GROUND INTERNATIONAL DEVELOPMENT LIMITED

廣澤國際發展有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

PROFIT WARNING

This announcement is made by Ground International Development Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders (the "**Shareholders**") and potential investors of the Company that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2019 and the information currently available to the Board, it is anticipated that the Group will record a net loss of not less than RMB600 million for the six months ended 30 September 2019 (the "**2019 Interim Period**") as compared with the net profit of approximately RMB10.5 million for the six months ended 30 September 2018 (the "**2018 Corresponding Period**").

Similar to the 2018 Corresponding Period, the Group did not have any new property project that has been completed and delivered during the 2019 Interim Period that reached the criteria for revenue recognition. As a result, the sales of properties for the 2019 Interim Period have been contributed mainly from the remaining residential and commercial units of the property projects that were completed in the previous years. For the 2019 Interim Period, the overall revenue and overall gross profit of the Group are expected to decrease by over RMB70 million and by over RMB8 million, respectively, as compared with those in the 2018 Corresponding Period.

Notwithstanding the above, the Group's anticipated net loss for the 2019 Interim Period was primarily attributable to (i) a decrease in fair value of the investment properties in Hong Kong as a result of the deterioration of the market sentiment in Hong Kong caused by the recent social incidents; (ii) an impairment loss on the entrusted loan receivable due from certain borrowers and additional provision for guarantee loss arising from the financing guarantee business as result of a significant increase in credit risks of these borrowers / financing guarantee customers caused by an adverse change in their respective markets/operations in the PRC; and (iii) a provision of diminution in the value of a property project in Fusong County, the PRC as a result of an unfavourable change in the operating environment in the surrounding area causing a decrease in the net realisable value of the property.

The information contained in this announcement is only based on the Board's preliminary assessment of the information currently available to the Board as at the date hereof. Details of the financial performance of the Group will be disclosed in the Company's interim results announcement for the six months ended 30 September 2019, which is expected to be published by the end of November 2019.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 1 November 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.