mainly attributable to certain proceeds from share subscription not yet utilised and a loan from controlling shareholder.

Debt and gearing

The Group's bank and other borrowings as at 31 March 2017 decreased by RMB21.1 million to RMB967.8 million which was payable as follows:

	2017 ***RMB'000***	2016 *RMB'000* (Restated)
Analysed into:		
Bank loans repayable and trust receipt loan payable:		
Within one year or on demand	**383,542**	522,586
In the second year	**268,342**	46,694
In the third to fifth years, inclusive	**202,628**	95,099
	854,512	664,379
Other borrowings repayable:		
Within one year	**113,235**	154,470
In the second year	**–**	120,000
In the third to fifth years, inclusive	**–**	50,000
	113,235	324,470
	967,747	988,849

The gearing ratio of the Group is calculated as follows:

	At 31 March 2017 RMB'000	At 31 March 2016 RMB'000 (restated)
Loans from controlling shareholder	**264,824**	1,668
Bank loans and other borrowings	**967,747**	988,849
Trade and other payables	**1,232,820**	1,491,398
Less: Cash and cash equivalents	**(417,766)**	(84,998)
Pledged and restricted deposits	**(46,598)**	(30,300)
Net debt	**2,001,027**	2,366,617
Liability component of Convertible Bonds	**206,104**	–
Equity	**1,716,797**	1,040,929
Adjusted Capital	**1,922,901**	1,040,929
Capital and net debt	**3,923,928**	3,407,546
Gearing ratio	**51%**	69%

The decrease in the gearing ratio of the Group from 69% at 31 March 2016 to 51% at 31 March 2017 was mainly attributable to the increase in equity during the year via share subscriptions and convertible bonds subscriptions.

Cash flows for the Group's operating and investing activities

For the year ended 31 March 2017, the Group recorded net cash operating inflows of RMB122 million (2016: RMB368 million). The inflow was mainly attributable to an increase in the proceeds from pre-sale of properties after deducting the payments made for continual development of the property projects. For investing activities, the Group recorded a cash outflow of RMB330 million (2016: inflow of RMB297 million). The outflow was mainly contributed by the purchase of available-for-sale investments.

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 31 March 2017, the Group had commitments in respect of properties under development of RMB806.0 million (2016: RMB900.6 million). The development expenditure will be funded by the Group's internal resources and/or project loans. The Group also had unutilised banking facilities of RMB217.0 million as at 31 March 2017 (2016: RMB209.0 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are described below.

Risks pertaining to the property development and management business

The Group's property projects are located in Jilin Province, the PRC and the related assets accounted for 88.5% of the Group's total assets as at 31 March 2017. The Group is therefore subject to the risks associated with the PRC property market both nationally and regionally. The Group's property development and management business in the PRC may also be exposed to the risks of policy change, interest rate change, demand-supply imbalance and the overall economic conditions, which may pose an adverse impact on the Group's business, financial conditions or results of operations.

The Group is looking for projects at other regions in the PRC and overseas in order to diversify the risk.

Risks pertaining to the property investment business

The rental rates and the occupancy rates depend on various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group will be able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rates.

The Group has other exit options to realise the property value if and when considered necessary.

Financial risks

As a matter of policy, the Group continues to manage the market risks directly relating to its operations and financing activity and does not undertake any speculative derivative trading activities. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed as and when needed.

Currency risk

As at 31 March 2017, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK$). At 31 March 2017, approximately 41.5% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in HK$ and approximately 28.9% of the Group's total borrowings were denominated in HK$, while 71.1% were denominated in RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB and HK$, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimize the Group's financial risks.

Interest rate risk

As at 31 March 2017, 2% of the Group's total borrowings were interest free, 33% bore interest at fixed rates ranging from 1.55% to 6.65% per annum, and 65% of the Group's total borrowings bore interest at floating rates ranging from 3.22% to 3.67%. The Group does not enter into any financial instruments to hedge its interest rate risk exposure.

Credit risk

The Group currently grants an average credit period of 30-60 days to its customers, with certain few customers being offered a period of 90 days. The Group's debtor turnover days of 70 days (2016: 58 days) remains within the Group's credit terms. The increase in turnover days was contributed by the increase in service income from a customer who has a longer credit period for the year ended 31 March 2017. A stringent monitoring procedures has put in place to deal with overdue debts and minimize the credit risk of trade receivables.

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

KA YUN ACQUISITION

On 26 May 2015, Frontier Power Investments Limited (a wholly-owned subsidiary of the Company) (the Purchaser) and Ka Yik (the Vendor) and Ms. Cui (the controlling shareholder of the Company and the daughter of Ms. Chai Xiu who is an Executive Director of the Company and the chairperson of the Board) entered into a sale and purchase agreement (as supplemented by the supplemental agreements dated 3 July 2015 and 22 December 2015 and an extension letter dated 31 March 2016), pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire issued capital of Ka Yun for the consideration of HK$4,650,000,000 which shall be satisfied partly (i) by allotment and issue of 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. Ka Yun Group is principally engaged in the development, sale and leasing of residential, commercial and tourism properties and property management in the PRC. The Ka Yun Acquisition constitutes a connected transaction, a very substantial acquisition and a reverse takeover under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Ka Yun Acquisition was approved by the shareholders of the Company on 25 July 2016 and was completed on 27 July 2016.

Details of the Ka Yun Acquisition were set out in the Company's announcements dated 19 March 2015, 26 May 2015, 3 July 2015, 16 October 2015, 22 December 2015, 31 December 2015, 31 March 2016 and 27 July 2016 respectively and the circular dated 30 June 2016.

SIGNIFICANT INVESTMENTS HELD

Other than disclosed elsewhere in the announcement, the Group did not have any significant investments held as at 31 March 2017.

CONVERTIBLE BONDS, SHARE CAPITAL AND CONVERTIBLE PREFERENCE SHARES

Details of movements of Convertible Bonds, share capital and convertible preference shares are set out in notes 13, 14 and 15 to the consolidated financial statements respectively.

CONTINGENT LIABILITIES

Other than disclosed elsewhere in the announcement, the Group has the following contingent liabilities:

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 31 March 2017, guarantees amounting to RMB971.0 million were given to banks with respect to loans procured by purchasers of property units (31 March 2016: RMB676.1 million). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers or (ii) the satisfaction of mortgage loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. 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 purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial. Also, in case of default in payments, the net realizable value of the related property units would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

CHARGE ON ASSETS

As at 31 March 2017, the Group had the following assets pledged against bank loans granted:

	At 31 March 2017 *RMB'000*	At 31 March 2016 *RMB'000*
Investment properties	**301,138**	283,628
Properties under development and completed properties held for sale	**967,873**	1,421,699
Pledged deposits	**18,859**	18,800
Available-for-sale investments	**201,131**	–

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had 1,248 (31 March 2016: 1,293) full-time staff. The number of full-time staff as at 31 March 2016 has been restated from 1,009 to 1,293 because of the acquisition of Ka Yun Group. Total staff costs (including directors' emoluments) incurred for the year ended 31 March 2017 amounted to approximately RMB127.3 million (31 March 2016: RMB132.1 million). 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 share options, discretionary bonus, training allowance and provident fund.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2017.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year.

REVIEW OF ANNUAL RESULTS

The Group's final results for the year ended 31 March 2017 have been reviewed by the Audit Committee of the Company. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Company's auditors on the preliminary announcement.

By order of the Board
Ground International Development Limited
Chai Xiu
Chairperson

Hong Kong, 7 June 2017

As at the date of this announcement, the executive directors of the Company are Ms. Chai Xiu, Ms. Cui Xintong, Mr. Wang Guanghui and Mr. Huang Bingxing; and the independent non-executive directors of the Company are Mr. Chan Yuk Tong, Mr. Mei Jianping and Mr. Xiang Qiang.

* *for identification purpose only*