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 2019

The board (the "Board") of directors (each a "Director") of Ground International Development Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Continuing operations			
REVENUE	*4*	**676,759**	920,048
Cost of sales and services		**(479,965)**	(755,295)
Gross profit		**196,794**	164,753
Other income and gains	*4*	**34,343**	53,082
Selling and distribution expenses		**(21,541)**	(24,857)
Administrative expenses		**(61,956)**	(67,169)
Finance costs	*5*	**(24,586)**	(28,964)
Other expenses		**(29,257)**	(30,652)
Change in fair value of investment properties		**20,538**	25,461
Change in fair value of derivative financial instruments		**(11,045)**	(8,033)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**103,290**	83,621
Income tax	*7*	**(80,244)**	(24,451)

	Notes	**2019** **RMB'000**	2018 RMB'000
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**23,046**	59,170
Discontinued operations			
Loss for the year from discontinued operations	10	**–**	(8,836)
Profit for the year		**23,046**	50,334
Attributable to:			
Owners of the parent			
— continuing operations		**23,046**	59,170
— discontinued operations		**–**	(8,836)
		23,046	50,334
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	9		
Basic			
— for profit for the year		**RMB0.44 cents**	RMB1.1 cents
— for profit from continuing operations		**RMB0.44 cents**	RMB1.3 cents
Diluted			
— for profit for the year		**RMB0.33 cents**	RMB0.7 cents
— for profit from continuing operations		**RMB0.33 cents**	RMB0.9 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 *RMB'000*	2018 *RMB'000*
PROFIT FOR THE YEAR	**23,046**	50,334
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Change in fair value of an available-for-sale investment	**–**	(18,648)
Exchange differences on translation of foreign operations	**31,347**	17,978
	31,347	(670)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income	**(50,533)**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(19,186)**	(670)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,860**	49,664
Attributable to:		
Owners of the parent		
— continuing operations	**3,860**	58,500
— discontinued operations	**–**	(8,836)
	3,860	49,664

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**2019** **RMB'000**	2018 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**8,597**	8,086
Investment properties		**997,531**	956,000
Goodwill		**4,999**	4,999
Financial assets at fair value through other comprehensive income/available-for-sale investment	*11*	**–**	165,343
Deferred tax assets		**62,653**	81,341
Total non-current assets		**1,073,780**	1,215,769
CURRENT ASSETS			
Properties under development and completed properties held for sale	*12*	**2,576,578**	2,871,520
Trade and other receivables	*13*	**944,272**	630,044
Prepaid income tax		**12,088**	20,088
Derivative financial instruments		**4,837**	14,843
Held-to-maturity investment	*14*	**–**	310,000
Pledged and restricted deposits		**189,055**	182,695
Cash and cash equivalents		**30,064**	64,220
Total current assets		**3,756,894**	4,093,410
CURRENT LIABILITIES			
Trade and other payables	*15*	**683,571**	931,900
Deposits from sale of properties		**–**	576,290
Contract liabilities	*16*	**273,890**	–
Loans from a controlling shareholder		**149,065**	111,160
Bank and other borrowings		**464,081**	586,772
Income tax payable		**75,869**	54,784
Total current liabilities		**1,646,476**	2,260,906
NET CURRENT ASSETS		**2,110,418**	1,832,504
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,184,198**	3,048,273

	Notes	**2019** *RMB'000*	2018 *RMB'000*
NON-CURRENT LIABILITIES			
Liability component of the Convertible Bonds		**62,962**	54,218
Bank and other borrowings		**477,586**	418,034
Deferred tax liabilities		**315,339**	311,462
Total non-current liabilities		**855,887**	783,714
Net assets		**2,328,311**	2,264,559
EQUITY			
Share capital	*17*	**228,370**	228,335
Convertible preference shares		**1,181,940**	1,181,940
Equity component of the Convertible Bonds		**40,368**	40,368
Reserves		**877,633**	813,916
Total equity		**2,328,311**	2,264,559

NOTES

1. GENERAL INFORMATION

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

During the year ended 31 March 2019, the Company was principally engaged in investment holding and the Group was principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration, property investment, and the provision of financial services.

2. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2019 but are extracted from those financial statements.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statement also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2018 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed below.

Change in accounting policies disclosures

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

Amendments to HKAS 40: ***Transfers of Investment Property***

The amendments clarify that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 2: ***Classification and Measurement of Share-based Payment Transactions***

The amendments provide requirements on the accounting for: (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HK(IFRIC)-Int 22: ***Foreign Currency Transactions and Advance Consideration***

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration.

The adoption of the Interpretation does not have any significant impact on the consolidated financial statements.

HKFRS 9: ***Financial Instruments***

The following terms are used in these consolidated financial statements:

- FVPL: fair value through profit or loss.
- FVOCI: fair value through other comprehensive income.

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

In accordance with the transitional provisions in HKFRS 9, comparative information has not been restated and the Group has applied HKFRS 9 retrospectively to financial instruments that existed at 1 April 2018 (i.e. the date of initial application), except as described below:

(a) The following assessments are made on the basis of facts and circumstances that existed at the date of initial application:

    (i) the determination of the business model within which a financial asset is held;

    (ii) the designation of financial assets or financial liabilities at FVPL or, in case of financial assets, at equity instruments at FVOCI; and

    (iii) the de-designation of financial assets or financial liabilities at FVPL.

    The above resulting classification shall be applied retrospectively.

(b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument has low credit risk at a reporting date.

(c) For investments in equity instruments that were measured at cost under HKAS 39, the instruments are measured at fair value at the date of initial application.

Differences between the previous carrying amounts under HKAS 39 and the current carrying amounts upon adoption of HKFRS 9 are recognised directly in components of equity at 1 April 2018 as summarised below:

	Recycling fair value reserve *RMB'000*	**Non recycling fair value reserve** *RMB'000*
At 1 April 2018		
Reclassification	(5,351)	5,351
(Decrease) Increase	(5,351)	5,351

(i) Classification and measurement of financial assets and financial liabilities

The adoption of HKFRS 9 has no significant effect on the classification and measurement of the Group's financial liabilities.

The following table reconciles the original measurement categories and carrying amounts under HKAS 39 to the new measurement categories and carrying amounts under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018.

As at 1 April 2018

Measurement category under HKAS 39	Carrying amount under HKAS 39 *RMB'000*	Measurement category and carrying amount under HKFRS 9 Amortised cost *RMB'000*	Debt instruments at FVOCI *RMB'000*	Equity instruments at FVOCI *RMB'000*	FVPL *RMB'000*
Available-for-sale investment *(note i)*					
Listed equity securities	165,343	–	–	165,343	–
Loans and receivables *(note iii)*					
Cash and cash equivalents	64,220	64,220	–	–	–
Trade and other receivables*	610,340	610,340	–	–	–
Pledged and restricted deposits	182,695	182,695	–	–	–
Financial assets at FVPL *(note ii)*					
Derivative financial instruments	14,843	–	–	–	14,843
Held-to-maturity investment *(note iii)*					
Held-to-maturity investment	310,000	310,000	–	–	–

* *excluding prepaid business tax and other taxes.*

Notes:

(i) The listed equity securities that were previously classified as available-for-sale investment amounted to RMB165,343,000 are now classified as equity instruments at FVOCI since, at the date of initial application, these investments are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies and are designated as equity instruments at FVOCI. Related accumulated fair value gains of RMB5,351,000 as at 1 April 2018 were transferred from recycling fair value reserve to non-recycling fair value reserve on 1 April 2018.

(ii) The derivative financial instruments amounted to RMB14,843,000, representing the early redemption right attaching to the Convertible Bonds (the "Right") were previously classified as FVPL under HKAS 39 because the Right is not closely related to the liability component of the Convertible Bonds and therefore these embedded features have been accounted for separately under HKFRS 39. The derivative financial instruments continue to be measured at FVPL under HKFRS 9.

(iii) These items continue to be measured at amortised cost because, at the date of initial application, the Group's business model is to hold these investments to collect the contractual cash flows and the cash flows represent solely payments of principal and interest on the principal amount outstanding.

HKFRS 15: ***Revenue from contracts with customers***

HKFRS 15 replaces, among others, HKAS 18 and HKAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. The Standard establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers within its scope. It also introduces a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has elected to apply the cumulative effect transition method and recognised the cumulative effect of initial adoption as an adjustment to the opening balance of components of equity at 1 April 2018 (i.e. the date of initial application). Therefore, the comparative information has not been restated for the effect of HKFRS 15.

In addition, the Group has applied HKFRS 15 retrospectively only to contracts that were not completed at 1 April 2018 in accordance with the transitional provisions therein.

Set out below are the amounts by which each financial statement item were affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	At 31 March 2018 As originally presented *RMB'000*	**Reclassification under HKFRS 15** *(note i)* *RMB'000*	**Adjustments under HKFRS 15** *(note ii)* *RMB'000*	**At 1 April 2018 Adjusted** *RMB'000*
Properties under development and completed properties held for sale	2,871,520	–	57,966	2,929,486
Trade and other payable	931,900	(22,181)	–	909,719
Deposits from sales of properties	576,290	(576,290)	–	–
Contract liabilities	–	598,471	57,966	656,437

The following tables show how the amounts for the year ended 31 March 2019 reported under HKFRS 15 would be affected if HKFRS 15 were not adopted:

	Notes	**Amounts reported if HKFRS 15 were not adopted** *RMB'000*	**Effect on adoption of HKFRS 15** *RMB'000*	**Amounts reported under HKFRS 15** *RMB'000*
Year ended 31 March 2019				
Revenue	*(ii)*	626,317	50,442	676,759
Cost of sales and services	*(ii)*	429,523	50,442	479,965
At 31 March 2019				
Properties under development and completed properties	*(ii)*	2,559,953	16,625	2,576,578
Trade and other payables	*(i)*	703,932	(20,361)	683,571
Deposits from sales of properties	*(i)*	236,904	(236,904)	—
Contract liabilities	*(i)*	—	273,890	273,890

(i) Accounting for revenue from sales of properties

Prior to the adoption of HKFRS 15, the Group accounted for revenue from sales of properties when significant risks and rewards of ownership had been transferred to the customers on delivery in its entirety at a single time upon vacant possession.

Under HKFRS 15, the excess of cumulative revenue recognised in profit or loss over the cumulative contractual payment received from customers of property sale is recognised as contract assets. The excess of cumulative contractual payment received from customers of property sale over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. This resulted in the reclassification of deposits from sales of properties to contract liabilities.

After the assessment, the Group has considered that it has no enforceable right to payment from the customers for performance completed to date for properties. All revenue from sale of properties will continue to be recognised at a point in time, when the customers obtain control of the properties, i.e. when the customers obtain the physical possession or the legal title of the completed properties and the Group has a present right to payment from the customers. The adoption of HKFRS 15 has no significant impact on the timing of revenue recognition.

(ii) Accounting for significant financing component

Generally, the Group receives long-term contractual payments from customers as deposits. However, from time to time, the Group also receives short-term deposits from its customers. Prior to the adoption of HKFRS 15, the Group presented these deposits as "deposits from sale of properties" in the consolidated statement of financial position. No interest was accrued on these deposits received under the previous accounting policy.

Upon the adoption of HKFRS 15, for short-term deposits, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customers pay for the goods or services and the Group transfers properties or property management services to the customers will be one year or less.

On the other hand, the Group concluded that there is a significant financing component for those properties selling contracts where the customers elect to pay more than one year in advance considering the length of time between the customers' payment and the transfer of properties to the customers and the prevailing interest rates in the market. Transaction price for such contracts are discounted to take into consideration the significant financing component. Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the advances received from customers with a significant financing component and capitalised this to properties under development (if under construction) or charged to profit or loss (if construction completed).

(iii) Presentation and disclosure

The Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Further details are disclosed in note 4 below.

3. 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
Continuing operations		
Property development and management	Property development and provision of management service to property projects	The People's Republic of China (the "PRC")
Property investment	Property holding for long term investment and leasing purposes	The PRC and Hong Kong
Financial services	Provision of guarantee services and investment holding	The PRC and Hong Kong

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 bank interest income, finance costs, fair value gains/losses from the Group's financial instruments, gain on disposal of subsidiaries, gain from a bargain purchase from the acquisition of subsidiaries, share of results of a joint venture as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid income tax, derivative financial instruments 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, the liability component of the Convertible Bonds 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.

Year ended 31 March 2019

	Continuing operations			
	Property development and management *RMB'000*	Property investment *RMB'000*	Financial services *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers*	**620,354**	**34,115**	**22,290**	**676,759**
Segment results	**122,127**	**4,976**	**26,396**	**153,499**
Bank interest income				**696**
Finance costs				**(24,586)**
Change in fair value of derivative financial instruments				**(11,045)**
Unallocated head office expenses				**(15,274)**
Profit before tax				**103,290**
Income tax				**(80,244)**
Profit for the year				**23,046**
Segment assets:				
Reportable segment assets	**3,127,440**	**1,004,551**	**599,398**	**4,731,389**
Deferred tax assets				**62,653**
Prepaid income tax				**12,088**
Derivative financial instruments				**4,837**
Unallocated assets				**19,707**
Total assets				**4,830,674**
Segment liabilities				
Reportable segment liabilities	**1,656,350**	**11,613**	**47,992**	**1,715,955**
Deferred tax liabilities				**315,339**
Income tax payable				**75,869**
Liability component of the Convertible Bonds				**62,962**
Unallocated liabilities				**332,238**
Total liabilities				**2,502,363**
Other segment information				
Capital expenditure**	**1,255**	**1,583**	**13**	**2,851**
Depreciation***	**1,317**	**510**	**10**	**1,837**
Write-down of completed properties held for sales to net realisable value	**28,451**	**–**	**–**	**28,451**
Interest income from held-to-maturity investments and entrusted loans	**–**	**–**	**24,069**	**24,069**

Year ended 31 March 2018

	Continuing operations				Discontinued operations
	Property development and management *RMB'000*	Property investment *RMB'000*	Financial services *RMB'000*	Total *RMB'000*	Telecommunications retail sales and management services *RMB'000*
Segment revenue					
Sales to external customers	881,852	23,114	15,082	920,048	44,435
Segment results	71,048	12,265	36,726	120,039	(3,021)
Bank interest income				1,516	7
Finance costs				(28,964)	(101)
Change in fair value of derivative financial instruments				(8,033)	–
Gain on disposal of subsidiaries				–	135
Gain from a bargain purchase from the acquisition of subsidiaries				19,078	–
Unallocated head office expenses				(20,015)	–
Share of results of a joint venture				–	20
Profit/(loss) before tax				83,621	(2,960)
Income tax				(24,451)	(5,876)
Profit/(loss) for the year				59,170	(8,836)
Segment assets:					
Reportable segment assets	3,467,532	965,174	754,539	5,187,245	–
Deferred tax assets				81,341	–
Prepaid income tax				20,088	–
Derivative financial instruments				14,843	–
Unallocated assets				5,662	–
Total assets				5,309,179	–
Segment liabilities					
Reportable segment liabilities	2,220,486	7,945	112,590	2,341,021	–
Deferred tax liabilities				311,462	–
Income tax payable				54,784	–
Liability component of the Convertible Bonds				54,218	–
Unallocated liabilities				283,135	–
Total liabilities				3,044,620	–
Other segment information					
Capital expenditure**	1,660	1,250	4	2,914	–
Depreciation***	1,141	762	11	1,914	455
Write-down of completed properties held for sales to net realisable value	22,609	–	–	22,609	–
Interest income from held-to-maturity investments and entrusted loans	–	–	18,007	18,007	–

* The property management service income of RMB11,469,000 (2018: Nil) arisen from the investment properties were reallocated to the property investment segment for the purpose of performance assessment.

** During the year, the head office also incurred capital expenditure of RMB12,000 (2018: RMB91,000) which represents additions to non-current assets.

*** Included in unallocated head office expenses in depreciation of RMB539,000 (2018: RMB86,000).

Geographical information

(a) Revenue from external customers from continuing operations

	2019	2018
	RMB'000	*RMB'000*
The PRC	**668,244**	911,929
Hong Kong	**8,515**	8,119
	676,759	920,048

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

(b) Non-current assets

	2019	2018
	RMB'000	*RMB'000*
The PRC	**673,428**	672,463
Hong Kong	**337,699**	296,622
	1,011,127	969,085

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

Information about major customers

There was no sale to a single customer which accounted for over 10% of the Group's revenue for the years ended 31 March 2019 and 2018.

4. REVENUE, OTHER INCOME AND GAINS FROM CONTINUING OPERATIONS

Revenue from continuing operations mainly represents income from the sale of properties, rental income, property management service income and guarantee fee income.

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

Revenue

	Year ended 31 March 2019			
	Property development and management *RMB'000*	**Property investment** *RMB'000*	**Financial services** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers within HKFRS 15:				
Sale of properties	**599,495**	**–**	**–**	**599,495**
Property management service income	**32,328**	**–**	**–**	**32,328**
Guarantee fee income	**–**	**–**	**22,290**	**22,290**
	631,823	**–**	**22,290**	**654,113**
Revenue from other sources:				
Rental income	**–**	**22,646**	**–**	**22,646**
	631,823	**22,646**	**22,290**	**676,759**
Representing geographical markets of:				
The PRC	**631,823**	**14,131**	**22,290**	**668,244**
Hong Kong	**–**	**8,515**	**–**	**8,515**
	631,823	**22,646**	**22,290**	**676,759**
Timing of revenue recognition				
— At a point in time	**599,495**	**–**	**–**	**599,495**
— Over time	**32,328**	**22,646**	**22,290**	**77,264**
	631,823	**22,646**	**22,290**	**676,759**

	Year ended 31 March 2018			
	Property development and management	Property investment	Financial services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of properties	860,773	–	–	860,773
Property management service income	21,079	–	–	21,079
Guarantee fee income	–	–	15,082	15,082
Rental income	–	23,114	–	23,114
	881,852	23,114	15,082	920,048
Representing geographical markets of:				
The PRC	881,852	14,995	15,082	911,929
Hong Kong	–	8,119	–	8,119
	881,852	23,114	15,082	920,048

	2019	2018
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**696**	1,516
Interest income from held-to-maturity investments and entrusted loans	**24,069**	18,007
Sundry income	**882**	407
Gain on disposal of property, plant and equipment	**880**	1,048
Dividend income from financial assets at FVOCI	**7,816**	–
Dividend income from available-for-sale investment	**–**	13,026
Gain from a bargain purchase from the acquisition of subsidiaries	**–**	19,078
Total other income and gains from continuing operations	**34,343**	53,082

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	2019 *RMB'000*	2018 *RMB'000*
Interest on bank loans	**40,735**	54,435
Interest on Convertible Bonds	**6,401**	15,261
Interest on other loans	**5,054**	4,947
Other borrowing costs accrued on receipts in advance from customers	**29,660**	–
	81,850	74,643
Less: Interest capitalised into properties under development*	**(57,264)**	(45,679)
Total finance costs from continuing operations	**24,586**	28,964

* The borrowing costs have been capitalised at rates ranging from 5.4% to 8.0% per annum (2018: 5.4% to 8.0% per annum).

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2019 *RMB'000*	2018 *RMB'000*
Cost of properties sold	**423,237**	706,045
Cost of services	**27,382**	20,711
Cost of rental	**29,346**	28,539
Depreciation	**2,376**	2,000
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**25,067**	32,216
Equity-settled share option expense	**824**	1,413
Contribution to defined contribution retirement plans	**4,957**	6,518
Total staff costs	**30,848**	40,147
Less: Amount capitalised into properties under development	**(2,235)**	(3,369)
	28,613	36,778
Auditor's remuneration:		
Audit services	**1,455**	2,380
Other services	**750**	1,312
Minimum lease payments under operating leases	**2,829**	3,435
Direct operating expenses arising from investment properties that generated rental income	**786**	615
Direct operating expenses arising from investment properties that did not generate rental income	**28**	51
Impairment on:		
— Trade receivables*:	**3,233**	659
— Other receivables*:	**20,375**	4,000
Write-down of completed properties held for sale to net realisable value**	**28,451**	22,609

* These items are included in other expenses in the consolidated statement of profit or loss.

** The item is included in cost of properties sold for the year ended 31 March 2019 above. For the year ended 31 March 2018, the item was included in other expenses in the consolidated statement of profit or loss.

7. INCOME TAX FROM CONTINUING OPERATIONS

PRC Corporate Income Tax ("CIT") has been provided at the applicable income tax rate on the assessable profits in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory CIT tax rate in the PRC is 25% (2018: 25%).

CIT for the year includes PRC withholding tax on dividends declared and received during the year from the Group's financial assets at FVOCI (2018: available-for-sale investment) amounting to approximately RMB782,000 (2018: RMB1,303,000).

No Hong Kong profits tax has been provided for the years ended 31 March 2019 and 2018 as the Group's unrecognised tax losses brought forward from previous years exceeded the assessable profits for both years.

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

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 amounted to approximately RMB69,193,000 (2018: RMB60,229,000). 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.

	2019	2018
	RMB'000	*RMB'000*
Current tax:		
PRC CIT	**34,573**	23,462
PRC CIT underprovided in previous years	**2,750**	–
PRC LAT	**20,408**	9,638
Hong Kong and overseas	**–**	–
	57,731	33,100
Deferred tax	**22,513**	(8,649)
Total charge from continuing operations	**80,244**	24,451

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**103,290**		83,621	
Tax at the statutory tax rate of 25%	**25,823**	**25**	20,905	25
Expenses not deductible for tax	**8,468**	**8**	11,094	13
Income not subject to tax	**(5,375)**	**(5)**	(25,308)	(30)
Effect on overseas tax rate differences	**3,093**	**3**	735	1
LAT deductible for PRC CIT purposes	**(5,102)**	**(5)**	(2,409)	(3)
LAT	**20,408**	**20**	9,638	11
Underprovision in previous years	**2,750**	**3**	–	–
Utilisation of previously unrecognised tax losses	**–**	**–**	(5,782)	(7)
Tax losses not recognised	**6,512**	**6**	15,578	19
Reversal of previously recognised deferred tax assets	**23,667**	**23**	–	–
Tax charge at the Group's effective rate	**80,244**	**78**	24,451	29

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2019 (2018: Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average of 5,273,047,000 shares (2018: 4,446,473,000 shares) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. 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 per share are based on:

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent,		
— continuing operations	**23,046**	59,170
— discontinued operations	**–**	(8,836)
	23,046	50,334
Effect of interest on the liability component of the Convertible Bonds	**6,401**	15,261
Effect of fair value loss on the derivative component of the Convertible Bonds	**11,045**	8,033
Adjusted profit attributable to owners of the parent		
— continuing operations	**40,492**	82,464
— discontinued operations	**–**	(8,836)
	40,492	73,628

	Number of shares	
	2019	2018
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,273,047**	4,446,473[(a)]
Effect of dilution — weighted average number of ordinary shares:		
Convertible preference shares	**1,639,353**	2,295,243
Convertible Bonds	**103,485[(b)]**	246,014[(b)]
Share options	**–[(c)]**	33,175
	7,015,885	7,020,905

(a) The number of ordinary shares used for the calculation of basic earnings per share for the year ended 31 March 2018 included the aggregate of the weighted average number of shares issued upon the conversion of 1,400,000,000 convertible preference shares, which were issued in connection with the acquisition of Ka Yun Investment Limited ("Ka Yun") (the "Ka Yun Acquisition").

(b) Because the diluted earnings per share amount was increased when taking the Convertible Bonds into account, the Convertible Bonds had an anti-dilutive effect on the basic earnings per share amount for the year ended 31 March 2019 and were ignored in the calculation of diluted earnings per share. Therefore, the calculation of the diluted earnings per share amount was based on the profit for the year and the profit attributable to continuing operations of RMB23,046,000 (2018: RMB50,334,000) and RMB23,046,000 (2018: RMB59,170,000), respectively, and the weighted average number of ordinary shares of 6,912,400,000 shares (2018: 6,774,891,000 shares) in issue during the year.

(c) Because the exercise price of the share options were out of the money compared to the average stock prices of the Company during the year ended 31 March 2019, the share options had an anti-dilutive effect on the basic earnings per share amount for the year ended 31 March 2019.

10. DISCONTINUED OPERATIONS

On 30 June 2017, Shanghai Jinhan Yintong Communication Products Sales Co., Ltd.* ("Shanghai Jinhan", 上海錦瀚銀通通信產品銷售有限公司), an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with an independent third party (the "Purchaser"), pursuant to which Shanghai Jinhan has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interests in Shanghai CM Concepts Communications Products Franchise Sale Company Limited* (上海潤迅概念通信產品連鎖銷售有限公司) (together with its subsidiaries and a joint venture known as the "Disposal Group" which are principally engaged in the telecommunications retail sales and management services business) for the consideration of RMB43,000,000 (the "Disposal"). The assets and liabilities of the Disposal Group were derecognised upon the completion of the Disposal. The Disposal was completed on 30 June 2017, upon which the Group ceased to operate the telecommunications retail sales and management services business. The telecommunications retail sales and management services business are treated and presented as discontinued operations for the year ended 31 March 2018.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/ AVAILABLE-FOR-SALE INVESTMENT

	2019	2018
	RMB'000	*RMB'000*
Listed equity investments, at fair value	–	165,343

At 1 April 2018, the Group irrevocably designated the listed equity investments of RMB165,343,000 as financial assets at FVOCI.

During the year ended 31 March 2019, the Group disposed of its financial assets at FVOCI to its controlling shareholder because they no longer matched with the Group's investment strategy. At the date of derecognition, the fair value of the listed equity investment amounted to RMB124,947,000 based on the market quoted price; and the disposal consideration of RMB183,329,000 gave rise to a gain on disposal of RMB58,382,000 which was accounted for as deemed capital contribution from the Group's controlling shareholder. In addition, the accumulated fair value loss of RMB45,182,000 included in non-recycling fair value reserve was transferred directly to retained earnings on disposal.

12. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2019 *RMB'000*	2018 *RMB'000*
Properties under development	**1,942,742**	2,171,312
Completed properties held for sale	**687,319**	725,240
	2,630,061	2,896,552
Write-down of completed properties held for sale to net realisable value	**(53,483)**	(25,032)
	2,576,578	2,871,520

Properties under development	2019 *RMB'000*	2018 *RMB'000*
Properties under development expected to be completed within normal operating cycle and classified as current assets, are expected to be recoverable:		
Within one year	**220,477**	485,616
After one year	**1,722,265**	1,685,696
	1,942,742	2,171,312

The Group's properties under development and completed properties held for sale situated in the PRC are stated at cost and held on leases between 40 and 70 years.

At 31 March 2019, certain of the Group's properties under development of RMB1,668,625,000 (2018: RMB1,490,712,000), were pledged to banks to secure certain of the bank loans granted to the Group.

13. TRADE AND OTHER RECEIVABLES

		2019 *RMB'000*	2018 *RMB'000*
Trade receivables		**25,185**	19,663
Less: provision for impairment		**(4,138)**	(905)
	(a)	**21,047**	18,758
Other receivables:			
Deposits for land development expenditure	(b)	**352,612**	353,418
Deposits for construction and pre-sale of projects	(c)	**39,984**	34,748
Entrusted loan receivables	(d)	**410,075**	74,642
Prepaid business tax and other taxes		**33,369**	19,704
Interest income receivable from a held-to-maturity investment		**–**	11,921
Other receivables, prepayments and deposits		**87,185**	116,853
		923,225	611,286
		944,272	630,044

(a) In respect of property sales, no credit terms are granted to purchasers. For property investment, property management and guarantee services, the respective rental income, property management income and guarantee fee income are settled in accordance with the terms stipulated in the agreements, most of which are settled in advance. In particular, sufficient rental deposits are received or sufficient collaterals/counter-guarantees are obtained to minimise credit risk. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest-bearing.

At 31 March 2019, trade receivables are primarily related to revenue recognised from the provision of property management service, leasing of properties and provision of financial guarantee services.

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

	2019	2018
	RMB'000	*RMB'000*
Within 30 days	**3,672**	2,452
31 days–180 days	**11,338**	6,417
Over 180 days	**6,037**	9,889
	21,047	18,758

The ageing analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2019	2018
	RMB'000	*RMB'000*
Neither past due nor impaired	**997**	1,488
	997	1,488
Less than 30 days past due	**3,608**	2,452
Over 30 days and less than 180 days past due	**11,199**	6,417
Over 180 days past due	**5,243**	8,401
	20,050	17,270
	21,047	18,758

Movements in provision for impairment of trade receivables are as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 April 2018/2017	**905**	246
Charged to profit or loss during the year	**3,233**	659
At 31 March 2019/2018	**4,138**	905

(b) The balances represented monies advanced to the local government for land development works at land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether the Group will obtain the land use rights of the land in the future.

(c) The balances mainly represented various deposits paid to local government authorities directly attributable to the construction of property projects which would be refundable upon completion of the development projects.

(d) Jilin Province Fengrun Guaranty Company Limited*（吉林省灃潤擔保有限公司）("FR Guarantee"), a wholly-owned subsidiary of the Group, entered into entrusted loan agreements through the banks with certain third parties in the PRC (the "Borrowers") pursuant to which FR Guarantee instructed the banks to act as lending agent to release loans to the Borrowers which are funded by FR Guarantee. These entrusted loans bear interests at rates ranging from 6% to 18% per annum and are repayable within one year.

	2019	2018
	RMB'000	*RMB'000*
Entrusted loan receivables	**426,075**	74,642
Less: provision for impairment	**(16,000)**	–
	410,075	74,642

Analysis by methods for assessing allowances for impairment losses

	2019
	RMB'000
<u>12-month ECL</u>	
Gross balance	**426,075**
Less: provision for impairment	**(16,000)**
	410,075

	2018
	RMB'000
Allowances are collectively assessed	74,642

The Group's assessment of expected credit loss on entrusted loans are based on the 12-month ECL as all entrusted loans granted cannot exceed a loan period of twelve months. The Group performed post-transaction monitoring procedures to ensure the recoverability of the entrusted loans. During the year ended 31 March 2019, a provision for impairment of RMB16,000,000 has been made (2018: Nil).

14. HELD-TO-MATURITY INVESTMENT

	2019	2018
	RMB'000	*RMB'000*
Wealth management products, at cost	**–**	310,000

The held-to-maturity investment was the financial product issued by a licensed commercial bank in the PRC with an expected annual return rate of 4.4% and matures within one year. The amount was fully settled upon maturity in May 2018.

15. TRADE AND OTHER PAYABLES

		2019	2018
	Notes	***RMB'000***	*RMB'000*
Trade payables	*(a)*	**79,700**	230,342
Accrued construction costs		**440,112**	530,617
Interest payable		**29,534**	27,481
Deposits received from the government	*(b)*	**19,978**	18,059
Receipt in advance from management services	*16(b)*	**–**	8,096
Deferred income	*16(c)*	**–**	14,085
Provision for guarantee losses	*(c)*	**15,315**	12,832
Other creditors and accruals		**58,197**	62,697
Other deposits received		**40,735**	27,691
		683,571	931,900

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

	2019	2018
	RMB'000	*RMB'000*
Within 30 days	**54,092**	180,786
31 days–180 days	**22,672**	35,420
Over 180 days	**2,936**	14,136
	79,700	230,342

(b) The amount represented the deposits received from the government as the Group is responsible for the construction of commodity housing which includes but is not limited to the removal of the existing buildings situated on the land, the provision of infrastructure systems including roads, drainage system, water, gas and electricity supply and the construction of public facilities. The amount is unsecured and interest-free and the remaining amount will be refunded to the government after the construction is completed.

(c) The Group provides financing guarantees to certain banks in order for its customers to secure bank financing. At the end of the reporting period, a provision for guarantee losses of RMB15,315,000 (2018: RMB12,832,000) has been made.

16. CONTRACT LIABILITIES

		2019	2018
	Notes	***RMB'000***	*RMB'000*
Deposits from sale of properties	*(a)*	**253,529**	–
Receipt in advance from management services	*(b)*	**8,655**	–
Deferred income	*(c)*	**11,706**	–
		273,890	–

The Group received payments from customers based on billing schedules as established in the property sales or rental contracts. Payments are usually received in advance of the performance under the contracts.

The revenue recognised during the year which was included in contract liabilities as at 1 April 2018:

	2019
	RMB'000
Sales of properties	**319,305**
Property management services	**8,096**
Financing guarantee services	**13,908**

As at 31 March 2019, the amount of transaction price which is allocated to the performance obligations that are unsatisfied or partially unsatisfied, expected to be satisfied within one year and more than one year are RMB403,462,000 and RMB250,721,000 respectively.

(a) Deposits from sale of properties represent sale proceeds received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss when the Group's revenue recognition criteria are met (2018: a balance of RMB576,290,000 were recognised separately in the consolidated statement of financial position prior to the initial application of HKFRS 15).

(b) Receipt in advance from management services represent the property fee received in advance for property management. The receipts will be transferred to profit or loss when the Group's revenue recognition criteria are met (2018: a balance of RMB8,096,000 included in the trade and other payables prior to the initial application of HKFRS 15).

(c) The balance represented the financing guarantee service fees received, which are initially recognised as deferred income and are amortised to profit or loss over the term of the guarantee as income from the guarantee issued (2018: a balance of RMB14,085,000 included in the trade and other payables prior to the initial application of HKFRS 15).

17. 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	684,000
Issued:			
Ordinary shares of HK$0.05 each			
At 31 March 2018	5,272,551	263,628	228,335
At 31 March 2019	5,273,401	263,670	228,370

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

		Number of ordinary shares in issue	Issued capital	
	Notes	*'000*	*HK$'000*	*RMB'000*
At 1 April 2018		5,272,551	263,628	228,335
The exercise of share options	*(a)*	850	42	35
At 31 March 2019		5,273,401	263,670	228,370

(a) 850,000 new ordinary shares of the Company were allotted and issued, upon the exercise of the 850,000 share options. The exercise price of these share options is HK$0.98 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

With an objective in effectively promoting business development, Ground International Development Limited (the "Company") and its subsidiaries (collectively, the "Group") adopts a growth model of "one primary sector as supplemented by two" (一主兩輔). The "one primary sector" refers to elderly care and healthcare and cultural tourism sectors and the "two supplementary sectors" refer to (i) the property development and operation management sector; and (ii) the financial services sector.

As an initial step to implement the above growth model, the Group completed the acquisition of the entire equity interest in Ka Yun Investments Limited and its subsidiaries, 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") in July 2016, the acquisition of Jilin Province Fengrun Guaranty Company Limited* (吉林省灃潤擔保有限公司) ("FR Guarantee") which is a company established in the PRC and is principally engaged in provision of guarantee services in the PRC in May 2017, and the disposal of telecommunication businesses in June 2017. The completion of the above acquisition and disposal allows the Group to focus on the growth model of "one primary sector as supplemented by two" to create potential synergies to enhance its value to the shareholders and stakeholders of the Company.

BUSINESS REVIEW

For the year ended 31 March 2019, overall revenue of the Group from continuing operations was approximately RMB676.8 million (31 March 2018: RMB920.0 million), representing a decrease of 26.4%. Gross profit from continuing operations was RMB196.8 million (31 March 2018: RMB164.8 million). Net profit after tax from continuing operations was RMB23.0 million (31 March 2018: RMB59.2 million).

Property development

Contracted sales

For the year ended 31 March 2019, the Group continued its pre-sales of Guangze Red House — Phase III project, which is mainly a residential property project located in Yanji City, Jilin Province which was completed and delivered with revenue recognised during the second half of the current financial year. In addition, the Group continued its sales of the remaining high-end villas, other residential units and commercial units at Guangze • Tudors Palace, "緹香" and "花香四季" (previously known as Wansheng • Qiancheng International), Guangze • Amethyst City (all of which are located at Jilin City, Jilin Province), and the remaining residential and commercial units at Guangze Red House — Phase II located at Yanji City, Jilin Province.

Properties completed, delivered and sale of properties recognised during the year ended 31 March 2019

For the year ended 31 March 2019, there were decreases in sales of properties (excluding car parks) by 65.9% and recognised gross floor area ("GFA") by 56.8%. During the year ended 31 March 2019, the Group completed and delivered the projects of Guangze Red House — Phase III and Guangze China House Phase I, which enabled recognition of revenue on sales of properties of RMB309.5 million and RMB102.5 million respectively (2018: Recognised sales of newly completed properties from Guangze Red House Phase II and "緹香" and "花香四季" of RMB488.6 million and RMB160.9 million respectively).

For the year ended 31 March 2019, the sale of properties (excluding car parks) related to the remaining units of the property projects that were completed in the previous years was mainly contributed from the sales of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季" and Guangze Red House Phase I and Phase II, amounted an aggregate of RMB140.4 million and an aggregate GFA of 13,565 sq.m.

For the year ended 31 March 2019, the Group recognised property sales (excluding car parks) with respect to the property project of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季" and Guangze Red House Phase I with an aggregate amount of RMB329.5 million and an aggregate GFA of 58,132 sq.m.

The decrease in sales of properties was attributable to the fact that (i) the total GFA recognised on newly completed and delivered in the current financial year was lower than that of last financial year as the property projects were smaller in terms of GFA completed; and (ii) fewer remaining units of the completed property projects were delivered in the current year.

For the year ended 31 March 2019, the Group delivered and recognised sale of car park units of approximately RMB55.3 million from the sale of 351 car park units (year ended 31 March 2018: RMB38.1 million from the sale of 284 car park units).

Projects under development and held for development

As at 31 March 2019, the Group had two remaining projects at various stages of development, including an estimated GFA of projects under development of approximately 76,002 sq.m., and an estimated GFA of project held for future development of approximately 547,977 sq.m.

Property investment

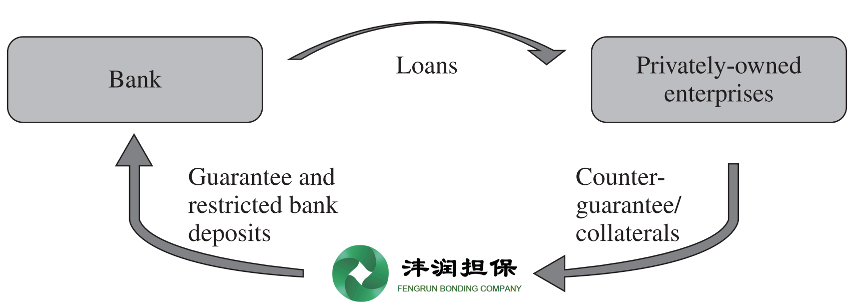
As at 31 March 2019, the Group had two investment properties, one being office premises and car parks in Kowloon Bay, Hong Kong and the other being a shopping centre in Baishan City, the PRC. During the year, the Hong Kong property market maintained its upward momentum and the demand in leasing market was still strong. The Group's office premises and car parks are fully occupied; hence, the market sentiment and the existing tenancies resulted in a net gain of RMB20.5 million on the fair value change of investment properties in Hong Kong. The property market in Baishan City, Jilin Province remained stable, the occupancy rate was improved due to the strong emphasis put on the enhancement of tenants mix by the management.

			Year ended 31 March	
			2019	2018
Name of the property	**Location of the property**	**Total leasable area**	**Occupancy rate**	Occupancy rate
Enterprise Square	Kowloon Bay, Hong Kong	40,505 sq.ft.	**100.0%**	100%
Guangze International Shopping Centre (廣澤國際購物中心)	Baishan City, the PRC	26,235 sq.m	**92.9%**	84.2%

Financial services

Provision of guarantee services

With high emphasis being placed on privately-owned economy and the micro-finance sector in Jilin Province, privately-owned economy has been supported by micro-finance sector to improve financing structure and to resolve its high-difficulty high-cost financing problem. The Group's guarantee business has been exploring business opportunities over the "supportive" relationships between financial institutions, government and privately-owned commercial sectors. The Group's business model for the financing guarantee business is as follow:



For the year ended 31 March 2019, the revenue and net profit of the Group from provision of guarantee services were RMB22.3 million and RMB9.6 million respectively (31 March 2018: revenue of RMB15.1 million and net profit of RMB19.2 million respectively). As at 31 March 2019, the Group's total outstanding guarantees were RMB1,111.5 million, of which the property development and agriculture sectors accounted for 28% and 45% of the Group's outstanding guarantees, respectively. The provision of guarantee services to customer in property development sector also gives opportunities to create potential synergies with the Group's current property development segment. The Group also took advantage of the controlling shareholder's network in the agricultural sector to gain financing guarantee business opportunities in this sector.

The financial information of FR Guarantee is set out below:

	From 1 April 2018 to 31 March 2019	From 2 May 2017 (date of acquisition) to 31 March 2018
	RMB'000	*RMB'000*
Revenue	**22,290**	15,082
Net profit before tax	**14,437**	25,547
Net profit after tax	**9,612**	19,153

	As at 31 March 2019	As at 31 March 2018
	RMB'000	*RMB'000*
Non-current assets	**6,955**	3,547
Net current assets	**540,758**	538,581
Non-current liabilities	**(3,829)**	(3,208)
Net assets	**543,884**	538,920

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

	RMB'000	%
Assets/securities backed	**839,430**	**75.5**
Secured by counter-guarantees	**272,100**	**24.5**
	1,111,530	**100**

(Expressed in RMB'000, unless otherwise stated)	**As at 31 March 2019**
Leverage ratio	**2.04**
Outstanding guarantee liability	**1,111,530**
Net assets of the guarantee business	**543,884**
Provision rate	**1.4%**
Provision for guarantee losses	**15,315**
Total outstanding guarantees	**1,111,530**

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

	As at 31 March 2019		As at 31 March 2018	
	RMB'000	*%*	*RMB'000*	*%*
Agriculture and husbandry sector	**501,050**	**45**	541,200	49
Property development	**313,860**	**28**	297,700	27
Wholesale and retail	**226,250**	**20**	165,000	15
Service sector	**67,000**	**6**	48,000	4
Others	**3,370**	**1**	56,600	5
Total of guarantees issued	**1,111,530**	**100**	1,108,500	100

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

The analyses of the entrusted loans by industry sector at 31 March 2019 and 2018 are set out below:

	As at 31 March 2019		As at 31 March 2018	
	RMB'000	*%*	*RMB'000*	*%*
Wholesale and retail	**144,900**	**35**	13,642	19
Individual business proprietors	**26,500**	**6**	25,000	33
Service sector	**86,175**	**22**	30,000	40
Property development	**50,000**	**12**	–	–
Automobiles	**–**	**–**	6,000	8
Agricultural and husbandry sector	**102,500**	**25**	–	–
	410,075	**100**	74,642	100

All the entrusted loans are guaranteed by third parties without pledged assets.

Financial assets at fair value through other comprehensive income

The Group from time to time looks at and considers desirable investment opportunities and will make such investment if it is in the interest of the Company to do so. On 30 December 2016, the Group subscribed for the H-shares in Jilin Jiutai Rural Commercial Bank Corporation Limited, which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The shares were fully disposed of at the consideration of HK$214,494,800 (equivalent to approximately RMB183,329,000). Further details are set out in the Company's announcement dated 15 February 2019 and circular dated 6 March 2019.

OUTLOOK

In the second half of the year 2018/2019, the global and China economies continue to be challenging given the China-US trade war remains unresolved. In Mainland China, the PRC government continues its stringent control measures and policies in the real estate and financial services sectors. In terms of healthcare and cultural tourism sector, the PRC government has yet to announce the implementation policies on a nationwide basis.

Looking forward, the Group's senior management is still exploring the various business realms within the healthcare and cultural tourism sectors; which the process of detailed market research, data analysis and feasibility studies is ongoing. For the property development sector, the Group is carefully in site selection process for land replenishment, so to satisfy the cash flow and profit needs from the project. The Group will continue expanding its financing guarantee business within Jilin Province, as well as uphold its credit control procedures in order to minimise the Group's credit risk.

The Group will remain prudent in the short term and be optimistic in the long term, with an objective to implement the model of "One primary sector supplemented by two" in order to promote business development. At the same time, with the perspective in maintaining a sustainable growth to the Group, the Group is also in search to undertake new investment opportunities in other sectors in order to diversify its current businesses to broaden its earnings base; to minimise the Group's business risks; and to maximise the benefits so as to bring satisfactory return to the shareholders.

FINANCIAL REVIEW

Key changes to profit or loss

Revenue

Sales of properties remained the major source of income for the Group accounting for 89% of the Group's total revenue for the year ended 31 March 2019 (31 March 2018: 94%). The analysis of the Group's revenue is as follows:

	Year ended 31 March 2019		Year ended 31 March 2018	
	RMB'000	*%*	*RMB'000*	*%*
Sale of properties	**599,495**	**89**	860,773	94
Rental income	**22,646**	**3**	23,114	3
Property management service income	**32,328**	**5**	21,079	2
Guarantee fee income	**22,290**	**3**	15,082	1
	676,759	**100**	920,048	100

The Group's revenue decreased from RMB920.0 million for the year ended 31 March 2018 to RMB676.8 million for the year ended 31 March 2019 or an decrease by 26%, mainly due to the decrease in sale of properties by 30.4% or RMB261.3 million as compared with the corresponding year. The decrease in sales of properties during the year ended 31 March 2019 was attributable to (i) the total GFA recognised on newly completed and delivered projects in the current financial year was lower than that of last financial year as the property projects were smaller in terms of GFA completed; and (ii) the decrease in sales and delivery of remaining units of the property projects. For the year ended 31 March 2019, the Group completed and delivered the projects of Guangze Red House — Phase III and Guangze China House Phase I, which enabled the revenue recognition on sales of properties of RMB309.5 million and RMB102.5 million respectively. The sales of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季" and Guangze Red House Phases I and II were RMB20.4 million, RMB14 million, RMB23 million and RMB83 million, respectively.

During the year ended 31 March 2019, the Group sold remaining units of the property projects of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季" and Guangze Red House Phase I of RMB37.2 million, RMB53.8 million, RMB157.1 million and RMB75.4 million, respectively.

On the other hand, sales of car parks increased from RMB38.1 million for the year ended 31 March 2018 to RMB55.3 million for the year ended 31 March 2019, which partially offset the decrease in sales recognised on delivery of properties (excluding car parks).

Rental income remained stable for the year ended 31 March 2019.

Property management service income increased from RMB21.1 million for the year ended 31 March 2018 to RMB32.3 million for the year ended 31 March 2019, mainly attributable to the increased number of completed property projects during the year.

The financial services segment contributed a guarantee fee income of RMB22.3 million (31 March 2018: RMB15.1 million) to the Group's total revenue during the year ended 31 March 2019.

Gross profit and gross margin

The Group's overall gross profit and gross margin has increased from RMB164.8 million and 17.9% for the year ended 31 March 2018 to RMB196.8 million and 29.1% for the year ended 31 March 2019 mainly attributable to the fact that (i) the Group's property development segment contributed from the savings arising on construction costs finalisation in respect of projects completed and delivered in prior years partially offset by the additional write-downs on certain completed properties for sale to net realisable value of RMB28.5 million; and (ii) the financial service segment made additional gross profit contribution from its increased revenue from financing guarantee fee income during the year.

Other income and gains

The Group's other income and gains decreased from RMB53.1 million for the year ended 31 March 2018 to RMB34.3 million for the year ended 31 March 2019 which was mainly attributable to the one-off bargain purchase gain from the acquisition of financing guarantee business of RMB19.1 million recognised for the year ended 31 March 2018 and no such gain for the current year.

Selling and distribution costs

The decrease in selling and distribution costs by RMB3.4 million from RMB24.9 million for the year ended 31 March 2018 to RMB21.5 million for the year ended 31 March 2019 was mainly due to the decrease in the promotion and advertising expenses as no property project is currently ready for pre-sale.

Administrative expenses

The decrease in administrative expenses by RMB5.2 million from RMB67.2 million for the year ended 31 March 2018 to RMB62.0 million for the year ended 31 March 2019 was mainly contributed by continual cost control implemented on the Group.

Other expenses

Other expenses for the year ended 31 March 2019 mainly related to assets impairment of RMB23.6 million (31 March 2018: RMB27.3 million).

Finance costs

	Year ended 31 March	
	2019	2018
	RMB'000	*RMB'000*
Interest on bank loans	**40,735**	54,435
Interest on Convertible Bonds	**6,401**	15,261
Interest on other loans	**5,054**	4,947
Other borrowing costs accrued on receipts in advance from customers	**29,660**	–
	81,850	74,643
Less: interest capitalised into properties under development	**(57,264)**	(45,679)
	24,586	28,964

The decrease in finance costs by RMB4.4 million from RMB29.0 million for the year ended 31 March 2018 to RMB24.6 million for the year ended 31 March 2019 was mainly attributable to the mixed effect of (i) the decrease in effective interest expenses on the Convertible Bonds issued in July and December 2016 upon the conversion of the Convertible Bonds and (ii) the increase in other borrowing costs as being the significant financing component arising from deposits on sales of properties recognised in accordance with HKFRS 15, for which the Group applied the transition method with comparative information not restated.

Change in fair value of investment properties

A gain in fair value of RMB20.5 million of the investment properties in Hong Kong was recognised for the year ended 31 March 2019 (31 March 2018: gain in fair value of RMB25.5 million) due to the Hong Kong property market maintained its upward momentum and the demand in leasing market was still strong.

Change in fair value of derivative financial instruments

A loss in fair value of RMB11.0 million of the derivative financial instruments was recognised for the year ended 31 March 2019 (31 March 2018: loss in fair value of RMB8.0 million). The derivative financial instruments represented the Company's early redemption right features of the convertible bonds which are due on 27 July 2021. The change in fair value was mainly attributable to the volatility of the Company's share price and deterioration of the time value.

Income tax

The Group's current income tax includes Corporate Income Tax (CIT) and Land Appreciation Tax (LAT). For the year ended 31 March 2019, the Group's income tax amounted to RMB80.2 million (31 March 2018: RMB24.5 million), with effective tax rate of 78% (31 March 2018: 29%). The increase in effective tax rate was mainly attributable to (i) the higher LAT provision made during the year as the project of Guangze Red House — Phase III with higher land appreciation value and (ii) the reversal of certain deferred tax assets in respect of prior year's tax losses of certain subsidiaries has either expired or become no longer utilisable.

Discontinued operations

On 30 June 2017, Shanghai Jinhan Yintong Communication Products Sales Co., Ltd.* ("Shanghai Jinhan", 上海錦瀚銀通通信產品銷售有限公司), an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with an independent third party (the "Purchaser"), pursuant to which Shanghai Jinhan has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interests in Shanghai CM Concepts Communications Products Franchise Sale Company Limited* (上海潤迅概念通信產品連鎖銷售有限公司) (together with its subsidiaries and a joint venture known as the "Disposal Group" which are principally engaged in the telecommunications retail sales and management services business) for the consideration of RMB43,000,000 (the "Disposal"). The assets and liabilities of the Disposal Group were derecognised upon the completion of the Disposal. The Disposal was completed on 30 June 2017, upon which the Group ceased to operate the telecommunications retail sales and management services business. The telecommunications retail sales and management services business are treated and presented as discontinued operations. Loss of RMB8.8 million was incurred for the year ended 31 March 2018 and no such loss in current year.

Key changes to financial position

Investment properties

As at 31 March 2019, the Group's investment properties remained to be the office premises in Kowloon Bay, Hong Kong and 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 professional qualified valuer). A gain in fair value of RMB20.5 million of the investment properties in Hong Kong was recognised for the year ended 31 March 2019 (31 March 2018: gain in fair value of RMB25.5 million).

Financial assets at fair value through other comprehensive income/available-for-sale investment

On 30 December 2016, the Group subscribed for H-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 on the Main Board of The Stock Exchange of Hong Kong Limited.

As at 1 April 2018, at the initial application of HKFRS 9, the listed equity investments were reclassified from available-for-sale investment to financial assets at fair value through other comprehensive income; and remains to be carried at fair value on subsequent measurement at each reporting date.

The shares were fully disposed of at the consideration of HK$214,494,800 (equivalent to approximately RMB183,329,000) during the year. Further details are set out in the Company's announcement dated 15 February 2019 and circular dated 6 March 2019. At the date of derecognition upon disposal, the accumulated fair value loss of RMB45.2 million that was previously included in the non-recycling fair value reserve was transferred directly to retained earnings.

Properties under development and completed properties held for sale

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 RMB2,871.5 million as at 31 March 2018 to RMB2,576.6 million as at 31 March 2019 was mainly attributable to the transfer of development costs to costs of sales in respect of the properties delivered during the year ended 31 March 2019. As at 31 March 2019, an accumulated write-down of RMB53.5 million was made on completed properties held for sale (At 31 March 2018: RMB25.0 million).

Trade and other receivables

	Notes	**As at 31 March 2019** ***RMB'000***	As at 31 March 2018 *RMB'000*
Trade receivables	*(i)*	**25,185**	19,663
Less: provision for impairment		**(4,138)**	(905)
		21,047	18,758
Other receivables			
— Deposits for land development expenditure	*(ii)*	**352,612**	353,418
— Deposits for construction and pre-sale of property projects	*(iii)*	**39,984**	34,748
— Prepaid business tax and other taxes		**33,369**	19,704
— Entrusted loan receivables	*(iv)*	**410,075**	74,642
— Interest income receivable from a held-to-maturity investment		**–**	11,921
— Other receivables, prepayments and deposits		**87,185**	116,853
		923,225	611,286
		944,272	630,044

(i) The increase in trade receivables from RMB19.7 million as at 31 March 2018 to RMB25.2 million as at 31 March 2019 was mainly attributable to the increase in trade receivables relating to the financing guarantee business.

(ii) Land development expenditure made by certain subsidiaries of the Group represented 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 2019.

(iii) The balances represented various deposits paid directly attributable to construction and pre-sale of property projects which would be refundable upon completion of the property projects.

(iv) FR Guarantee entered into entrusted loan agreements through the banks with certain third parties in the PRC (the "Borrowers") pursuant to which FR Guarantee instructed the banks to act as lending agent to release loans to the Borrowers which are funded by FR Guarantee. These entrusted loans are guaranteed by independent third parties, bearing interests at rates ranging from 6% to 18% per annum and are repayable within twelve months. FR Guarantee performed all the necessary credit assessment and approval procedures before making such entrusted loans; and continued monitoring the creditworthiness of the Borrowers on a timely basis to ensure the recoverability of these loans.

The increase in the balance from RMB74.6 million at 31 March 2018 to RMB410.1 million at 31 March 2019 was attributable to the proceeds received upon the maturity of wealth management products in May 2018; and thereafter lent out to the Borrowers in order to maximise the Group's profit.

Held-to-maturity investment

The held-to-maturity investment was related to a wealth management product issued by a reputable bank in the PRC, with expected return of 4% per annum. During the year ended 31 March 2019, the Group received the principal and its interest upon maturity.

Trade and other payables

	Notes	**As at 31 March 2019** *RMB'000*	As at 31 March 2018 *RMB'000*
Trade payables	*(i)*	**79,700**	230,342
Accrued construction costs	*(i)*	**440,112**	530,617
Interest payable		**29,534**	27,481
Deposits received from the government	*(ii)*	**19,978**	18,059
Provision for guarantee losses	*(iii)*	**15,315**	12,832
Receipt in advance from management services	*(iv)*	**–**	8,096
Deferred income	*(iv)*	**–**	14,085
Other creditors and accruals		**58,197**	62,697
Other deposits received		**40,735**	27,691
		683,571	931,900

(i) The decreases in trade payables and accrued construction costs from RMB230.3 million and RMB530.6 million at 31 March 2018 to RMB79.7 million and RMB440.1 million at 31 March 2019 respectively were mainly attributable to gradual settlement of construction cost payable balances arising from the completed properties projects.

(ii) The amount represented the deposits received from the government as the Group is responsible for the construction of commodity housing which includes but is not limited to the removal of the existing buildings situated on the land, the provision of infrastructure systems including roads, drainage system, water, gas and electricity supply and the construction of public facilities. The amount is unsecured and interest free and the unused amount will be refunded to the government after the construction is completed.

(iii) The Group through FR Guarantee provided financing guarantees to certain banks in order for its customers to secure bank financing. As at 31 March 2019, a provision for guarantee losses of RMB15,315,000 (As at 31 March 2018: RMB12,832,000) has been made. The carrying amounts approximate their fair values.

(iv) The deferred income and receipt in advance from management services were reclassified to contract liabilities as at 1 April 2018 upon initial application of HKFRS 15 (see below).

Contract liabilities

	Notes	**As at 31 March 2019** ***RMB'000***	As at* 31 March 2018 *RMB'000*
Deposits from sales of properties	*(i)*	**253,529**	576,290
Receipt in advance from management services	*(ii)*	**8,655**	8,096
Deferred income	*(iii)*	**11,706**	14,085
		273,890	598,471

* Being the respective comparative balances as at 31 March 2018 for comparison purpose.

(i) Deposits from sales of properties represent contractual payments received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss when the Group's revenue recognition criteria are met. The deposits from sales of properties as at 31 March 2018 of RMB576.3 million were separately recognised in the consolidated statement of financial position. The decrease in balance was mainly attributable to the transfer of certain deposits being recognised as sales during the year.

(ii) Receipt in advance from management services represent the property fee received in advance for property management. The receipts will be transferred to profit or loss upon the Group's revenue recognition criteria are met. The receipt in advance from management services as at 31 March 2018 of RMB8.1 million were included in the trade and other payables.

(iii) The balance represented the financing guarantee service fees received, which are initially recognised as deferred income and are amortised to profit or loss over the term of the guarantee as income from the guarantee issued. The deferred income as at 31 March 2018 of RMB14.1 million were included in the trade and other payables.

Liquidity and financial resources

Cash position

As at 31 March 2019, the carrying amount of cash and bank deposits of the Group was approximately RMB30.1 million (At 31 March 2018: approximately RMB64.2 million), representing a decrease of approximately 53.1% as compared with that as at 31 March 2018.

Debt and gearing

The Group's bank and other borrowings as at 31 March 2019 decreased by RMB63.1 million to RMB941.7 million which were payable as follows:

	As at 31 March 2019 *RMB'000*	As at 31 March 2018 *RMB'000*
Current	**464,081**	586,772
Non-current	**477,586**	418,034
	941,667	1,004,806
Analysed into:		
Bank loans and entrusted loan payable:		
Within one year or on demand	**440,891**	494,166
In the second year	**306,896**	56,448
In the third to fifth years, inclusive	**170,690**	361,586
	918,477	912,200
Other borrowings repayable:		
Within one year	**23,190**	92,606
	941,667	1,004,806

The current portion of bank and other borrowings decreased from RMB586.8 million as at 31 March 2018 to RMB464.1 million as at 31 March 2019 and the non-current portion of bank and other borrowing increased from RMB418.0 million as at 31 March 2018 to RMB477.6 million as at 31 March 2019 as the Group refinanced the short term bank loans by replacing with a mix of new long and short term bank loans of RMB261.9 million.

The Group's gearing ratio as at 31 March 2019 was as follows:

	As at 31 March 2019 *RMB'000*	As at 31 March 2018 *RMB'000*
Loans from a controlling shareholder	**149,065**	111,160
Bank and other borrowings	**941,667**	1,004,806
Trade and other payables	**683,571**	931,900
Less: Cash and cash equivalents	**(30,064)**	(64,220)
Pledged and restricted deposits	**(189,055)**	(182,695)
Net debt	**1,555,184**	1,800,951
Liability component of Convertible Bonds	**62,962**	54,218
Equity	**2,328,311**	2,264,559
Adjusted capital	**2,391,273**	2,318,777
Capital and net debt	**3,946,457**	4,119,728
Gearing ratio	**39%**	44%

The gearing ratio of the Group as at 31 March 2019 decreased compared with 31 March 2018 due to the decrease in bank and other borrowings and trade and other payables.

Cash flows for the Group's operating and investing activities

For the year ended 31 March 2019, the Group recorded net operating cash outflow of RMB184.5 million (31 March 2018: outflow of RMB82.1 million). The outflow was mainly attributable to the settlement of the trade payables of the property projects held by the Group during the year ended 31 March 2019. For investing activities, the Group recorded a cash outflow of RMB11.4 million (31 March 2018: outflow of RMB406.7 million). The outflow was mainly as a result of the net increase in entrusted loans of RMB351.4 million advanced to independent third parties which was partly offset by the redemption of the wealth management products (At 31 March 2018: classified as held-to-maturity investment) of RMB310.0 million. The outflow of RMB406.7 million for the year ended 31 March 2018 was mainly attributable to the purchase of wealth management products of RMB334.0 million and consideration paid for the acquisition of FR Guarantee which were partly offset by the cash acquired.

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 31 March 2019, the Group had contracted but not provided for commitments in respect of properties under development of RMB23.6 million (At 31 March 2018: RMB530.6 million). The development expenditure will be funded by the Group's internal resources and/or project loans.

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 80.0% of the Group's total assets as at 31 March 2019 (At 31 March 2018: 90.9%). 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.

Risks pertaining to the financing guarantee business

Financing guarantee business is a regulated-industry in the PRC. Governmental policy changes will directly impact on the business. Also, the business is subject to credit risk and concentration risk. In view of these, the Group is trying to develop and maintain a diversified customer base to reduce the risks of any downturn in any of the customers' industries causing a material adverse effect on the business. In addition, the Group has a rigorous risk management system to monitor risks at each key stage of the business operations, from pre-approval assessment, customer due diligence, approval processes, counter-guarantee arrangement to post-transaction monitoring.

Financial risks

As a matter of policy, the Group continues to manage the market risks directly relating to its operations and financing activities 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 2019, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK$). As at 31 March 2019, approximately 3.4% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in HK$ (At 31 March 2018: 1.2%) and approximately 26.4% of the Group's total borrowings were denominated in HK$, while 73.6% were denominated in RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises. The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB and HK$, 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 minimise the Group's financial risks.

Interest rate risk

As at 31 March 2019, 2.5% of the Group's total bank and other borrowings were interest free, 71.1% bore interest at fixed rates ranging from 5.39% to 9.57% per annum, and 26.4% of the Group's total borrowings bore interest at floating rates of HIBOR+2.4% to HIBOR+2.75%. The Group does not enter into any financial instruments to hedge its interest rate risk exposure.

Credit risk

As at 31 March 2019, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to pledged bank deposits, bank balances and cash and trade and other receivables. Substantially all of the Group's pledged bank deposits and bank balances and cash were deposited in creditworthy global banks and stated-controlled financial institutions in the PRC, which management considers they are without significant credit risks. At the end of the reporting period, the Group has concentration of credit risk as the trade receivables from the five largest customers represented 25% (At 31 March 2018: 38%) of the total trade receivables, while 6% (At 31 March 2018: 24%) of the total trade receivables were due from the largest single customer.

In addition, the Group is subject to credit risk arising from financing guarantees provided by FR Guarantee to banks in order for its customers to obtain bank financing. In order to minimise this credit risk relating to (i) the provision of financing guarantee services; and (ii) trade and other receivables (including entrusted loan receivables), the management has established credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts/guarantee losses. In this regard, the management considers that the Group's credit risk is significantly reduced.

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.

SIGNIFICANT INVESTMENTS HELD

Other than disclosed elsewhere in this announcement, the Group did not have any significant investments held as at 31 March 2019.

CONTINGENT LIABILITIES

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

(i) 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 2019, guarantees amounting to RMB905.1 million were given to banks with respect to mortgage loans procured by purchasers of property units (At 31 March 2018: RMB1,035.3 million). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers and (ii) the satisfaction of mortgage loans by the purchasers of properties.

    Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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 period, 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 realisable 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.

(ii) The Group has provided financing guarantee services to certain borrowers to secure obligation of such borrowers for repayments. As at 31 March 2019, the financing guarantees amounting to RMB1,111.5 million (At 31 March 2018: RMB1,108.5 million) were provided to financial institutions with respect to these borrowers. Such guarantees will terminate upon the full repayment of loans by the borrowers to the financial institutions; and two years after the obligations under the loan agreement have been fulfilled.

Pursuant to the terms of the guarantees, upon default in loan repayments by these borrowers, the Group is responsible for repaying the outstanding loans together with accrued interest to the financial institutions. During the year, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the borrowers are minimal. Also, the pledged assets were provided by the borrowers pursuant to the terms of the guarantees and a provision of RMB15.3 million (At 31 March 2018: RMB12.8 million) has been made in connection with the guarantees in addition to the deferred income recognised as contract liabilities. Therefore, the directors expect further losses arising from the guarantees issued to be insignificant.

CHARGE ON ASSETS

As at 31 March 2019, the Group had the following assets pledged against bank and other loans granted:

	As at 31 March 2019 *RMB'000*	As at 31 March 2018 *RMB'000*
Investment properties	**997,531**	296,000
Properties under development and completed properties held for sale	**1,668,625**	1,490,712
Available-for-sale investment	**–**	165,343

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had 285 (At 31 March 2018: 357) full-time employees. Total staff costs (including directors' emoluments) incurred for the year ended 31 March 2019 amounted to approximately RMB30.8 million (31 March 2018: RMB42.4 million); the decrease was mainly due to decrease in staff number upon completion of property projects as well as organic staff turnover. 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 2019.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 March 2019, they complied with the required standard set out in the Model Code.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 March 2019, the Company endeavours to comply with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company considers that it has complied with the CG Code during the year, except for the followings:

Following the re-designation of Mr. Xiang Qiang from an independent non-executive Director to an executive Director on 4 May 2018, there were only two independent non-executive Directors, namely Mr. Chan Yuk Tong and Mr. Zhu Zuoan until 24 July 2018. Accordingly, the number of independent non-executive Directors fell below the minimum number of three as required under Rule 3.10(1) of the Listing Rules, and the number of members of the audit committee of the Company fell below the number prescribed under Rule 3.21 of the Listing Rules. As a result, the Company was not in compliance with the requirements under Rule 3.10(1) and Rule 3.21 of the Listing Rules during that period. On 25 July 2018, Mr. Wang Xiaochu was appointed as an independent non-executive Director and also a member of the audit committee of the Company. Following the appointment of Mr. Wang Xiaochu, the Company has since been in full compliance with the requirements under Rule 3.10(1) and Rule 3.21 of the Listing Rules.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 March 2019. The Audit Committee is of the view that the financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORKS OF MAZARS CPA LIMITED

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 2019 as set out in this announcement have been agreed by the Company's auditors, Mazars CPA Limited, 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
Cui Xintong
Chairperson

Hong Kong, 28 June 2019

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