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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 year ended 31 March 2020 and the information currently available to the Board, it is anticipated that the Group will record a net loss of not less than RMB1,750 million for the year ended 31 March 2020 (the "**Current Financial Year**") as compared with the net profit of approximately RMB23 million for the last financial year ended 31 March 2019 (the "**Corresponding Financial Year**").

In the Corresponding Financial Year, the Group completed and delivered two property projects, namely Guangze Red House – Phase III and Guangze China House – Phase I. However, no new property project of the Group has been completed and delivered during the Current Financial Year. As a result, the sales of properties for the Current Financial Year have been contributed mainly from the remaining residential and commercial units of the property projects that were completed in the previous years. For the Current Financial Year, the overall revenue is expected to decrease by over RMB400 million as compared with those in the Corresponding Financial Year.

In addition to the above, the Group's anticipated net loss for the Current Financial Year was primarily attributable to (i) a decrease in fair value of the Group's investment properties in Hong Kong and the PRC of approximately RMB189 million suffered from deteriorating market sentiment, reflecting concern about the COVID-19 pandemic; (ii) a provision of diminution in the value (net of deferred tax reversed) of a property project in Fusong County, the PRC of approximately RMB626 million for the Current Financial Year as a result of an unfavourable change in the operating environment in the surrounding area, followed by the COVID-19 pandemic, leading to a decrease in the net realisable value of the property; (iii) interest expenses of approximately RMB103 million charged to the profit or loss for the Current Financial Year as it no longer meets the interest capitalisation criteria in accordance with the applicable accounting standards; (iv) impairment loss of receivables of approximately RMB298 million caused by the worsening local economic environment in Jilin Province resulting in the significant increase in credit risk of certain debtors; (v) further write-downs of approximately RMB13 million in respect of the car parking spaces of the property projects with an expected continual decrease in net realisable value; and (vi) a net loss of approximately RMB417 million for the year arising from its discontinued operation of financing guarantee business attributable to further impairment loss on entrusted loan receivable and provision for financing guarantee loss as a result of the adverse change to the PRC market and operating condition causing significant increase in credit risks from its certain corporate customers.

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 annual results announcement for the year ended 31 March 2020, which is expected to be published by the end of June 2020.

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, 24 June 2020

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.