GROUND INTERNATIONAL 广泽国际

GROUND INTERNATIONAL DEVELOPMENT LIMITED

廣澤國際發展有限公司

(Incorporated in Bermuda with limited liability)

(stock code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020 AND RESIGNATION OF EXECUTIVE DIRECTOR

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 2020 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000* (restated)
Continuing operations			
REVENUE	*4*	**242,685**	654,469
Cost of sales and services		**(287,238)**	(479,965)
Gross (loss)/profit		**(44,553)**	174,504
Other income and gains	*4*	**43,458**	2,001
Selling and distribution expenses		**(7,150)**	(12,413)
Administrative expenses		**(50,363)**	(54,606)
Finance costs	*5*	**(103,362)**	(19,532)
Other expenses		**(1,213,529)**	(13,257)
Change in fair value of investment properties		**(189,015)**	20,538
Change in fair value of derivative financial instruments		**(4,976)**	(11,045)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(1,569,490)**	86,190
Income tax	*7*	**201,999**	(74,637)

	Notes	2020 RMB'000	2019 RMB'000 (restated)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(1,367,491)**	11,553
Discontinued operations			
(Loss)/profit for the year from discontinued operations	*10*	**(416,883)**	11,493
(Loss)/profit for the year		**(1,784,374)**	23,046
Attributable to:			
Owners of the parent			
— continuing operations		**(1,367,491)**	11,553
— discontinued operations		**(416,883)**	11,493
		(1,784,374)	23,046
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*9*		
Basic			
— for (loss) profit for the year		**RMB(33.84) cents**	RMB0.44 cent
— for (loss) profit from continuing operations		**RMB(25.93) cents**	RMB0.22 cent
Diluted			
— for (loss) profit for the year		**N/A**	RMB0.33 cent
— for (loss) profit from continuing operations		**N/A**	RMB0.17 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(1,784,374)**	23,046
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(49,687)**	31,347
Reclassification of exchange reserve upon disposal of subsidiaries	**(42,334)**	–
	(92,021)	31,347
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	**(92,021)**	(19,186)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,876,395)**	3,860
Attributable to:		
Owners of the parent		
— continuing operations	**(1,459,512)**	3,860
— discontinued operations	**(416,883)**	–
	(1,876,395)	3,860

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,131**	8,597
Investment properties		**550,000**	997,531
Goodwill		**4,999**	4,999
Right-of-use assets		**11,397**	–
Lease receivables		**446**	–
Deferred tax assets		**25,840**	62,653
Total non-current assets		**598,813**	1,073,780
CURRENT ASSETS			
Properties under development and completed properties held for sale	*11*	**1,600,263**	2,576,578
Trade and other receivables	*12*	**291,850**	944,272
Lease receivables		**2,970**	–
Prepaid income tax		**12,333**	12,088
Derivative financial instruments		**96**	4,837
Pledged and restricted deposits		**19,009**	189,055
Cash and cash equivalents		**30,500**	30,064
Total current assets		**1,957,021**	3,756,894
CURRENT LIABILITIES			
Trade and other payables	*13*	**647,505**	683,571
Contract liabilities		**234,526**	273,890
Lease liabilities		**27,577**	–
Loans from a controlling shareholder		**105,891**	149,065
Bank and other borrowings		**695,497**	464,081
Income tax payable		**74,872**	75,869
Total current liabilities		**1,785,868**	1,646,476
NET CURRENT ASSETS		**171,153**	2,110,418
TOTAL ASSETS LESS CURRENT LIABILITIES		**769,966**	3,184,198

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Liability component of the Convertible Bonds	**73,155**	62,962
Bank and other borrowings	**170,690**	477,586
Deferred tax liabilities	**72,189**	315,339
Lease liabilities	**2,016**	–
Total non-current liabilities	**318,050**	855,887
Net assets	**451,916**	2,328,311
EQUITY		
Share capital	**228,370**	228,370
Convertible preference shares	**1,181,940**	1,181,940
Equity component of the Convertible Bonds	**40,368**	40,368
Reserves	**(998,762)**	877,633
Total equity	**451,916**	2,328,311

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 2020, 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. Upon disposal of the entire equity interests of Jilin Province Zhongye Business Information Advisory Company Limited ("JL Zhongye") and Jilin Fengrun Business Information Advisory Company Limited ("JL Fengrun") in March 2020, the provision of financial services was discontinued.

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 2020 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 (Chapter 622 of the Laws of Hong Kong). 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 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 2019 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 and disclosures

The Group has applied, for the first time, the following new/revised HKFRSs:

Annual Improvements to HKFRSs	2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases

Annual Improvements Project — 2015–2017 Cycle

HKAS 23: Borrowing costs eligible for capitalisation

The amendments clarify that (a) if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds an entity borrows generally and (b) funds borrowed specifically to obtain an asset other than a qualifying asset are included as part of general borrowings.

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

HK(IFRIC)-Int 23: Uncertainty over Income Tax Treatments

The Interpretation supports the requirements in HKAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes.

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

Amendments to HKFRS 9: Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income instead of at fair value through profit or loss if specified conditions are met.

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

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related Interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 April 2019 (i.e. the date of initial application, the "DIA") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of retained earnings or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

As lessee — leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis.

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) Did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA.

At the DIA, except for those that were previously or will be accounted for as investment property using the fair value model, right-of-use assets were, on a lease-by-lease basis, measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA is 4.7% and 7.0% for those leases located in Hong Kong and the PRC respectively.

Reconciliation of operating lease commitments disclosed applying HKAS 17 at 31 March 2019 and lease liabilities recognised at the DIA is as follows.

	RMB'000
Operating lease commitment at 31 March 2019	52,813
Less: short-term leases to be expired within twelve months	(486)
	52,327
Discounting	(5,027)
Lease liabilities at 1 April 2019 upon initial application of HKFRS 16	47,300

As lessee

The adjustments resulted from the initial application of HKFRS 16 at 1 April 2019 are set out below:

	Increase *RMB'000*
Assets	
Right-of-use assets	47,300
	47,300
Liabilities	
Lease liabilities	
— Current	24,129
— Non-current	23,171
	47,300

As lessor

The Group is not required to make any adjustments on transition for leases in which it is a lessor and those leases are accounted for by applying HKFRS 16 from the DIA, except for the change of classification of subleases. Under HKFRS 16, the classification of a sublease is determined by reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

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 PRC
Property investment	Property holding for long term investment and leasing purposes	The PRC and Hong Kong*
Discontinued operations		
Financial services**	Provision of guarantee services and investment holding	The PRC

* During the year ended 31 March 2020, the Group disposed of its wholly-owned subsidiaries, the main asset of which are the Group's investment properties in Hong Kong. Upon the disposal of these subsidiaries, the PRC is the sole place of operation under the property investment segment.

** As set out in note 10, the Group's financial services segment is treated and presented as discontinued operations upon the disposal of the entire equity interests in JL Zhongye and JL Fengrun.

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/loss before tax except that bank interest income, finance costs, fair value gains/losses from the Group's financial instruments, loss on disposal of subsidiaries 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 2020

	Continuing operations			Discontinued operations
	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*	Financial services *RMB'000*
Segment revenue				
Sales to external customers	222,093	20,592	242,685	23,283
Segment results	(1,363,141)	(65,352)	(1,428,493)	(376,058)
Bank interest income			124	428
Finance costs			(103,362)	–
Change in fair value of derivative financial instruments			(4,976)	–
Loss on disposal of subsidiaries			(14,627)	–
Unallocated head office expenses			(18,156)	–
Loss before tax			(1,569,490)	(375,630)
Income tax			201,999	(41,253)
Loss for the year			(1,367,491)	(416,883)
Segment assets:				
Reportable segment assets	1,939,743	562,684	2,502,427	–
Deferred tax assets			25,840	–
Prepaid income tax			12,333	–
Derivative financial instruments			96	–
Unallocated assets			15,138	–
Total assets			2,555,834	–
Segment liabilities				
Reportable segment liabilities	1,743,268	35,123	1,778,391	–
Deferred tax liabilities			72,189	–
Income tax payable			74,872	–
Liability component of the Convertible Bonds			73,155	–
Unallocated liabilities			105,311	–
Total liabilities			2,103,918	–
Other segment information				
Capital expenditure*	1,193	–	1,193	–
Depreciation**	1,088	21,383	22,471	7
Impairment on other receivables	297,854	–	297,854	300,276
Provision for guarantee losses	–	–	–	100,308
Write-down of properties under development to net realisable value	877,554	–	877,554	–
Write-down of completed properties held for sales to net realisable value	12,811	–	12,811	–
Interest income from entrusted loans	–	–	–	2,642

* During the year, the head office did not incur any capital expenditure (2019: RMB12,000) which represents additions to non-current assets.

** Included in unallocated head office expenses is depreciation of RMB2,074,000 (2019: RMB539,000).

Year ended 31 March 2019 (restated)

	Continuing operations			Discontinued operations
	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*	Financial services *RMB'000*
Segment revenue				
Sales to external customers	620,354	34,115	654,469	22,290
Segment results	122,127	4,976	127,103	26,396
Bank interest income			239	457
Finance costs			(19,532)	(5,054)
Change in fair value of derivative financial instruments			(11,045)	–
Unallocated head office expenses			(10,575)	(4,699)
Profit before tax			86,190	17,100
Income tax			(74,637)	(5,607)
Profit for the year			11,553	11,493
Segment assets:				
Reportable segment assets	3,127,440	1,004,551	4,131,991	599,398
Deferred tax assets			55,726	6,927
Prepaid income tax			12,088	–
Derivative financial instruments			4,837	–
Unallocated assets			19,707	–
Total assets			4,224,349	606,325
Segment liabilities				
Reportable segment liabilities	1,656,350	11,613	1,667,963	47,992
Deferred tax liabilities			311,510	3,829
Income tax payable			71,262	4,607
Liability component of the Convertible Bonds			62,962	–
Unallocated liabilities			332,238	–
Total liabilities			2,445,935	56,428
Other segment information				
Capital expenditure*	1,255	1,583	2,838	13
Depreciation**	1,317	510	1,827	10
Impairment on other receivables	4,375	–	4,375	16,000
Provision for guarantee losses	–	–	–	2,483
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

Geographical information

(a) Revenue from external customers from continuing operations

	2020	2019
	RMB'000	*RMB'000*
		(restated)
The PRC	**233,631**	645,954
Hong Kong	**9,054**	8,515
	242,685	654,469

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

(b) Non-current assets

	2020	2019
	RMB'000	*RMB'000*
The PRC	**567,978**	673,428
Hong Kong	**4,995**	337,699
	572,973	1,011,127

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

Information about major customers

There was no sale to a single customer which accounted for over 10% or more of the Group's revenue for the years ended 31 March 2020 and 2019.

4. REVENUE, OTHER INCOME AND GAINS FROM CONTINUING OPERATIONS

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

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

Revenue

	Year ended 31 March 2020		
	Property development and management *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers within HKFRS 15:			
Sale of properties	**186,862**	**–**	**186,862**
Property management service income	**35,231**	**–**	**35,231**
	222,093	**–**	**222,093**
Revenue from other sources:			
Rental income	**–**	**20,592**	**20,592**
	222,093	**20,592**	**242,685**
Representing geographical markets of:			
The PRC	**222,093**	**11,538**	**233,631**
Hong Kong	**–**	**9,054**	**9,054**
	222,093	**20,592**	**242,685**
Timing of revenue recognition			
— At a point in time	**186,862**	**–**	**186,862**
— Over time	**35,231**	**20,592**	**55,823**
	222,093	**20,592**	**242,685**

	Year ended 31 March 2019 (restated)		
	Property development and management *RMB'000*	Property investment *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
	631,823	–	631,823
Revenue from other sources:			
Rental income	–	22,646	22,646
	631,823	22,646	654,469
Representing geographical markets of:			
The PRC	631,823	14,131	645,954
Hong Kong	–	8,515	8,515
	631,823	22,646	654,469
Timing of revenue recognition			
— At a point in time	599,495	–	599,495
— Over time	32,328	22,646	54,974
	631,823	22,646	654,469

Other income and gains

	2020 *RMB'000*	2019 *RMB'000* (restated)
Other tax refund *(Note)*	**3,260**	–
Bank interest income	**124**	239
Sundry income	**1,596**	882
Gain on disposal of property, plant and equipment	**–**	880
Gain on disposal of subsidiaries	**38,478**	–
Total other income and gains from continuing operations	**43,458**	2,001

Note: During the year, the Group successfully obtained a tax refund of property tax from the Tax Bureau of Baishan City that were over-charged in prior years.

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	2020	2019
	RMB'000	*RMB'000*
		(restated)
Interest on bank and entrusted loans	**80,437**	40,735
Interest on Convertible Bonds	**7,550**	6,401
Interest on other loan	**528**	–
Interest on lease liabilities	**3,574**	–
Other borrowing costs accrued on receipts in advance from customers	**28,271**	29,660
	120,360	76,796
Less: Interest capitalised into properties under development*	**(16,998)**	(57,264)
Total finance costs from continuing operations	**103,362**	19,532

* The borrowing costs have been capitalised at rates ranging from 7.6% to 8.0% per annum (2019: 5.4% to 8.0% per annum).

6. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2020	2019
	RMB'000	*RMB'000*
		(restated)
Cost of properties sold*	**231,023**	423,237
Cost of services	**28,836**	27,382
Cost of rental	**27,379**	29,346
Depreciation		
— property, plant and equipment	**3,542**	2,366
— right-of-use assets	**21,003**	–
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**17,762**	22,110
Equity-settled share option expense	**–**	824
Contribution to defined contribution retirement plans	**3,132**	4,342
Total staff costs	**20,894**	27,276
Less: Amount capitalised into properties under development	**(1,439)**	(2,235)
	19,455	25,041

	2020	2019
	RMB'000	*RMB'000*
		(restated)
Auditor's remuneration:		
Audit services	**1,257**	1,455
Other services	**1,009**	750
Gain on disposal of subsidiaries *(note 4)*	**(38,478)**	–
Loss on disposal of subsidiaries**	**14,627**	–
Impairment on:		
— Trade receivables**	**(3)**	3,233
— Other receivables**	**297,854**	4,375
Write-down of properties under development to net realisable value**	**877,554**	–
Write-down of completed properties held for sale to net realisable value	**12,811**	28,451

* Included in cost of properties sold was the write-down of completed properties held for sale to net realisable value of RMB12,811,000 (2019: RMB28,451,000) for the year ended 31 March 2020.

** These items are 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% (2019: 25%).

No Hong Kong profits tax has been provided for the years ended 31 March 2020 and 2019 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.

	2020	2019
	RMB'000	*RMB'000*
		(restated)
Current tax:		
PRC CIT	**241**	26,182
PRC CIT underprovided in previous years	**–**	2,750
PRC LAT	**6,718**	20,408
	6,959	49,340
Deferred tax	**(208,958)**	25,297
Total (credit) charge from continuing operations	**(201,999)**	74,637

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2020 (2019: Nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share amounts is based on the (loss) profit for the year attributable to ordinary equity holders of the parent, and the weighted average of 5,273,401,000 shares (2019: 5,273,047,000 shares) in issue during the year.

The calculation of the diluted (loss) earnings per share amounts is based on the (loss) 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 (loss) earnings per share are based on:

	2020 ***RMB'000***	2019 *RMB'000* (restated)
(Loss)/earnings		
(Loss)/profit attributable to owners of the parent,		
— continuing operations	**(1,367,491)**	11,553
— discontinued operations	**(416,883)**	11,493
	(1,784,374)	23,046
Effect of interest on the liability component of the Convertible Bonds	**7,550**	6,401
Effect of fair value loss on the derivative component of the Convertible Bonds	**4,976**	11,045
Adjusted (loss) profit attributable to owners of the parent		
— continuing operations	**(1,354,965)**	28,999
— discontinued operations	**(416,883)**	11,493
	(1,771,848)	40,492

	Number of shares	
	2020	2019
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,273,401**	5,273,047
Effect of dilution — weighted average number of ordinary shares:		
Convertible preference shares	**1,639,353**[(a)]	1,639,353
Convertible Bonds	**103,485**[(a)]	103,485[(b)]
Share options	–[(c)]	–[(c)]
Weighted average number of ordinary shares (diluted)	**7,016,239**	7,015,885

(a) Because the diluted loss per share amount was decreased when taking the convertible preference shares and/or the Convertible Bonds into account, the convertible preference shares and/or the Convertible Bonds had an anti-dilutive effect on the basic loss per share amount for the year ended 31 March 2020. Accordingly, the diluted loss per share for the year ended 31 March 2020 was not presented.

(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 and RMB11,553,000, respectively, and the weighted average number of 6,912,400,000 shares in issue during the year ended 31 March 2019.

(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 years ended 31 March 2020 and 2019, the share options had an anti-dilutive effect on the basic (loss) earnings per share amount for the year ended 31 March 2020 and 2019.

10. DISCONTINUED OPERATIONS

Disposals of subsidiaries — Financing guarantee business

On 26 March 2020, Jilin World Rich Management Limited ("Jilin World Rich"), an indirect wholly owned subsidiary of the Company, entered into share transfer agreements with an independent third party (the "Fengrun Purchaser"), pursuant to which Jilin World Rich has conditionally agreed to sell, and the Fengrun Purchaser has conditionally agreed to purchase the entire equity interests in Jilin Province Zhongye Business Information Advisory Company Limited (吉林省中業商務信息諮詢有限公司) ("JL Zhongye") and Jilin Fengrun Business Information Advisory Company Limited (吉林灃潤商務信息諮詢有限公司) ("JL Fengrun") at an aggregate consideration of RMB122,000,000 (the "FR Guarantee Disposal"). The main asset of JL Zhongye and JL Fengrun is an investment in a subsidiary, namely Jilin Province Fengrun Financing Guaranty Company Limited (吉林省灃潤融資擔保有限公司) ("FR Guarantee"), which is a company established in the PRC and is principally engaged in the provision of guarantee services in the PRC. On 27 March 2020, the FR Guarantee Disposal was completed, upon which the Group ceased to operate the financial services business segment. The financial service segment is treated and presented as discontinued operations. Comparative figures in the consolidated statement of profit or loss for the year ended 31 March 2019 have been re-presented to disclose separately the profit or loss from such discontinued operations.

The results of the discontinued operations are summarised as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customer with HKFRS 15:		
Guarantee fee income in the PRC recognised over time	**23,283**	22,290
Other income and gains (note (a))	**6,563**	32,342
Selling and distribution costs	**(103,037)**	(9,128)
Administrative expenses	**(2,163)**	(7,350)
Interest on other loans	**–**	(5,054)
Other expenses	**(300,276)**	(16,000)
(Loss)/profit before tax (note (b))	**(375,630)**	17,100
Income tax	**(41,253)**	(5,607)
(Loss)/profit for the year from discontinued operations	**(416,883)**	11,493

Notes:

(a) Other income and gains

	2020	2019
	RMB'000	*RMB'000*
Interest income from held-to-maturity investments and entrusted loans	**2,642**	24,069
Sundry income	**3,493**	7,816
Bank interest income	**428**	457
	6,563	32,342

(b) (Loss)/profit before tax from discontinued operations is arrived at after charging:

	2020	2019
	RMB'000	*RMB'000*
Staff costs:		
Salaries, wages and other benefits	**2,814**	2,957
Contribution to defined contribution retirement plans	**431**	615
	3,245	3,572
Other items:		
Impairment on other receivables*	**300,276**	16,000
Depreciation	**7**	10
Provision for guarantee losses**	**100,308**	2,483

* The item is included in other expenses.

** The item is included in selling and distribution expenses.

The net cash flows incurred by the discontinued operations are as follows:

	2020	2019
	RMB'000	*RMB'000*
Net cash flows generated from operating activities	**(7,721)**	(11,129)
Net cash flows generated from investing activities	**–**	(13)
Net cash flows	**(7,721)**	(11,142)

Out of the aggregate consideration receivable of RMB122,000,000 relating to the FR Guarantee Disposal, an amount of RMB61,000,000 has been subsequently settled in accordance with payment terms as set out in the share transfer agreements.

(Loss)/earnings per share

	2020	2019
(Loss)/earnings per share:		
Basic, from the discontinued operations	**RMB(7.91) cents**	RMB0.22 cent
Diluted, from the discontinued operations	**N/A**	RMB0.17 cent

The calculation of basic and diluted (loss)/earnings per share from the discontinued operations are based on:

	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit attributable to equity owners of the parent from the discontinued operations	**(416,883)**	11,493

	Number of shares	
	2020	2019
	'000	*'000*
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (note 9)	**5,273,401**	5,273,047
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 9)	**N/A**	6,912,400

11. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2020	2019
	RMB'000	*RMB'000*
Properties under development	**1,843,972**	1,942,742
Completed properties held for sale	**700,139**	687,319
	2,544,111	2,630,061
Write-down of properties under development and completed properties held for sale to net realisable value	**(943,848)**	(53,483)
	1,600,263	2,576,578

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

At 31 March 2020, certain of the Group's properties under development of RMB858,213,000 (2019: RMB1,668,625,000), were pledged to banks to secure certain of the bank loans granted to the Group.

The movement of the write-down of properties under development and completed properties held for sale to net realisable value during the year is as follows:

	2020	2019
	RMB'000	*RMB'000*
At 1 April 2019/2018	**53,483**	25,032
Increase in the write-down	**890,365**	28,451
At 31 March 2020/2019	**943,848**	53,483

At 31 March 2020, the Group has accumulated write downs on its properties under development of RMB877,554,000 as a result of re-estimation of the net realisable value of the Group's projects, of which taking into consideration of the unfavourable change in the operating environment in the surrounding area in Fusong County and the pandemic outbreak of coronavirus ("COVID-19"), the Group decided to suspend the project and estimated the net realisable value with the assumption of possible divestment of the entire project in near future. The remaining accumulated write downs of RMB66,294,000 was mainly related to completed properties held for sale as a result of a decrease in the expected selling price.

12. TRADE AND OTHER RECEIVABLES

		2020	2019
		RMB'000	*RMB'000*
Trade receivables		**18,097**	25,185
Less: provision for impairment		**(4,135)**	(4,138)
	(a)	**13,962**	21,047
Other receivables:			
Deposits for land development expenditure	*(b)*	**337,487**	352,612
Deposits for construction and pre-sale of projects	*(c)*	**31,496**	39,984
Entrusted loan receivables	*(d)*	**–**	426,075
Prepaid business tax and other taxes		**19,622**	33,369
Consideration receivable from the disposal of FR Guarantee	*(e)*	**122,000**	–
Other receivables, prepayments and deposit		**76,085**	98,133
Less: provision for impairment	*(f)*	**(308,802)**	(26,948)
		277,888	923,225
Total trade and other receivables		**291,850**	944,272

(a) In respect of property sales, no credit terms are granted to purchasers. For property investment and property management, the respective rental income and property management 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 to minimise credit risk. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest-bearing.

At 31 March 2020, trade receivables are primarily related to revenue recognised from the provision of property management service and leasing of properties (2019: 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:

	2020	2019
	RMB'000	*RMB'000*
Within 30 days	**1,538**	3,672
31 days–180 days	**6,651**	11,338
Over 180 days	**5,773**	6,037
	13,962	21,047

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

	2020	2019
	RMB'000	*RMB'000*
Neither past due nor impaired	**50**	997
	50	997
Less than 30 days past due	**1,488**	3,608
Over 30 days and less than 180 days past due	**6,651**	11,199
Over 180 days past due	**5,773**	5,243
	13,912	20,050
	13,962	21,047

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

	2020	2019
	RMB'000	*RMB'000*
At 1 April 2019/2018	**4,138**	905
(Credited)/charged to profit or loss during the year	**(3)**	3,233
At 31 March 2020/2019	**4,135**	4,138

(b) The balances represented monies advanced to the local government for land development works at a land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether or not 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) In prior years, 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 were funded by FR Guarantee. These entrusted loans bore interests at rates ranging from 6% to 18% per annum and were repayable within one year. As set out in note 10, FR Guarantee was disposed of during the year ended 31 March 2020; and the balance was derecognised upon the completion of the FR Guarantee Disposal.

(e) The balance represented the consideration receivable of RMB122,000,000 relating to the FR Guarantee Disposal. Details of the disposal are set out in the note 10. Subsequent to 31 March 2020, RMB61,000,000 was settled in accordance with payment terms as set out in the share transfer agreements.

(f) Movement in provision for impairment of other receivables are as follows:

	2020 *RMB'000*	2019 *RMB'000*
At 1 April 2019/2018	**26,948**	6,573
Charge to profit or loss during the year:		
— Continuing operations	**297,854**	4,375
— Discontinued operations	**300,276**	16,000
Disposal of subsidiaries	**(316,276)**	–
At 31 March 2020/2019	**308,802**	26,948

13. TRADE AND OTHER PAYABLES

	Notes	2020 *RMB'000*	2019 *RMB'000*
Trade payables	*(a)*	**126,437**	79,700
Accrued construction costs		**338,187**	440,112
Interest payable		**44,481**	29,534
Deposits received from the government	*(b)*	**14,501**	19,978
Provision for guarantee losses	*(c)*	**–**	15,315
Other creditors and accruals		**97,761**	58,197
Other deposits received		**26,138**	40,735
		647,505	683,571

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

	2020 *RMB'000*	2019 *RMB'000*
Within 30 days	**43,164**	54,092
31 days–180 days	**59,150**	22,672
Over 180 days	**24,123**	2,936
	126,437	79,700

(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 provided financing guarantees to certain banks in order for its customers to secure bank financing. At 31 March 2019, a provision for guarantee losses of RMB15,315,000 was made. The balance was derecognised upon the completion of the FR Guarantee Disposal.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW AND OUTLOOK

During the financial year ended 31 March 2020, the global economy has been adversely affected by various events, from the Sino-US trade disputes, BREXIT and social events around various cities globally throughout the first half of the financial year, to the COVID-19 occurred in the last quarter of the financial year 2019/2020. This led to a significant downturn in the PRC economy as well as Hong Kong. Within the PRC, the COVID-19 had direct impact on almost all industries with many cities suffering from a lockdown during the period between January and March/April. As majority of the Group's operation is in the PRC, the Group's business operations in property sales, leasing and management as well as financing guarantee sector were affected.

With such adverse changes, the board of directors (the "Board") of the Company has been re-visiting the feasibility of the Group's growth model of "one primary sector as supplemented by two" (一主兩輔). In the wide-ranging realm of cultural tourism sector, as it involves intensive capital and a long payback period, the Group's management is looking for a suitable business partner or the local government for divestment in its cultural tourism project in Changbaishan, Fusong County. Up to now, the Group's management has held various discussions with the local government of Changbaishan District for a possible buy back of the undeveloped land parcels. In addition, the Group's management has commenced preliminary discussions with potential buyers in respect of portion of the land parcel that is currently under development. Taking into consideration of (i) the macro- and industry-specific risk factors and the related prospects; (ii) the current financial position and operation of the Group; and (iii) the cost and benefits to the Group for each project, the Board considered that the Group should maintain its focus in property development and management sector. Since then, the Group's real estate team has been looking for suitable land parcel to replenish the Group's land bank.

As for property investment, the management has continually monitored and assessed the possibility of future property appreciation and operating performance of its investment property portfolio. Despite of the rental yield of approximately 3% earned from the Hong Kong investment properties held by the Group, these investment properties were pledged against a bank loan where the rental income is no longer able to cover the related interest expenses. As such, divestment was considered an appropriate exit option for the Group.

Disposal of the Hong Kong Investment Properties

In February 2020, the Group entered into sale and purchase agreements with four independent third party purchasers whereby the Group disposed of the entire equity interests in four subsidiaries (the "Hong Kong Property Holding Companies") which are principally engaged in the property holding of the Group's investment properties in Hong Kong, including certain office premises and car parking spaces at Enterprise Square, Kowloon Bay, Kowloon for a consideration of HK$305.3 million (equivalent to approximately RMB272.2 million). The disposal resulted in a gain on disposal to the Group's profit or loss of RMB38.5 million.

As of 31 March 2020, the Group's investment properties in the PRC, being shopping mall units in Baishan City, Jilin Province, have been operating at a loss; the market value of the property is in the downward trend; and another shopping mall nearby is expected to commence operation in the fourth quarter of 2020 increasing competition given the small size of Baishan City in terms of population. In view of these factors, the Group's management has also commenced seeking for potential buyers for a potential exit.

The financing guarantee business

As disclosed in the Company's interim report for the six months ended 30 September 2019, the Group's management has considered (i) the risk exposure of the financing guarantee business in Jilin Province where the Group experienced a significant increase in credit risk of its financing guarantee and entrusted loan customers resulting in significant increase in provision for financing guarantee loss of RMB100.3 million and impairment loss on entrusted loan receivables and other receivables of RMB300.3 million for the year ended 31 March 2020; and (ii) the income contribution from the financing guarantee and entrusted loan business, the management have been looking for an opportunity to divest.

In March 2020, Jilin World Rich Management Limited, a wholly-owned subsidiary of the Group, entered into share transfer agreements with an independent third party purchaser whereby the Group disposed of the entire equity interests in 吉林省中業商務信息諮詢有限公司 (Jilin Province Zhongye Business Information Advisory Company Limited, "JL Zhongye") and 吉林灃潤商務信息諮詢有限公司 (Jilin Fengrun Business Information Advisory Company Limited, "JL Fengrun") which together owns the entire equity interests in 吉林省灃潤融資擔保有限公司 (Jilin Province Fengrun Financing Guaranty Company Limited, "FR Guarantee"), which is principally engaged in the provision of financing guarantee services, for a consideration of RMB122.0 million. The disposal resulted in a loss on disposal to the Group's profit or loss of RMB14.6 million.

Outlook

With the persistently strong demand from the public for residential properties in the PRC and the rebounds of contracted sales of PRC properties in April and May 2020 as reported from various listed PRC property developers, the Group's management is cautiously optimistic that property development sector remains to be profitable and is considered to be in the interest of shareholders of the Group to continue operating in this sector. Accordingly, the management will, for the coming years, put more emphasis and efforts in replenishing the Group's land bank taking into account of the financial position and cash flow of the Group. At the same time, the management will also look for other business investment opportunities as to diversify the Group's revenue and profit sources and its business risk exposure in order to provide a greater return to the Company's shareholders.

BUSINESS REVIEW

For the year ended 31 March 2020, overall revenue of the Group from continuing operations was approximately RMB242.7 million (year ended 31 March 2019: RMB654.5 million), representing a decrease of 62.9%. Gross loss from continuing operations was RMB44.6 million (year ended 31 March 2019: gross profit of RMB174.5 million). Net loss after tax from continuing operations was RMB1,367.5 million (year ended 31 March 2019: a net profit of RMB11.6 million).

Property Development

Contracted Sales

For the year ended 31 March 2020, the Group continued its sales of completed projects, including the remaining high-end villas at Guangze • Tudors Palace, other residential units and commercial units at Guangze Red House — Phases II and III, "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).

Properties completed, delivered and sale of properties recognised during the year ended 31 March 2020

For the year ended 31 March 2020, there were decreases in sales of properties (excluding car park units) by 72.5% and recognised gross floor area ("GFA") by 74.3%. During the year ended 31 March 2020, the Group had no newly completed and delivered projects.

For the year ended 31 March 2020, the sale of properties (excluding car park units) 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", Guangze China House Phase I, Guangze Red House Phase II and Phase III, amounted an aggregate of RMB149.7 million and an aggregate GFA of 24,748 sq.m. (year ended 31 March 2019: the sales of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季", Guangze China House Phase I and Guangze Red House Phase I, Phase II and Phase III, amounted an aggregate of RMB544.2 million and an aggregate GFA of 96,129 sq.m.).

For the year ended 31 March 2020, the Group delivered and recognised sale of car park units of approximately RMB37.2 million from the sale of 525 car park units (year ended 31 March 2019: RMB55.3 million from the sale of 351 car park units).

Projects under development and held for development

As at 31 March 2020, the Group has two remaining projects, namely Guangze China House — Phase I(A) in Baishan City and Guangze Pine Township International Resort in Changbaishan, Fusong County. Guangze China House — Phase I(A) is a residential property project whereas Guangze Pine Township International Resort is a cultural tourism mixed property project. This cultural tourism project in Changbaishan included an estimated GFA under development of approximately 76,002 sq.m., and an estimated GFA held for future development of approximately 547,977 sq.m. The Group's management is currently in negotiation and discussions with the local government and potential buyers for divestment.

Property Investment

During the year ended 31 March 2020, the Group disposed of its Hong Kong investment properties in respect of the office premises located in Kowloon Bay, Kowloon. The Group's management has taken into consideration of (i) the current property rental market in Kowloon Bay and nearby districts (the "Kowloon East CBD") where the market rent is on a downward trend; (ii) the many new grade-A buildings recently available in the Kowloon East CBD giving rise to an increase in office supply and causing a drop in market selling price and/or market rent; and (iii) the recent development in Hong Kong including the social events.

The COVID-19 also had an adverse impact in the PRC property leasing market. During the year ended 31 March 2020, the Group's investment properties in the PRC, namely Guangze International Shopping Centre, had a decrease in fair value of RMB110 million (year ended 31 March 2019: Nil) with an average occupancy rate of 88.3% (year ended 31 March 2019: 92.9%).

Financial Services — Financing guarantee services

Since the publication of the Company's 2019/2020 Interim Report, the Board has carried out a re-assessment on (i) the Group's growth model, (ii) the macroeconomy in the PRC; (iii) the current market condition in Jilin Province, the PRC, and (iv) the prospects of the financial service industry in the PRC, it is considered to be appropriate to minimise the risk exposure of the Group to discontinue the financing guarantee business of the Group. As there has been a significant increase in credit risk for default in repayment for the corporate customers, an additional impairment losses on the entrusted loan receivables and other receivables of approximately RMB300.3 million and provision for financing guarantee losses of approximately RMB100.3 million had been made before it was disposed of in March 2020.

FINANCIAL REVIEW

In March 2020, the Group completed the disposals of (i) the entire equity interests in the HK Property Holding Companies (the "HKIP Disposal"); and (ii) the entire equity interests in JL Zhongye and JL Fengrun with major assets being the financing guarantee business operated by FR Guarantee (the "FR Guarantee Disposal").

Preparation of the Group's financial statements for the year ended 31 March 2020

For the purpose of the financial statements of the Group for the year ended 31 March 2020, the results of and the assets and liabilities of the HK Property Holding Companies and JL Zhongye, JL Fengrun and FR Guarantee were no longer consolidated into the Group from the respective completion dates of the HKIP Disposal and the FR Guarantee Disposal.

For the HKIP Disposal, as it represented a disposal of one of the Group's investment properties under the property investment portfolio, the Group continued its property investment operation.

On the other hand, after the FR Guarantee Disposal, the Group ceased to operate the financial services — financing guarantee business (an operating segment under segment reporting). The financing guarantee business is treated and presented as a discontinued operation under HKFRS 5. Comparative figures in the consolidated financial statement of profit or loss and consolidated statement of comprehensive income for the year ended 31 March 2019 have been re-presented to disclose separately the profit or loss and total comprehensive income from such discontinued operation.

Key changes to profit or loss

Revenue from continuing operations

	Year ended 31 March 2020		Year ended 31 March 2019	
	RMB'000	***%***	*RMB'000* (restated)	*%* (restated)
Sale of properties	**186,862**	**77.0**	599,495	91.6
Rental income	**20,592**	**8.5**	22,646	3.5
Property management service income	**35,231**	**14.5**	32,328	4.9
	242,685	**100.0**	654,469	100.0

The Group's revenue from continuing operations decreased from RMB654.5 million for the year ended 31 March 2019 to RMB242.7 million for the year ended 31 March 2020 or an decrease by 62.9%, mainly due to the decrease in sale of properties by 68.8% or RMB412.6 million as compared with the corresponding year. The decrease in sales of properties during the year ended 31 March 2020 was attributable to the fact that (i) there was no property projects newly completed and delivered during the year ended 31 March 2020; and for the year ended 31 March 2019 there were newly completed projects of Guagnze Red House — Phase III and Guangze China House Phase I contributing revenue on sales of properties of RMB309.5 million and RMB102.5 million respectively; and (ii) the decrease in sales and delivery of remaining units of the prior years completed property projects. For the year ended 31 March 2020, the sales of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季", Guangze China House, Guangze Red House Phase I, II and III were RMB18.2 million, RMB11.2 million, RMB4.1 million, RMB23.0 million and RMB93.2 million, (year ended 31 March 2019: the sales of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香", "花香四季" and Guangze Red House Phases I and II were RMB20.4 million, RMB14.0 million, RMB23 million and RMB83.0 million, respectively). On the other hand, sales of car park units decreased from RMB55.3 million for the year ended 31 March 2019 to RMB37.2 million for the year ended 31 March 2020.

Rental income decreased by 9.1% for the year ended 31 March 2020 as compared to last financial year mainly attributable to the decrease in average occupancy rate during the year ended 31 March 2020 in respect of the shopping mall units in Baishan city, the PRC.

Property management service income increased from RMB32.3 million for the year ended 31 March 2019 to RMB35.2 million for the year ended 31 March 2020, mainly attributable to the increased number of units sold and delivered on completed property projects during the year.

Gross loss/profit and gross margin

For the year ended 31 March 2020, the Group recorded an overall gross loss of RMB44.6 million as opposed to the gross profit of RMB174.5 million and gross margin of 26.7% for the year ended 31 March 2019. The gross loss for the year was mainly contributed from (i) the sales of certain car park units at Guangze Amethyst City — Phases I and II at a loss; and (ii) further write-downs of RMB12.8 million mainly on the remaining car park units at various property projects.

Other income and gains

The Group's other income and gains increased from RMB2.0 million for the year ended 31 March 2019 to RMB43.5 million for the year ended 31 March 2020 which was mainly attributable to the gain on disposal of subsidiaries of RMB38.5 million and prior year's property tax now refunded of RMB3.3 million recognised for the year ended 31 March 2020.

Selling and distribution costs

The decrease in selling and distribution costs by RMB5.2 million from RMB12.4 million for the year ended 31 March 2019 to RMB7.2 million for the year ended 31 March 2020 was mainly due to the decrease in the promotion and advertising expenses as no new property project was launched for pre-sale during the year.

Administrative expenses

The decrease in administrative expenses by RMB4.2 million from RMB54.6 million for the year ended 31 March 2019 to RMB50.4 million for the year ended 31 March 2020 was mainly contributed by continual cost control implemented on the Group.

Other expenses

Other expenses for the year ended 31 March 2020 mainly related to write-downs of RMB877.6 million in relation to the property under development for Guangze Pine Townshop International Resort in Fusong County and other property projects under development in Jilin City (year ended 31 March 2019: Nil) as a result of an unfavourable change in the operating environment in the surrounding area, followed by the COVID-19 pandemic and impairment loss on receivables of RMB297.9 million (year ended 31 March 2019: RMB7.6 million) caused by the worsening local economic environment in Jilin Province resulting in the significant increase in credit risk of certain debtors.

Finance costs

	Year ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Interest on bank and entrusted loans	**80,437**	40,735
Interest on Convertible Bonds	**7,550**	6,401
Interest on other loan	**528**	–
Interest on lease liabilities	**3,574**	–
Other borrowing costs accrued on receipts in advance from customers	**28,271**	29,660
	120,360	76,796
Less: interest capitalised into properties under development	**(16,998)**	(57,264)
	103,362	19,532

The financial cost for the year ended 31 March 2020 increased by RMB83.8 million from RMB19.5 million for the year ended 31 March 2019, which was mainly attributable to the fact that (i) an increase in interest on bank and entrusted loans as a result of increase in interest rate upon renewal of bank loans and new entrusted loans; (ii) the project loans were no longer qualified for capitalisation as the related projects had been completed resulting in an immediate charge to profit or loss as incurred; and (iii) interest on lease liabilities upon adoption of HKFRS16 from April 2019.

Change in fair value of investment properties

The amount for the year included a loss in fair value of RMB79.0 million of the investment properties in Hong Kong was recognised for the year ended 31 March 2020 (year ended 31 March 2019: gain in fair value of RMB20.5 million) due to the weakening property and leasing market caused by the COVID-19 and the social events; a loss in fair value of RMB110.0 million of the investment properties in Baishan City, the PRC was recognised for the year ended 31 March 2020 (year ended 31 March 2019: Nil) due to adverse change in market sentiment resulted from the COVID-19.

Change in fair value of derivative financial instruments

A loss in fair value of RMB5.0 million of the derivative financial instruments was recognised for the year ended 31 March 2020 (year ended 31 March 2019: loss in fair value of RMB11.0 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 2020, the Group's current income tax amounted to RMB7.0 million (year ended 31 March 2019: RMB49.3 million). The decrease in CIT and LAT for the year ended 31 March 2020 was mainly attributable to decrease in taxable income as fewer properties units were delivered and sales recognised during the year. A tax credit from deferred tax of RMB209.0 million was recorded for the year ended 31 March 2020 (year ended 31 March 2019: tax charge of RMB25.3 million) was mainly attributable by the reversal of deferred tax liabilities during the year.

Discontinued operation — financing guarantee business

The financing guarantee business is carried out by the Group's wholly-owned subsidiary, namely FR Guarantee. In March 2020, the Group completed the disposal of the entire equity interests in JL Zhongye and JL Fengrun, which together owns the entire equity interests in FR Guarantee. The Group's financing guarantee business contributed a net loss of RMB416.9 million (year ended 31 March 2019: net profit of RMB11.5 million) which was mainly attributable to the impairment losses made on entrusted loan receivable and other receivables amounting to RMB300.3 million and provision for financing guarantee losses amounting to RMB100.3 million during the year, caused by the significant increase in credit risks of the entrusted loan and financing guarantee customers.

Key changes to financial position

Investment properties

As at 31 March 2020, the Group's investment properties are certain shopping mall units 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 loss in fair value of RMB189.0 million of the investment properties in both Hong Kong and the PRC was recognised for the year ended 31 March 2020 (year ended 31 March 2019: gain in fair value of RMB20.5 million). In March 2020, the Group completed the disposal of the investment properties in Hong Kong realising a gain of RMB38.5 million for the year.

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 RMB2,576.6 million as at 31 March 2019 to RMB1,600.3 million as at 31 March 2020 was mainly attributable to (i) the transfer of development costs to costs of sales in respect of the properties delivered during the year ended 31 March 2020; and (ii) the write-downs during the year of RMB890.4 million mainly in respect of the project under development, namely Guangze Ping Township International Resort, and car parks from the completed property projects as a result of an unfavourable change in the operating environment in the surrounding area, followed by the COVID-19. As at 31 March 2020, accumulated write-downs of RMB877.5 million and RMB66.3 million were made on properties under development and completed properties held for sale (as at 31 March 2019: nil and RMB53.5 million) respectively.

Trade and other receivables

		As at 31 March	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Trade receivables	*(i)*	**18,097**	25,185
Less: Provision for impairment		**(4,135)**	(4,138)
		13,962	21,047
Other receivables			
— Deposits for land development expenditure	*(ii)*	**337,487**	352,612
— Deposits for construction and pre-sale of property projects	*(iii)*	**31,496**	39,984
— Prepaid business tax and other taxes		**19,622**	33,369
— Entrusted loan receivables	*(iv)*	**–**	426,075
— Receivable of consideration from the disposal of financing guarantee business	*(v)*	**122,000**	–
— Other receivables, prepayments and deposits		**76,085**	98,133
Less: Provision for impairment	*(vi)*	**(308,802)**	(26,948)
		277,888	923,225
		291,850	944,272

(i) The decrease in trade receivables from RMB21.0 million as at 31 March 2019 to RMB14.0 million as at 31 March 2020 was mainly attributable to the derecognition of trade receivables relating to the financing guarantee business upon the FR Guarantee Disposal.

(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 Group will be reimbursed for the amount advanced to the local government in carrying out the land development respective of whether or not the Group will obtain the land use rights of the land in the future.

(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) In prior years, 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 net decrease in the balance from RMB410.1 million at 31 March 2019 was attributable to (i) the impairment losses of RMB290.9 million made as there was a significant increase in credit risk to the borrowers of these entrusted loans; and (ii) the derecognition of the remaining net balance upon the FR Guarantee Disposal.

(v) The amount represented the consideration for the FR Guarantee Disposal. Subsequent to the year end, an amount of RMB61.0 million has been settled in accordance with the share transfer agreements.

(vi) The increase in provision for impairment from RMB26.9 million as at 31 March 2019 to RMB308.8 million as at 31 March 2020 was caused by the worsening local economic environment in Jilin Province resulting in the significant increase in credit risk of certain debtors.

Trade and other payables

		As at 31 March	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Trade payables	*(i)*	**126,437**	79,700
Accrued construction costs	*(i)*	**338,187**	440,112
Interest payable		**44,481**	29,534
Deposits received from government	*(ii)*	**14,501**	19,978
Provision for guarantee losses	*(iii)*	**–**	15,315
Other creditors and accruals		**97,761**	58,197
Other deposits received		**26,138**	40,735
		647,505	683,571

(i) The decreases in trade payables and accrued construction costs from RMB79.7 million and RMB440.1 million at 31 March 2019 to RMB126.4 million and RMB338.2 million at 31 March 2020 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 provision for financing guarantee loss balance has been derecognised during the year upon the completion of the FR Guarantee Disposal.

Contract liabilities

		As at 31 March	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Deposits from sale of properties	*(i)*	**223,695**	253,529
Receipt in advance from management services	*(ii)*	**10,831**	8,655
Deferred income	*(iii)*	**–**	11,706
		234,526	273,890

(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 upon the Group's revenue recognition criteria are met. The decrease in balance was mainly attributable to the units delivered and sales recognised 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.

(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 was derecognised upon the completion of the FR Guarantee Disposal.

Liquidity and financial resources

Cash position

As at 31 March 2020, the carrying amount of cash and bank deposits of the Group was approximately RMB30.5 million (as at 31 March 2019: approximately RMB30.1 million), representing an increase of approximately 1.3% as compared with that as at 31 March 2019.

Debt and gearing

The Group's bank and other borrowings as at 31 March 2020 decreased by RMB75.5 million to RMB866.2 million which were payable as follows:

	As at 31 March	
	2020	2019
	RMB'000	*RMB'000*
Current	**695,497**	464,081
Non-current	**170,690**	477,586
	866,187	941,667
Analysed into:		
Bank loans and entrusted loan repayable:		
Within one year or on demand	**655,897**	440,891
In the second year	**56,897**	306,896
In the third to fifth year, inclusive	**113,793**	170,690
	826,587	918,477
Other borrowings repayable:		
Within one year	**39,600**	23,190
	866,187	941,667

The current portion of bank and other borrowings increased from RMB464.1 million as at 31 March 2019 to RMB695.5 million as at 31 March 2020 and the non-current portion of bank and other borrowing decreased from RMB477.6 million as at 31 March 2019 to RMB170.7 million as at 31 March 2020 as the Group refinanced the long term bank loans by replacing with new short term entrusted loan of RMB200 million.

The Group's gearing ratio as at 31 March 2020 was as follows:

	As at 31 March	
	2020	2019
	RMB'000	*RMB'000*
Loan from controlling shareholder	**105,891**	149,065
Bank and other borrowings	**866,187**	941,667
Trade and other payables	**647,505**	683,571
Less: Cash and cash equivalents	**(30,500)**	(30,064)
Pledged and restricted deposits	**(19,009)**	(189,055)
Net debt	**1,570,074**	1,555,184
Liability component of Convertible Bonds	**73,155**	62,962
Equity	**451,916**	2,328,311
Adjusted Capital	**525,071**	2,391,273
Capital and net debt	**2,095,145**	3,946,457
Gearing ratio	**75%**	39%

The gearing ratio of the Group as at 31 March 2020 increased compared with 31 March 2019 due to the decrease in equity contributed by the loss for the year ended 31 March 2020.

Cash flows for the Group's operating and investing activities

For the year ended 31 March 2020, the Group recorded net operating cash outflow of RMB123.6 million (year ended 31 March 2019: outflow of RMB154.3 million). The outflow was mainly attributable to the interest expenses of RMB86.1 million paid during the year ended 31 March 2020. For investing activities, the Group recorded a net cash inflow of RMB25.7 million (year ended 31 March 2019: outflow of RMB11.4 million). The inflow was mainly as a result of the disposal of subsidiaries in relation to the Hong Kong investment properties which generated a net cash inflow of RMB21.9 million.

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 31 March 2020, the Group did not have any contracted but not provided for commitments in respect of properties under development (as at 31 March 2019: RMB23.6 million). The development expenditure was prepaid and 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 94.6% of the Group's total assets as at 31 March 2020 (as at 31 March 2019: 80.0%). 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 as and when considered necessary.

Financial risks

As a matter of policy, the Group continues to manage the market risks directly relating to its operations and financing 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 2020, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK$). At 31 March 2020, approximately 13.6% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in HK$ (as at 31 March 2019: 3.4%) and 100% of the Group's total borrowings were denominated in RMB (as at 31 March 2019: 73.6% and 26.4% denominated in RMB and HK$ respectively). 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.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Interest rate risk

As at 31 March 2020, 2.5% of the Group's total bank and other borrowings were interest free, 94.2% bore interest at fixed rates ranging from 5.39% to 12% per annum, and 3.3% of the Group's total borrowings bore interest at floating rates at benchmark interest rate plus margin of 120%. The Group does not enter into any financial instruments to hedge its interest rate risk exposure.

Credit risk

As at 31 March 2020, 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 minimal concentration of credit risk as the trade receivables from the largest single customer represented less than 5% (as at 31 March 2019: 6%) of the total trade receivables.

In order to minimise this credit risk relating to trade and other receivables, the management has established credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. 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 long term.

SIGNIFICANT INVESTMENTS HELD

Other than disclosed elsewhere in this announcement, the Group did not have any significant investments held as at 31 March 2020.

CONTINGENT LIABILITIES

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 31 March 2020, guarantees amounting to RMB803.4 million were given to banks with respect to mortgage loans procured by purchasers of property units (as at 31 March 2019: RMB905.1 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 year, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the purchasers is minimal and therefore the financial guarantee measured at fair value initially 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.

CHARGE ON ASSETS

As at 31 March 2020, the Group had the following assets pledged against bank and other loans granted:

	As at 31 March	
	2020	2019
	RMB'000	*RMB'000*
Investment properties	**550,000**	997,531
Properties under development	**858,213**	1,668,625

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group had 228 (as at 31 March 2019: 285) full-time employees. Total staff costs (including directors' emoluments) incurred for the year ended 31 March 2020 amounted to approximately RMB20.9 million (year ended 31 March 2019 (restated): RMB27.3 million); the decrease was mainly attribute to the organic staff turnover resulting in a decrease of staff number during the year. 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 2020.

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 2020, they complied with the required standard set out in the Model Code.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 March 2020, 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.

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 2020. 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 2020 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.

RESIGNATION OF EXECUTIVE DIRECTOR

The Board also announces that Ms. Liu Hongjian ("Ms. Liu") has tendered her resignation as an executive Director and all other positions with the subsidiaries of the Company, with effect from 29 June 2020 as she wishes to devote more time to her other business commitments. Pursuant to the Listing Rules, Ms. Liu has confirmed that she has no disagreement with the Board and there are no other matters relating to her resignation that need to be brought to the attention to the shareholders of the Company or the Stock Exchange. The Board would like to take this opportunity to express its sincere gratitude to Ms. Liu for her valuable contribution to the Company during her tenure of service.

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

Hong Kong, 29 June 2020

As at the date of this announcement, the executive Director is Ms. Cui Xintong; 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.