



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)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號：989

INTERIM REPORT 2016/17
中期報告

Contents

2	Corporate Information
3	Management Discussion and Analysis
26	Condensed Consolidated Statement of Profit or Loss
27	Condensed Consolidated Statement of Comprehensive Income
28	Condensed Consolidated Statement of Financial Position
30	Condensed Consolidated Statement of Changes in Equity
31	Condensed Consolidated Statement of Cash Flows
32	Notes to the Condensed Consolidated Financial Statements
68	Other Information

Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAI Xiu (*Chairperson*)

CUI Xintong (*Deputy Chairperson*)

(*appointed on 14 September 2016*)

WANG Guanghui (*Chief Executive Officer*)

(*appointed as Chief Executive Officer*

on 14 September 2016)

HUANG Bingxing

Independent Non-executive Directors

CHAN Yuk Tong

MEI Jianping

XIANG Qiang

(*appointed on 25 August 2016*)

WEI Lidong (*resigned on 25 August 2016*)

BOARD COMMITTEES

Audit Committee

CHAN Yuk Tong (*Chairperson*)

MEI Jianping

XIANG Qiang

(*appointed on 25 August 2016*)

WEI Lidong (*resigned on 25 August 2016*)

Remuneration Committee

CHAN Yuk Tong (*Chairperson*)

CHAI Xiu

MEI Jianping

XIANG Qiang

(*appointed on 25 August 2016*)

WEI Lidong (*resigned on 25 August 2016*)

Nomination Committee

MEI Jianping (*Chairperson*)

CHAI Xiu

CHAN Yuk Tong

COMPANY SECRETARY

NG Man Kit Micky

REGISTERED OFFICE

Clarendon House

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PRINCIPAL SHARE REGISTRAR

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69 Pitts Bay Road

Pembroke HM08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited

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183 Queen's Road East

Hong Kong

LEGAL ADVISOR

Michael Li & Co.

AUDITOR

Mazars CPA Limited

Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank Limited

China Construction Bank Corporation

STOCK CODE

989

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Ground International Development Limited 廣澤國際發展有限公司 (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2016 together with the comparative figures. The unaudited interim financial information set out on pages 26 to 67 has been reviewed by the audit committee of the Company.

RESULTS AND OPERATIONS REVIEW

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

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

Management Discussion and Analysis

To more accurately reflect and better demonstrate its business diversification strategy, the Company changed its name from Ground Properties Company Limited to Ground International Development Limited with effect from 22 September 2016.

Property Development and Management

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

Property Investment

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

Telecommunications Retail Sales and Management Services

- Retail services stores operation
- Distributor Collaboration with a renowned US Headphone Brand
- Telecommunications call center services

BUSINESS REVIEW

For the six months ended 30 September 2016, overall revenue of the Group was approximately RMB669.7 million (six months ended 30 September 2015: RMB441.4 million), representing a year-on-year increase of 51.7%. Gross profit was RMB294.6 million (six months ended 30 September 2015: RMB133.7 million). Net profit after tax was RMB97.7 million (six months ended 30 September 2015: net loss after tax of RMB16.4 million).

Property development

Contracted sales

For the six months ended 30 September 2016, the Group launched pre-sales of the second phase of Guangze Red House (廣澤紅府) project, which is mainly a residential property project located in Yanji City, Jilin Province. In addition, the Group was focusing on the sales of the high-end villas and apartments at Guangze•Tudors Palace (廣澤•瀾香), which is located at Jilin City, Jilin Province. Wansheng•Qiancheng International* 萬升•前城國際 a project that was acquired by the Group in January 2016, commenced pre-sales on the first part of the second phase of the project.

A breakdown of the total contracted sales of the Group during the six months ended 30 September 2016 is set out as follows:

City	Project name	Type of project	Contracted saleable gross		Contracted sales RMB'000	Contracted sales %	Contracted average selling price ("ASP") RMB/sq.m
			floor area ("GFA") Sq.m	%			
Jilin	Guangze•Tudors Palace (廣澤•瀾香)	– Residential	8,236.70	10.9	84,958.7	20.7	10,314.7
	Guangze•Amethyst City (廣澤•紫晶城)	– Residential	318.69	0.4	1,654.7	0.4	5,192.1
	Wansheng•Qiancheng International* 萬升•前城國際	– Residential	5,081.43	6.7	20,499.4	5.0	4,034.2
Yanji	Guangze Red House (廣澤紅府)	– Residential	54,974.22	72.5	275,772.3	67.3	5,016.4
		– Commercial	86.29	0.1	971.9	0.2	11,263.1
Baishan	Guangze International Shopping Centre (廣澤國際購物中心)	– Residential	5,077.47	6.7	16,577.9	4.0	3,265.0
	Guangze China House (廣澤蘭亭)	– Residential	2,083.67	2.7	9,240.3	2.4	4,434.6
			<u>75,858.47</u>		<u>409,675.2</u>		<u>5,400.5</u>

Management Discussion and Analysis

Properties completed, delivered and sale of properties recognised during the six months ended 30 September 2016

For the six months ended 30 September 2016, the property projects in Jilin City and Baishan City contributed revenue arising from the sale of properties (excluding car parks) of RMB551.8 million with GFA recognised of approximately 67,289 sq.m as compared to that of RMB333.1 million with GFA recognised of approximately 58,856 sq.m for the six months ended 30 September 2015. The increases in sales by 66% and GFA recognised by 14% were attributable to the completion and delivery of Guangze•Tudors Palace (廣澤•瀾香) during the six months ended 30 September 2016 whereas there were no property projects completed during the corresponding period in 2015. The sale of properties during the six months ended 30 September 2015 was related to the sales of the remaining units of the property projects of Guangze•Amethyst City (廣澤•紫晶城) and Guangze International Shopping Centre (廣澤國際購物中心).

For the six months ended 30 September 2016, the Group delivered and recognised sale of car park units of approximately RMB2.6 million from the sale of 31 car park units (Corresponding period in 2015: RMB2.0 million from the sale of 17 car park units).

Details of the projects completed and sales of properties of the Group recognised for the six months ended 30 September 2016 are listed below:

City	Project name	Type of project	Saleable GFA	Delivered	Delivered sales	Delivered ASP
			of properties completed	saleable GFA		
			Sq.m	Sq.m	RMB'000	RMB/sq.m
Jilin	Guangze•Tudors Palace (廣澤•瀾香)	– Residential	93,610	57,884.42	515,957.5	8,913.6
	Guangze•Amethyst City (廣澤•紫晶城)	– Residential	–	2,661.12	11,262.1	4,232.1
		– Commercial	–	228.71	1,329.1	5,811.4
Baishan	Guangze International Shopping Centre (廣澤國際購物中心)	– Residential	–	6,459.76	22,510.1	3,484.7
		– Commercial	–	54.78	740.0	13,508.6
				<u>67,288.79</u>	<u>551,798.8</u>	<u>8,200.5</u>

Management Discussion and Analysis

Projects under development and held for development

As at 30 September 2016, the Group had a total of 4 projects at various stages of development, including an estimated GFA of projects under development of approximately 436,620 sq.m., and an estimated GFA of project held for future development of approximately 1,119,788 sq.m.

Of the Group's projects under development, the Group's a high-end resort style mixed development project, namely Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村) situated at Guosong Village in Donggang Town (東崗鎮), Fusong County (撫松縣), Baishan City is planned to be the Group's major project in the next few years as the Group focuses on property development that involves cultural tourism (文化旅遊). The project will be of a resort style and bear the culture of Northeastern China. In order to complement the residential, commercial, hotel and hostel properties, hot spring centre as well as the natural scenery in the surrounding area of Changbaishan, the resort includes commercial street (商業街), various cultural and entertainment facilities. It is intended to offer all visitors with a wide range of activities when visiting Changbaishan Ground Pine Township International Resort. As at 30 September 2016, the project is progressing as planned.

City	Project name	Type of project	Estimated GFA Sq.m
Projects under development			
Jilin	Wansheng•Qiancheng International* 萬升•前城國際	– Residential	27,057
Yanji	Guangze Red House (廣澤紅府)	– Residential (Phase I)	82,315
		– Residential (Phase II)	122,509
Baishan	Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村)	– Residential / Commercial (including hotels)	76,003
	Guangze China House (廣澤蘭亭) – Phase I	– Residential	128,736
Sub-total			<u>436,620</u>
Projects held for development			
Baishan	Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村)	– Residential / Commercial (including hotels)	1,035,455
	Guangze China House (廣澤蘭亭) – Phase II	– Residential	84,333
Sub-total			<u>1,119,788</u>
Total			<u>1,556,408</u>

Management Discussion and Analysis

Projects with Expected Completion of Construction in the six months ending 31 March 2017

The Group intends to complete the Guangze Red House Phase I property project in the six months ending 31 March 2017.

Property investment

As at 30 September 2016, the Group held 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.

	Location of the property	Total leasable area	Six months ended 30 September	
			2016 Occupancy rate	2015 Occupancy rate
Enterprise Square	Kowloon Bay, Hong Kong	40,505 sq.ft.	77.2%	–%
Guangze International Shopping Centre (廣澤國際購物中心)	Baishan City, the PRC	68,433 sq.m	71.2%	62.2%

Subsequent to 30 September 2016, the Group leased out the remaining units of Enterprise Square at Kowloon Bay, Hong Kong. For the Guangze International Shopping Centre (廣澤國際購物中心), the Group is currently adjusting the tenant mix at the shopping mall to enhance the traffic flow so as to improve the occupancy rate of the shopping mall.

Telecommunications retail sales and management services

Retail services store operation – Telecommunications Operator A

During the review period, the Group managed a total of 27 retail service stores in Shanghai (30 September 2015: 28 stores) and active efforts were made to revamp and optimise them. The Group plans to adjust store distribution taking into consideration progress of development of new towns and customer demand in the future. It expects to open about five stores between 2016 and 2017. The Group has been providing data management service to a famous telecommunications operator in the PRC and the business grew during the period with same-store sales up by a satisfactory percentage. Moreover, the reward programme jointly offered by the Group and the telecommunications operator on the latter's online reward programme offered jointly by the Group and the telecommunications operator progressed smoothly. That plus the benefits brought by the fast growing 4G technology in the PRC and developing 5G technology promising tremendous potential opportunities, the business segment is expected to maintain steady and notable growth.

Distributor collaboration with a renowned US headphone brand

Armed with strong operational capability and sales channels, the Group has been collaborating with a renowned US headphone brand since mid-2014 as the exclusive distributor of the brand's popular headphone product series in the PRC. Although the intelligent electronic terminal industry continues to thrive, the competition between various brands in the market have intensified significantly. Revenue from this distributorship recorded a 10% decrease, from RMB33.8 million for the six months ended 30 September 2015 to RMB30.3 million for the six months ended 30 September 2016.

The Group's outstanding operational performance has given it a solid foundation for distribution network and channel management, which is conducive to the Group cooperating with other brands in the future and expanding its trading business.

Management Discussion and Analysis

Telecommunications Call Center Services – Telecommunications Operator A

Apart from cooperation on the retail front, the Group also provides inbound call center services to the renowned domestic telecommunications operator partner. The business performed satisfactorily during the period. And, the inbound and outbound call center services for individual consumers covering travelling, hotel booking, medical service and ticketing, which were launched in 2015 by the Group, also reported excellent results. The call center currently operates about 450 phone lines and has a workforce of about 550. The business segment contributed revenue of RMB28.8 million for the period, a year-on-year growth of 26.2%. As telephone commerce becomes more mature and diverse, the Group has started to cooperate with a Shanghai auto brand to enlarge service coverage.

PROSPECTS

After the Acquisition, the Group's asset base has increased significantly and the property development became the largest revenue, profit and cash flow contributor to the Group. In particular, the Group's largest property project, namely Changbaishan Ground Pine Township International Resort (長白山廣澤果松小鎮國際度假村) which is expected to be a development with an aggregate GFA of 1.1 million sq.m., will provide an offering of residential, commercial and hotel properties and other facilities. This project will enable the Group to set in a strong base within the cultural-tourism sector. Thereafter, the Group can further expand in other tourist areas in Jilin Province and other provinces in China.

According to the latest report published by the People's Government of Jilin Province¹, the GDP of Jilin Province was RMB560.485 billion for the first half of 2016, a year-on-year growth of 6.7%. And, among service industries, the real estate industry managed an 8.4% growth. With the economy overall stable and trending upward, the Jilin Provincial Government has published a proposal for promoting tourism², which entails putting in place and perfecting the tourism industry structure to support construction of high quality scenic spots and supportive facilities, with a focus on building more cultural and tourist attractions such as Changbaishan. New national 5A scenic spots will receive a one-off subsidy of RMB2 million to aid the offering of "different choices of destinations and experiences, and diverse consumption options" to tourists and in turn encourage them to spend more. Heeding those policies, aspiring to become a leading developer of cultural and tourism properties in the PRC, the Group will continue to adopt a diversified property development strategy and maintain a balanced property mix. In developing new target markets, the Group will actively promote its property business brand and brand recognition so as to lay a solid foundation for sustaining growth in the future.

As outlined in the 13th Five-year Plan of the PRC³, building a "Healthy China" has been upgraded to be a national strategic direction, which means the healthcare industry at large can expect to see rapid development. As the Chinese population ages and environmental pollution prevails, the Group will integrate healthcare industry and cultural tourism industry and develop properties that marry eco-friendliness, thereby effectively tap growth opportunities in the healthcare industry. In addition, the Group will also actively but with prudence explore projects with investment potentials, with emphasis on cultural tourism, and expand property development and management business to other provinces and cities in the PRC, with the goals of boosting project value as well as diversifying its assets.

¹ Official Website of Jilin Provincial Government P.R.C.
http://www.jl.gov.cn/sj/sjyw/tjgb/201607/t20160726_2367628.html

² Official Website of Jilin Provincial Government P.R.C.
http://www.jl.gov.cn/xxgk/zc/zffw/szfwj/jzbf/201607/t20160712_2334259.html³ Official Website of National Health and Family Planning Commission of the People's Republic of China
<http://www.nhfpc.gov.cn/zhuzhan/mtbd/201603/930f85d926bd40cf8b302bbf07249b6e.shtml>

Management Discussion and Analysis

On the other hand, high emphasis has been placed on private-owned economy and micro-finance service in Jilin Province over the year of 2016, including innovating financing methods, improving the financing structures, solving micro enterprise high-difficulty high-cost financing problem, and gradually improving the quality of the micro-finance service. Up to the end of June 2016, micro-finance enterprises in Jilin Province has granted loan amounting to RMB381.795 billion, representing an increase of 21.01% when compared with 30 June 2015 or an increase of 244.5 million or 6.84% when compared with 1 January 2016⁴. In addition, it is expected that micro-finance sector has been announced by the PRC Government to be an area that will help accelerate the development of private-owned economy. Through the establishment of more micro-finance enterprises, it helps build “supportive” relationship between financial, governmental and privately-owned commercial sectors. In view of the above, the Group is also seeking opportunities to develop and expand into micro-finance sectors to create potential synergies with the Group’s current property development business and to enhance its value to the Group’s shareholders and stakeholders.

In recent years, 4G communication technology and telecommunications network have become more and more mature in the PRC, and the 5G network is also being actively developed, which together have given a strong push to the growth of the telecommunications industry. As a professional outsource telecommunications service provider, the Group will continue to maintain close cooperation with existing operator customers and actively rally new operator customers. The vigorous effort of its famous telecommunications operators in the PRC to develop broadband business is expected to help drive retail sales of the Group.

As for call center business, the Group will diligently map out outsourcing service expansion plan to cover operators in other sectors such as credit and insurance, so as to enlarge the scale of its outsourcing business and income source.

⁴ Official website of Jilin Provincial Government
http://www.jl.gov.cn/xxgk/zwdt/snyw/szf/201609/t20160920_2434802.html

The Group has also stepped up sales management business in its retail store operation, by furthering cooperation with the famous domestic telecommunications operator, targeting to offer sales management services to 250 sales and retail stores in Shanghai (those not operated by us). During the period under review, it has confirmed that 130 sales and retail stores will subscribe such sales management services. By providing additional services to the telecommunications operator, the Group expects that this cooperation will help increase its service income and contribute to the sustainable growth of the Group.

Regarding operation of sales channels, the Group will optimize its distribution model and explore opportunities to distribute products for other internationally renowned headphone and other electronic product brands. It will also work with well-known logistics and online companies in the PRC to expand its customer base via online marketing and sales. With a complete on- and off-line sales model, the Group can further improve product distribution and meet the demands of customers.

Looking ahead, the Group will focus on expanding its property development, investment, operation and management service, continue to look for projects that can benefit its long-term stable development, as well as capture opportunities that can allow it to keep diversifying its business and generate long-term benefits for shareholders.

FINANCIAL REVIEW

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

During the period, on completion of the Acquisition, the Group further strengthened its three core businesses, namely telecommunications retail sales and management services, property development and management, and property investment.

Management Discussion and Analysis

Key changes to income statement items

Revenue

Sales of properties became the major source of income for the Group accounting for 82.8% of the Group's total revenue for the six months ended 30 September 2016 (30 September 2015: 75.9%). The analysis of the Group's revenue is as follows:

	Six months ended 30 September 2016		Six months ended 30 September 2015	
	RMB'000	%	RMB'000	%
Sale of properties	554,370	82.8	335,053	75.9
Sale of headphones, mobile phones and telecommunications equipment and other products	31,275	4.7	35,173	8.0
Telecommunications call center services income	28,796	4.3	22,814	5.2
Telecommunications retail sales and management services income	37,425	5.6	26,521	6.0
Rental income	9,104	1.3	12,227	2.7
Property management service income	8,696	1.3	9,654	2.2
	669,666	100.0	441,442	100.0

The Group's revenue increased from RMB441.4 million for the six months ended 30 September 2015 to RMB669.7 million for the six months ended 30 September 2016 or an increase by 51.7%, mainly contributed by the increase in sales of properties by RMB219.3 million. The increase in sales of properties was attributable to the completion and delivery of the Group's villa project, namely Guangze•Tudors Palace, amounting to RMB516.0 million for the six months ended 30 September 2016. The sales of properties recognised of RMB335.1 million for the six months ended 30 September 2015 were mainly related to the sales recognised on the remaining units in respect of Guangze•Amethyst City – Phases I and II and Guangze International Shopping Centre.

The increase in the Group's revenue was also contributed by the increase in service income arising from the telecommunications call center services and telecommunications retail sales and management services, the increase of which amounted to RMB6.0 million and RMB10.9 million respectively.

Gross profit and gross margin

The Group's overall gross profit and gross margin has increased from RMB133.7 million and 30.3% for the six months ended 30 September 2015 to RMB294.6 million and 44.0% for the six months ended 30 September 2016 mainly attributable to (i) the recognised sales of Guangze•Tudors Palace that earned a higher margin than the property projects delivered in the comparable period; and (ii) the growth of service income received from the telecommunications retail sales and management services and call center services income.

Other income

The Group's other income decreased from RMB15.5 million for the six months ended 30 September 2015 to RMB1.9 million for the six months ended 30 September 2016. For the period in the corresponding year, the Group earned interest income arising from the entrusted loan made to an independent third party of RMB7.3 million; and government subsidy of RMB7.2 million.

The government subsidy were related to the financial subsidies received for the contribution to the development of infrastructure in Baishan City, Jilin Province, which were recognised upon the sales of properties in Baishan City.

Distribution costs

The increase in distribution costs by RMB6.3 million from RMB32.2 million for the six months ended 30 September 2015 to RMB38.5 million for the six months ended 30 September 2016 was mainly contributed by the increase in staff costs of RMB3.4 million from the telecommunications retail services in Shanghai; and the increase in advertisement expenses of RMB2.9 million from the additional advertising activities for the pre-sales of Guangze Red House and Wansheng•Qiancheng International* 萬升•前城國際.

Management Discussion and Analysis

Administrative expenses

The decrease in administrative expenses by RMB9.2 million from RMB75.0 million for the six months ended 30 September 2015 to RMB65.8 million for the six months ended 30 September 2016 was mainly contributed by the decrease in staff costs of RMB6.5 million from the property development operation that implemented a performance-based salary structure with effect from January 2016; and a decrease in legal and professional fees of RMB4.0 million as professional fees were incurred from the acquisition of the Ka Yun Group during the six months ended 30 September 2015.

Finance costs

The decrease in finance costs by RMB30.7 million from RMB45.5 million for the six months ended 30 September 2015 to RMB14.8 million for the six months ended 30 September 2016 was mainly attributable to the fact that interest expenses incurred by certain subsidiaries of the Group during the six months ended 30 September 2015 did not meet the interest capitalisation requirement as the respective property projects were completed; and the interest expenses arising from the entrusted loan in prior period, which the entrusted loan was fully repaid in January 2016. For the six months ended 30 September 2016, the interest capitalised was mainly related to Guangze Red House and Changbaishan Ground Pine Township International Resort projects.

Income tax

The Group's current income tax includes Enterprise Income Tax (EIT) and Land Appreciation Tax (LAT). For the six months ended 30 September 2016, the Group's income tax amounted to RMB74.0 million, representing an increase in RMB46.2 million or 166.1% when compared to the corresponding period in 2015. Such increase was mainly attributable to the EIT and LAT provision made in respect of the Guangze•Tudors Palace with higher margin.

Key changes to financial position

Investment properties

At 30 September 2016, the Group's investment properties included 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). There was no significant change in the fair value of these investment properties.

Properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are located in Jilin Province. The decrease in properties under development and completed properties held for sale from RMB3,442.6 million as at 31 March 2016 to RMB3,416.1 million as at 30 September 2016 was mainly attributable to the transfer of development costs to costs of sales in respect of Guangze•Tudors Palace upon completion during the six months ended 30 September 2016; and partially offset by the development work on (i) Guangze Red House; (ii) Changbaishan Ground Pine Township International Resort; and (iii) Guangze China House.

Inventories

The Group's inventories as at 30 September 2016 were related to headphones and other mobile phone accessories. The slight increase in inventories from 31 March 2016 to 30 September 2016 by RMB1.7 million was primarily attributable to certain new models of headphones launched during the six months ended 30 September 2016.

Management Discussion and Analysis

Trade and other receivables

	At 30 September 2016 RMB'000	At 31 March 2016 RMB'000
Trade receivables from third parties	49,315	49,854
Other receivables		
– Land development expenditure	372,960	336,184
– Deposits for property development	79,472	48,887
– Prepaid business tax and other taxes	62,049	65,954
– Other receivables, prepayments and deposits	81,861	212,305
	596,342	663,330
	645,657	713,184

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

Liquidity and financial resources

Cash position

As at 30 September 2016, the carrying amount of cash and bank deposits (including restricted deposits) of the Group was approximately RMB148.8 million (as at 31 March 2016: approximately RMB96.5 million), representing an increase of approximately 54.2% as compared with that as at 31 March 2016.

Debt and gearing

The Group's bank and other borrowings as at 30 September 2016 increased by RMB3.1 million to RMB993.6 million which was made up of the following:

	At 30 September 2016 RMB'000	At 31 March 2016 RMB'000
Secured bank loans	373,370	606,180
Secured other loan	280,000	280,000
Secured trust receipt loan	18,200	18,200
Unsecured banks loans	291,000	40,000
Unsecured other loans	31,002	46,138
	<hr/>	<hr/>
Bank and other borrowings	993,572	990,518
Bills payable	16,000	15,300
Convertible bonds – liability component	291,952	–
	<hr/>	<hr/>
	1,301,524	1,005,818

At 30 September 2016, the net debt to equity ratio was 70.0% (31 March 2016: 77.1%). It is calculated by dividing the net debt (being the above borrowings less bank and cash balance and pledged bank deposits) by the total equity.

Cash flows for the Group's operating and investing activities

For the six months ended 30 September 2016, the Group recorded net cash operating outflow of RMB485.7 million (six months ended 30 September 2015: inflow of RMB323.7 million). The increase was mainly attributable to the continual development of the property projects held by the Group during the six months ended 30 September 2016. For investing activities, the Group recorded a cash outflow of RMB1.9 million (six months ended 30 September 2015: outflow of RMB51.5 million). The decrease was mainly as a result of additional capital expenditure made on the investment properties in the PRC and the payments made for the acquisition of additional equity interests in the subsidiaries during the six months ended 30 September 2015.

Management Discussion and Analysis

Foreign exchange risk

Most of the Group's businesses are denominated in Renminbi. Foreign exchange risk mainly arises from outstanding foreign currency borrowings. During the six months ended 30 September 2016, the Group has not invested in any derivative for hedging purpose.

SHARE CAPITAL, CONVERTIBLE PREFERENCE SHARES AND CONVERTIBLE BONDS

Share capital

As at 30 September 2016, the Company had 1,371,450,000 ordinary shares of HK\$0.05 each in issue (31 March 2016: 858,450,000 shares of HK\$0.05 each) with total shareholders' fund of the Group amounting to approximately RMB1,620.8 million (31 March 2016: RMB1,154.3 million).

The Group completed the acquisition of the entire equity interest in the Ka Yun Group on 27 July 2016. As part of the consideration in respect of the Acquisition, 343,000,000 new ordinary shares of the Company were allotted and issued to Ka Yik Investments Limited ("Ka Yik"), a company incorporated in the British Virgin Islands with limited liability which is beneficially and wholly owned by Ms. Cui, the ultimate controlling shareholder of the Company, at an issue price of HK\$0.85 per consideration share. Further details of the issue of the consideration shares and the Acquisition were set out in the Company's announcement dated 27 July 2016 and circular dated 30 June 2016.

Pursuant to seven separate subscription agreements dated 5 August 2016 (as amended and supplemented by seven supplemental agreements dated 19 August 2016) entered into between the Company and seven independent third parties (the "Subscribers"), 170,000,000 new ordinary shares of the Company were allotted and issued to the Subscribers under the general mandate on 13 September 2016 at a subscription price of HK\$1.01 per subscription share for a total cash consideration of HK\$171,700,000. Further details of the issuance of the subscription shares were set out in the Company's announcements dated 5 August 2016, 11 August 2016 and 19 August 2016 respectively.

Further, pursuant to seven separate subscription agreements dated 5 August 2016 and entered into between the Company and the Subscribers, 130,000,000 new ordinary shares of the Company were allotted and issued to the Subscribers on 3 November 2016 under the specific mandate granted to the directors of the Company by the shareholders at the special general meeting of the Company held on 31 October 2016 at a subscription price of HK\$1.00 per subscription share for a total cash consideration of HK\$130,000,000. Further details of the issuance of the subscription shares were set out in the Company's announcements dated 5 August 2016 and 11 August 2016 and the circular dated 14 October 2016. The share subscription was approved by the shareholders of the Company on 31 October 2016 and completed on 3 November 2016.

Convertible bonds

On 27 July 2016, as part of the consideration in respect of the Acquisition, the Company issued an aggregate principal amount of HK\$500 million (equivalent to approximately RMB430,532,000) 2% convertible bonds which are due in 2021 (the "Convertible Bonds"). The Convertible Bonds are convertible into the Company's ordinary shares of HK\$0.05 each at an initial conversion price of HK\$0.85 per share. Further details of the convertible bonds are set out in note 18 to the consolidated financial statements.

On 5 August 2016, the Company also entered into two separate convertible bonds subscription agreements with two subscribers (the "CB Subscribers") in relation to the issue of the 8% convertible bonds with aggregate principal amount of HK\$200 million ("CBs"). Further details of the issuance of the convertible bonds were set out in the Company's announcements dated 5 August 2016, 11 August 2016 and 3 November 2016 and the circular dated 14 October 2016. On 2 December 2016, the Company issued CBs in principal amount of HK\$40 million (equivalent to approximately RMB35,597,000) to one of the CB Subscribers. Further, the Company entered into a deed of termination with the other CB Subscriber on 2 December 2016 to terminate the subscription agreement in relation to the CBs in principal amount of HK\$160 million. Further details are set out in the Company's announcement dated 2 December 2016.

Convertible preference shares

On 27 July 2016, the Company issued 4,539,352,941 convertible preference shares (the "CPS") at an issue price of HK\$0.85 per share to Ka Yik, a company beneficially owned by Ms. Cui, for satisfaction of part of the consideration in respect of the Acquisition, being an aggregate amount of HK\$3,858,450,000. Further details of the convertible preference shares are set out in note 17 to the consolidated financial statements.

On 9 November 2016, 800,000,000 CPSs, as part of the consideration arising from the Acquisition, were converted into 800,000,000 ordinary shares of the Company.

Management Discussion and Analysis

CONTINGENT LIABILITIES

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

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 30 September 2016, guarantees amounting to RMB971.0 million were given to banks with respect to loans procured by purchasers of property units (31 March 2016: RMB765.6 million). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers or (ii) the satisfaction of mortgage loan by the purchasers of properties.

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

CHARGE ON ASSETS

As at 30 September 2016, the Group had the following assets pledged against bank loans granted:

	At 30 September 2016 RMB'000	At 31 March 2016 RMB'000
Investment properties	950,258	943,628
Properties under development and completed properties held for sale	792,452	792,452
Pledged bank deposits	18,800	18,800

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had 1,347 (31 March 2016: 1,293) full-time staff. The number of full-time staff in 31 March 2016 has been restated from 1,009 to 1,293 because of the acquisition of the Ka Yun Group. Total staff costs (including directors' emoluments) incurred for the six months ended 30 September 2016 amounted to approximately RMB59.9 million (six months ended 30 September 2015: RMB58.0 million). The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including discretionary bonus, training allowance and provident fund.

ACQUISITION OF THE KA YUN GROUP

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

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

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2016 - unaudited

	Note	Six months ended 30 September	
		2016 RMB'000	2015 RMB'000 (restated)
Revenue	4	669,666	441,442
Cost of sales and services		(375,092)	(307,711)
Gross profit		294,574	133,731
Other income	5	1,858	15,449
Distribution costs		(38,539)	(32,235)
Administrative expenses		(65,812)	(74,952)
Finance costs	6(a)	(14,790)	(45,527)
Other operating expenses		(513)	(180)
Change in fair value of investment properties		(2,552)	14,949
Change in fair value of derivative assets	18	(2,353)	–
Share of results of a joint venture		(179)	216
Profit before taxation	6	171,694	11,451
Income tax	7	(74,017)	(27,818)
Profit (Loss) for the period		97,677	(16,367)
Profit (Loss) attributable to:			
Shareholders of the Company		97,677	(16,367)
Non-controlling interests		–	–
Profit (Loss) for the period		97,677	(16,367)
Earnings (Loss) per share	8		
– Basic		8.02 Cents	(1.41) Cents
– Diluted		1.66 Cents	(1.41) Cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2016 - unaudited

	Six months ended 30 September	
	2016 RMB'000	2015 RMB'000 (restated)
Profit (Loss) for the period	97,677	(16,367)
Other comprehensive income for the period, net of tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of foreign operations	869	4,978
Total comprehensive income for the period	98,546	(11,389)
Total comprehensive income attributable to:		
Shareholders of the Company	98,546	(11,386)
Non-controlling interests	-	(3)
	98,546	(11,389)

Condensed Consolidated Statement of Financial Position

As at 30 September 2016 - unaudited

	Note	30 September 2016 RMB'000	31 March 2016 RMB'000 (restated)
Non-current assets			
Investment properties	10	950,258	943,628
Property, plant and equipment		13,721	14,084
Investment in a joint venture		8,216	8,395
Goodwill		4,999	4,999
Deferred tax assets		34,502	27,194
Derivative assets	18	96,062	–
		1,107,758	998,300
Current assets			
Properties under development and completed properties held for sale	11	3,416,087	3,442,569
Inventories		31,116	29,392
Trade and other receivables	12	645,657	713,184
Prepaid income tax		15,504	18,230
Pledged bank deposits	13	18,859	18,800
Bank balances and cash	13	148,817	96,498
		4,276,040	4,318,673
Current liabilities			
Trade and other payables	14	974,251	1,596,326
Deposits from sale of properties		1,043,317	1,191,617
Deferred income		32,217	32,217
Bank and other borrowings	15	581,603	678,725
Income tax payable		138,710	63,193
		2,770,098	3,562,078
Net current assets		1,505,942	756,595
Total assets less current liabilities		2,613,700	1,754,895

	Note	30 September 2016 RMB'000	31 March 2016 RMB'000 (restated)
Non-current liabilities			
Bank and other borrowings	15	411,969	311,793
Deferred tax liabilities		288,963	288,825
Convertible bonds – liability component	18	291,952	–
		<u>992,884</u>	<u>600,618</u>
NET ASSETS		<u>1,620,816</u>	<u>1,154,277</u>
CAPITAL AND RESERVES			
Share capital	16	58,649	36,575
Reserves		1,562,167	1,117,702
		<u>1,620,816</u>	<u>1,154,277</u>
TOTAL EQUITY		<u>1,620,816</u>	<u>1,154,277</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016 - unaudited

	Attributable to shareholders of the Company												
	Issued capital (Note 16)	Convertible preference shares (Note 17)	Share premium	Convertible bond – equity component (Note 18)	Exchange reserve	Non-distributable capital reserve	Share option reserve	Merger reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2016	36,575	-	256,769	-	(8,960)	197,527	20,337	278,172	21,182	352,675	1,154,277	-	1,154,277
Profit for the period	-	-	-	-	-	-	-	-	-	97,677	97,677	-	97,677
Exchange difference	-	-	-	-	869	-	-	-	-	-	869	-	869
Total comprehensive income for the period	-	-	-	-	869	-	-	-	-	97,677	98,546	-	98,546
Issuance of new ordinary shares, convertible preference shares and convertible bonds in respect of the Acquisition	14,759	3,320,582	236,149	240,815	-	-	-	(3,596,042)	-	-	216,263	-	216,263
Issuance of new ordinary shares under share subscription	7,315	-	140,433	-	-	-	-	-	-	-	147,748	-	147,748
Share issuing costs	-	-	(345)	-	-	-	-	-	-	-	(345)	-	(345)
Equity-settled share-based payment	-	-	-	-	-	-	4,327	-	-	-	4,327	-	4,327
Lapse of share options	-	-	-	-	-	-	(801)	-	-	801	-	-	-
At 30 September 2016	58,649	3,320,582	633,006	240,815	(8,091)	197,527	23,863	(3,317,870)	21,182	451,153	1,620,816	-	1,620,816
At 1 April 2015	36,575	-	256,769	-	(18,803)	197,527	20,221	-	-	84,497	576,786	(118)	576,668
Profit for the period	-	-	-	-	-	-	-	-	-	(16,367)	(16,367)	-	(16,367)
Exchange difference	-	-	-	-	4,981	-	-	-	-	-	4,981	(3)	4,978
Total comprehensive income for the period	-	-	-	-	4,981	-	-	-	-	(16,367)	(11,386)	(3)	(11,389)
Arising from common control combination	-	-	-	-	(7)	-	-	478,110	18,065	232,234	728,402	182,840	911,242
Capital injection in a subsidiary	-	-	-	-	-	-	-	200,000	-	-	200,000	-	200,000
Distribution arising from the acquisition of a subsidiary	-	-	-	-	-	-	-	(400,000)	-	-	(400,000)	-	(400,000)
Acquisition of additional equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	140,840	140,840	(182,840)	(42,000)
Equity-settled share-based payment	-	-	-	-	-	-	3,306	-	-	-	3,306	-	3,306
Lapse of share options	-	-	-	-	-	-	(719)	-	-	719	-	-	-
At 30 September 2015 (restated)	36,575	-	256,769	-	(13,829)	197,527	22,808	278,110	18,065	441,923	1,237,948	(121)	1,237,827

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016 - unaudited

	Six months ended 30 September	
	2016 RMB'000	2015 RMB'000 (restated)
OPERATING ACTIVITIES		
Cash (used in) generated from operations	(434,389)	349,009
Interest received	303	8,190
Interest paid	(33,685)	(19,404)
PRC Enterprise Income Tax paid	(14,022)	(9,779)
PRC Land Appreciation Tax paid	(3,935)	(4,283)
Net cash (used in) from operating activities	(485,728)	323,733
INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(1,815)	(3,435)
Acquisition of additional equity interests in subsidiaries	-	(42,000)
Increase in pledged bank deposits	(59)	-
Additional capital expenditure on investment properties	-	(6,052)
Net cash used in investing activities	(1,874)	(51,487)
FINANCING ACTIVITIES		
New bank loans raised	326,426	366,266
Repayment of bank loans	(325,730)	(41,106)
Repayment of loan from controlling shareholder	(1,723)	-
Repayment of other loans	(1,067)	-
Proceeds from issue of new shares	147,403	-
Decrease (increase) in amounts due from related companies	125,799	(152,008)
Increase (decrease) in amounts due to related companies	264,292	(575,389)
Decrease in amount due to a joint venture	(3,000)	-
Net cash from (used in) financing activities	532,400	(402,237)
Net increase (decrease) in cash and cash equivalents	44,798	(129,991)
Effect of foreign exchange rate change	185	127
Cash and cash equivalents at the beginning of the period	84,998	200,906
Cash and cash equivalents at the end of the period, represented by bank balances and cash (Note 13)	129,981	71,042

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The interim condensed consolidated financial statements of Ground International Development Limited (formerly known as “Ground Properties Company Limited”, the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2016 were authorised for issue by the board of directors of the Company on 29 November 2016.

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

The Group are principally engaged in the property development and management, including planning, design, budgeting, licensing, contract tendering and contract administration, property investment, and provision of telecommunications retail sales and management services.

As at 30 September 2016, Charm Success Group Limited and Ka Yik Investments Limited (“Ka Yik”), both 100% held by Ms. Cui Xintong (“Ms. Cui”, a director and deputy chairperson of the Board), currently hold approximately 40.7% and 25.0% of the total issued capital of the Company respectively.

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

This interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations (collectively the “HKFRSs”).

Restatement of the consolidated financial statements for the year ended 31 March 2016 and for the six months ended 30 September 2015

On 24 April 2015, Ms. Chai Xiu (“Ms. Chai”, the then controlling shareholder of the Company, and a director and chairperson of the Board), transferred her entire shareholding in Charm Success Group Limited to Ms. Cui (the daughter of Ms. Chai) pursuant to a deed of gift. The share transfer was completed on the same date and Ms. Cui obtained the control of the Company on 24 April 2015.

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

As the Company and the Ka Yun Group have been under the common control of Ms. Cui both before and after the Acquisition with such control not being transitory, the Group’s obtaining of control over the Ka Yun Group upon completion of the Acquisition is considered as a business combination involving an entity under common control and Accounting Guideline 5 (“AG5”) *Merger Accounting for Common Control Combinations* issued by HKICPA has been applied. The consolidated financial statements of the Group have been therefore prepared using the merger basis of accounting from the date on which the Company and the Ka Yun Group first became under the common control of Ms. Cui (i.e. 24 April 2015). Accordingly, the comparative figures of the consolidated financial statements have been restated.

Notes to the Condensed Consolidated Financial Statements

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

Restatement of the consolidated financial statements for the year ended 31 March 2016 and for the six months ended 30 September 2015 (continued)

The net assets of the Ka Yun Group have been consolidated using the existing book values from the perspective of Ms. Cui, the common controlling party. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the business combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and consolidated cash flows for the six months ended 30 September 2015 include the results and cash flows, respectively, of the Ka Yun Group from the date on which the common control was first established (i.e. 24 April 2015). The consolidated statement of financial position of the Group as at 31 March 2016 include the assets and liabilities of the Ka Yun Group as at 31 March 2016.

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

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

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

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

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

The effects of the adoption of merger basis of accounting on the condensed consolidated statement of profit or loss for the six months ended 30 September 2015 by line items are as follows:

	The Group for the six months ended 30 September 2015 (unaudited) HK\$'000 (as previously stated)	The Group for the six months ended 30 September 2015 (unaudited) RMB'000	Ka Yun Group for the six months ended 30 September 2015 (unaudited) RMB'000	Effect of merger accounting adjustments (unaudited) RMB'000	For the six months ended 30 September 2015 (unaudited) RMB'000 (restated)
Revenue	104,770	84,508	356,934	–	441,442
Cost of sales and services	(54,880)	(44,266)	(263,445)	–	(307,711)
Gross profit	49,890	40,242	93,489	–	133,731
Other income	10,822	8,729	6,720	–	15,449
Distribution costs	(27,804)	(22,427)	(9,808)	–	(32,235)
Administrative expenses	(45,497)	(36,684)	(38,268)	–	(74,952)
Finance costs	(11,432)	(9,221)	(36,306)	–	(45,527)
Other operating expenses	–	–	(180)	–	(180)
Change in fair value of investment properties	–	–	14,949	–	14,949
Share of results of associates	(1,247)	(1,006)	–	1,006	–
Share of results of a joint venture	268	216	–	–	216
(Loss) Profit before tax	(25,000)	(20,151)	30,596	1,006	11,451
Income tax	(5,404)	(4,359)	(23,459)	–	(27,818)
(Loss) Profit for the period	(30,404)	(24,510)	7,137	1,006	(16,367)
(Loss) Profit attributable to:					
Shareholders of the Company	(30,404)	(24,510)	8,143	–	(16,367)
Non-controlling interests	–	–	(1,006)	1,006	–
(Loss) Profit for the period	(30,404)	(24,510)	7,137	1,006	(16,367)

Notes to the Condensed Consolidated Financial Statements

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

The effects of the adoption of merger basis of accounting on the condensed consolidated statement of comprehensive income for the six months ended 30 September 2015 by line items are as follows:

	The Group for the six months ended 30 September 2015 (unaudited) HK\$'000 (as previously stated)	The Group for the six months ended 30 September 2015 (unaudited) RMB'000	Ka Yun Group for the six months ended 30 September 2015 (unaudited) RMB'000	Effect of merger accounting adjustments (unaudited) RMB'000	For the six months ended 30 September 2015 (unaudited) RMB'000 (restated)
(Loss) Profit for the period	(30,404)	(24,510)	7,137	1,006	(16,367)
Other comprehensive income for the period, net of tax:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference					
on translation of foreign operations	(1,419)	4,978	–	–	4,978
Total comprehensive income for the period	(31,823)	(19,532)	7,137	1,006	(11,389)
Total comprehensive income for the period attributable to:					
Shareholders of the Company	(31,823)	(19,529)	8,143	–	(11,386)
Non-controlling interests	–	(3)	(1,006)	1,006	(3)
	(31,823)	(19,532)	7,137	1,006	(11,389)

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

The effects of the adoption of merger basis of accounting on the condensed consolidated statement of financial position as at 31 March 2016 by line items are as follows:

	The Group at 31 March 2016 (audited) HK\$'000 (as previously stated)	The Group at 31 March 2016 (unaudited) RMB'000	Ka Yun Group at 31 March 2016 (unaudited) RMB'000	Effect of Merger accounting adjustments (unaudited) RMB'000	At 31 March 2016 (unaudited) RMB'000 (restated)
Non-current assets					
Investment properties	340,000	283,628	660,000	–	943,628
Property, plant and equipment	7,711	6,432	7,652	–	14,084
Interests in associates	385,029	321,191	–	(321,191)	–
Interests in a joint venture	10,063	8,395	–	–	8,395
Goodwill	–	–	4,999	–	4,999
Deferred tax assets	322	268	26,926	–	27,194
	<u>743,125</u>	<u>619,914</u>	<u>699,577</u>	<u>(321,191)</u>	<u>998,300</u>
Current assets					
Properties under development and completed properties held for sale	277,037	231,104	3,211,465	–	3,442,569
Inventories	35,233	29,392	–	–	29,392
Trade and other receivables	227,080	189,430	523,754	–	713,184
Prepaid income tax	7,656	6,387	11,843	–	18,230
Pledged bank deposits	22,537	18,800	–	–	18,800
Bank balances and cash	81,946	68,359	28,139	–	96,498
	<u>651,489</u>	<u>543,472</u>	<u>3,775,201</u>	<u>–</u>	<u>4,318,673</u>
Current liabilities					
Trade and other payables	370,456	309,034	1,287,292	–	1,596,326
Deposits from sale of properties	108,754	90,722	1,100,895	–	1,191,617
Deferred income	–	–	32,217	–	32,217
Bank and other borrowings	104,263	86,976	591,749	–	678,725
Income tax payable	2,824	2,356	60,837	–	63,193
	<u>586,297</u>	<u>489,088</u>	<u>3,072,990</u>	<u>–</u>	<u>3,562,078</u>
Net current assets	<u>65,192</u>	<u>54,384</u>	<u>702,211</u>	<u>–</u>	<u>756,595</u>
Total assets less current liabilities	<u>808,317</u>	<u>674,298</u>	<u>1,401,788</u>	<u>(321,191)</u>	<u>1,754,895</u>

Notes to the Condensed Consolidated Financial Statements

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

The effects of the adoption of merger basis of accounting on the condensed consolidated statement of financial position as at 31 March 2016 by line items are as follows: (continued)

	The Group at 31 March 2016 (audited) HK\$'000 (as previously stated)	The Group at 31 March 2016 (unaudited) RMB'000	Ka Yun Group at 31 March 2016 (unaudited) RMB'000	Effect of Merger accounting adjustments (unaudited) RMB'000	At 31 March 2016 (unaudited) RMB'000 (restated)
Non-current liabilities					
Bank and other borrowings	146,000	121,793	190,000	–	311,793
Deferred tax liabilities	5,099	4,254	284,571	–	288,825
	<u>151,099</u>	<u>126,047</u>	<u>474,571</u>	<u>–</u>	<u>600,618</u>
NET ASSETS	<u>657,218</u>	<u>548,251</u>	<u>927,217</u>	<u>(321,191)</u>	<u>1,154,277</u>
CAPITAL AND RESERVES					
Share capital	42,923	36,575	62	(62)	36,575
Reserves	614,295	511,676	716,405	(110,379)	1,117,702
	<u>657,218</u>	<u>548,251</u>	<u>716,467</u>	<u>(110,441)</u>	<u>1,154,277</u>
Total capital and reserves attributable to shareholders of the Company	<u>657,218</u>	<u>548,251</u>	<u>716,467</u>	<u>(110,441)</u>	<u>1,154,277</u>
Non-controlling interests	–	–	210,750	(210,750)	–
	<u>657,218</u>	<u>548,251</u>	<u>927,217</u>	<u>(321,191)</u>	<u>1,154,277</u>
TOTAL EQUITY	<u>657,218</u>	<u>548,251</u>	<u>927,217</u>	<u>(321,191)</u>	<u>1,154,277</u>

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

The effects of the adoption of merger basis of accounting on the condensed consolidated statement of cash flows for the six months ended 30 September 2015 by line items are as follows:

	The Group for the six months ended 30 September 2015 (unaudited) HK\$'000 (as previously stated)	The Group for the six months ended 30 September 2015 (unaudited) RMB'000	Ka Yun Group for the six months ended 30 September 2015 (unaudited) RMB'000	Effect of merger accounting adjustments (unaudited) RMB'000	For the six months ended 30 September 2015 (unaudited) RMB'000 (restated)
Net cash (used in) from operating activities	(38,043)	(29,999)	353,732	–	323,733
Net cash used in investing activities	(2,050)	(1,662)	(49,825)	–	(51,487)
Net cash used in financing activities	(6,000)	(4,840)	(397,397)	–	(402,237)
Net decrease in cash and cash equivalents	(46,093)	(36,501)	(93,490)	–	(129,991)
Effect of foreign exchange rate change	–	127	–	–	127
Cash and cash equivalents at the beginning of the period	71,966	57,583	143,323	–	200,906
Cash and cash equivalent at the end of the period, represented by bank balances and cash	25,873	21,209	49,833	–	71,042

Notes to the Condensed Consolidated Financial Statements

3. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- *Annual improvements to HKFRSs 2012-2014 cycle*
- *Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture*
- *Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations*
- *Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative*
- *Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

	Six months ended 30 September 2016 (unaudited) RMB'000	Six months ended 30 September 2015 (unaudited) RMB'000 (restated)
Sale of properties	554,370	335,053
Sale of headphones, mobile phones and telecommunications equipment and other products	31,275	35,173
Telecommunications call center services income	28,796	22,814
Telecommunications retail sales and management services income	37,425	26,521
Rental income	9,104	12,227
Property management service income	8,696	9,654
	669,666	441,442

Notes to the Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

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

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

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

For the purpose of monitoring segment performances and allocating resources between segments:

Revenue and expenses allocated to the reportable segments include the sales generated by the segment and the expenses incurred by the segment or which arise from the depreciation of assets attributable to those segments.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Segment results and other segment information

For the six months ended 30 September 2016 – unaudited

	Property development and management RMB'000	Property investment RMB'000	Telecommunications retail sales and management services RMB'000	Total RMB'000
Revenue from external customers	563,066	9,104	97,496	669,666
Reportable segment revenue	563,066	9,104	97,496	669,666
Reportable segment results	198,742	(7,092)	16,449	208,099
Interest income				303
Unallocated head office and corporate expenses				(21,739)
Finance costs				(14,790)
Share of results of a joint venture	-	-	(179)	(179)
Profit before taxation				171,694
Income tax				(74,017)
Profit for the period				97,677

Notes to the Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Segment results and other segment information (continued)

For the six months ended 30 September 2015 – unaudited

	Property development and management RMB'000 (restated)	Property investment RMB'000 (restated)	Telecommunications retail sales and management services RMB'000 (restated)	Total RMB'000 (restated)
Revenue from external customers	344,707	12,227	84,508	441,442
Reportable segment revenue	344,707	12,227	84,508	441,442
Reportable segment results	61,422	(1,419)	9,796	69,799
Interest income				8,190
Unallocated head office and corporate expenses				(21,227)
Finance costs				(45,527)
Share of results of a joint venture	–	–	216	216
Profit before taxation				11,451
Income tax				(27,818)
Loss for the period				(16,367)

5. OTHER INCOME

	Six months ended 30 September 2016 (unaudited) RMB'000	Six months ended 30 September 2015 (unaudited) RMB'000 (restated)
Interest income	303	8,190
Government subsidy	1,480	7,159
Sundry income	75	100
	<u>1,858</u>	<u>15,449</u>

6. PROFIT BEFORE TAXATION

(a) Finance costs

	Six months ended 30 September 2016 (unaudited) RMB'000	Six months ended 30 September 2015 (unaudited) RMB'000 (restated)
Interest on bank loans	35,395	39,469
Interest on other loans	6,586	7,866
Interest on promissory notes	–	4,166
Interest on convertible bonds	5,331	–
	<u>47,312</u>	<u>51,501</u>
Less: Interest capitalised into properties under development	<u>(32,522)</u>	<u>(5,974)</u>
	<u>14,790</u>	<u>45,527</u>

Notes to the Condensed Consolidated Financial Statements

6. PROFIT BEFORE TAXATION (continued)

(b) Other items

	Six months ended 30 September 2016 (unaudited) RMB'000	Six months ended 30 September 2015 (unaudited) RMB'000 (restated)
Cost of properties sold	313,579	251,085
Cost of rental	12,790	12,360
Cost of inventories	25,298	26,904
Depreciation	2,199	2,114
Operating lease charges on premises	5,243	4,972
Equity-settled share-based payment expenses	4,321	3,306
Exchange loss, net	5,288	4,026

7. INCOME TAX

	Six months ended 30 September 2016 (unaudited) RMB'000	Six months ended 30 September 2015 (unaudited) RMB'000 (restated)
Current tax		
PRC Enterprise Income Tax		
– Provision for current period	40,693	11,090
PRC Land Appreciation Tax		
– Provision for current period	40,632	20,150
	81,325	31,240
Deferred tax		
Origination and reversal of temporary differences	(7,308)	(3,422)
	74,017	27,818

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 September 2015 and 2016.

PRC Enterprise Income Tax ("EIT") has been provided for the six months ended 30 September 2016 and 2015 based on the estimated assessable profits in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory EIT tax rate in the PRC is 25%.

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

Notes to the Condensed Consolidated Financial Statements

8. EARNINGS (LOSS) PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of RMB97,677,000 (six months ended 30 September 2015: loss of RMB16,367,000) for the six months ended 30 September 2016 and the weighted average of 1,217,329,000 shares (six months ended 30 September 2015: 1,158,104,000 shares) in issue during the six months ended 30 September 2016 and assuming that the consideration shares were issued on the date when the common control (i.e. 24 April 2015) was first established.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of RMB105,361,000 (six months ended 30 September 2015: a loss of RMB16,367,000) for the six months ended 30 September 2016 and the weighted average number of shares of 6,344,917,000 shares (six months ended 30 September 2015: 1,158,104,000 shares).

(i) *Profit attributable to shareholders of the Company (diluted)*

	30 September 2016 (unaudited) RMB'000
Profit attributable to shareholders of the Company	97,677
Effect of effective interest on the liability component of the Convertible Bonds	5,331
Effect of losses recognised on the derivate assets arising from the Convertible Bonds	2,353
Profit attributable to shareholders of the Company (diluted)	105,361

8. EARNINGS (LOSS) PER SHARE (continued)

(b) Diluted earnings per share (continued)

(ii) *Weighted average number of ordinary shares (diluted)*

	30 September 2016 (unaudited) '000
Weighted average number of ordinary shares	1,217,329
Effect of conversion of:	
– the Convertible Bonds	588,235
– the Convertible Preference Shares	4,539,353
Weighted average number of ordinary shares (diluted)	6,344,917

The Company's share options as at 30 September 2015 and 2016 do not give rise to any dilution effect to the earnings per share and there are no other potential dilutive ordinary shares in existence during the six months ended 30 September 2015 and 2016.

No adjustment has been made to the basic loss per share amount for the six months ended 30 September 2015 in respect of dilution as the impact of the convertible bonds and convertible preference shares, assuming that they had been issued on 24 April 2015, had an anti-dilutive effect on the basic loss per share amount presented.

9. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

Notes to the Condensed Consolidated Financial Statements

10. INVESTMENT PROPERTIES

	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
At the beginning of the reporting period	943,628	272,068
Exchange adjustments	9,182	11,560
Arising from common control combination	–	639,000
Additions	–	6,051
Change in fair value	(2,552)	14,949
	<hr/>	<hr/>
At the end of the reporting period	950,258	943,628
<i>Representing:</i>		
Hong Kong	290,258	283,628
The PRC	660,000	660,000
	<hr/>	<hr/>
	950,258	943,628
	<hr/>	<hr/>

As at 30 September 2016, the investment properties were revalued by Savills Valuation and Professional Services Limited, an independent professional qualified valuer, on the market value basis using sales comparison approach and income capitalisation approach.

11. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Properties under development	2,720,059	3,050,338
Completed properties held for sale	696,028	392,231
	<hr/>	<hr/>
	3,416,087	3,442,569
	<hr/>	<hr/>

12. TRADE AND OTHER RECEIVABLES

	Note	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Trade receivables			
Trade receivables from third parties	(a)	49,315	49,854
Other receivables			
Land development expenditure		372,960	336,184
Deposits for properties development		79,472	48,887
Prepaid business tax and other taxes		62,049	65,954
Amounts due from related companies	(b)	1,292	127,091
Other receivables, prepayments and deposits		80,569	85,214
		645,657	713,184

- (a) The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 60 days. The carrying amount of the receivables due approximates their fair values.

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

	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
0 – 30 days	19,505	31,848
31 – 60 days	17,949	6,346
61 – 90 days	2,055	9,135
Over 90 days	9,806	2,525
	49,315	49,854

Notes to the Condensed Consolidated Financial Statements

12. TRADE AND OTHER RECEIVABLES (continued)

Included in the Group's trade receivables balance are debtors with a carrying amount of RMB11.9 million (31 March 2016: RMB4.4 million) which are past due at the end of the reporting period for which the Group has not impaired. These receivables relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. These receivables are 0 – 30 days past due but not impaired.

- (b) Amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment. The balance is neither past due nor impaired.

13. BANK DEPOSITS AND CASH

	Note	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Cash at banks and in hand		129,981	84,998
Restricted bank deposits	(a)	18,836	11,500
Pledged bank deposits	(b)	18,859	18,800
Bank deposits and cash as stated in consolidated statement of financial position		167,676	115,298
Less: Restricted bank deposits		(18,836)	(11,500)
Less: Pledged bank deposits		(18,859)	(18,800)
Cash and cash equivalents as stated in consolidated statement of cash flows		129,981	84,998

- (a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, the Group is required to place certain of the proceeds received from pre-sale of properties as guarantee deposits for construction of the properties. The restriction will be released upon the construction is completed. Restricted cash earns interest at floating daily bank deposit rates.
- (b) As at 30 September 2016 and 31 March 2016, the short term pledged bank deposit of RMB18,800,000 is pledged as cash collateral for the operation to a wholly-owned subsidiary in the PRC as trust receipt loan.

14. TRADE AND OTHER PAYABLES

	Note	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Trade payables to third parties	(a)	21,661	20,502
Accrued construction costs		668,435	593,189
Amounts due to related companies	(b)	67	549,577
Amount due to a joint venture	(b)	4,000	7,000
Deposits received from government		107,735	107,737
Other deposits received		7,342	10,645
Receipt in advance from management services		7,683	9,549
Interest payable		20,610	42,692
Consideration payable on purchase of net assets of Jilin Wan Sheng (as defined below) in respect of prior year		–	150,006
Other creditors and accruals		136,718	105,429
		974,251	1,596,326

- (a) The credit period of trade payables are 30 to 90 days from the invoice date. The ageing analysis of the Group presented based on invoice date as at the end of the reporting period is as follows:

	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
0 – 30 days	16,214	16,590
31 – 60 days	3,337	109
61 – 90 days	1,474	133
Over 90 days	636	3,670
	21,661	20,502

Notes to the Condensed Consolidated Financial Statements

14. TRADE AND OTHER PAYABLES (continued)

- (b) Amounts due to related companies and a joint venture are unsecured, interest-free and have no fixed terms of repayment.

15. BANK AND OTHER BORROWINGS

- (a) The security and maturity of the bank and other borrowings are analysed as follows:

	30 September 2016 (Unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Secured	671,570	904,380
Unsecured	322,002	86,138
	<u>993,572</u>	<u>990,518</u>
<i>Amount payable:</i>		
Within one year	581,603	678,725
In the second year	327,562	166,694
In the third to fifth year, inclusive	84,407	145,099
	<u>993,572</u>	<u>990,518</u>
Portion classified as current liabilities	<u>581,603</u>	678,725
Non-current portion	<u>411,969</u>	<u>311,793</u>

15. BANK AND OTHER BORROWINGS (continued)

(b) At 30 September 2016, the bank and other borrowings consist of the followings:

	Note	30 September 2016 (unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Secured bank and other loans			
Secured bank loans	(i)	373,370	606,180
Secured other loan	(ii)	280,000	280,000
Trust receipt loan	(iii)	18,200	18,200
		671,570	904,380
Unsecured bank and other loans			
Unsecured bank loans	(iv)	291,000	40,000
Unsecured other loans	(v)	31,002	46,138
		322,002	86,138
		993,572	990,518

Notes:

- (i) The loan balances of RMB208,000,000 (31 March 2016: RMB449,349,000) bear interest at the prevailing rate as promulgated by the People's Bank of China plus margins ranging from 0.5% to 0.9% per annum. The loan balances of HK\$192,000,000 (equivalent to approximately RMB165,370,000) (31 March 2016: HK\$188,000,000 (equivalent to approximately RMB156,830,000)) bear interest at HIBOR plus 3% per annum.

These bank loans are secured by pledge of the properties under development and completed properties held for sale with carrying amount of RMB792,452,000 (31 March 2016: RMB792,452,000) and investment properties with fair value of RMB950,258,000 (31 March 2016: RMB943,628,000) respectively.

Notes to the Condensed Consolidated Financial Statements

15. BANK AND OTHER BORROWINGS (continued)

(b) *Notes: (continued)*

- (ii) A secured other loan of RMB280,000,000 (31 March 2016: RMB280,000,000) bear a fixed interest rate of 11% per annum and is secured by two parcels of land in Fusong.
- (iii) The trust receipt loan of RMB18,200,000 (31 March 2016: RMB18,200,000) is pledged by a bank deposit of RMB18,800,000 (31 March 2016: RMB18,800,000) made with a bank in the PRC. This loan bears an interest at a fixed rate of 1.55% per annum.
- (iv) Unsecured bank loans of RMB291,000,000 (31 March 2016: RMB40,000,000) were guaranteed by independent third parties where the Company or related companies provided counter-guarantees in favour of the independent third parties for their obligations to guarantee the payment obligations and liabilities of three wholly-owned subsidiaries of the Group under three separate bank loan agreements. Of which, the loan balances of RMB51,000,000 bear interest at the prevailing rate as promulgated by the People's Bank of China plus margins 0.8% per annum and the loan balance of RMB240,000,000 bears a fixed interest rate of 6.65% per annum.
- (v) 吉林市萬升房地產開發有限公司 Jilin Wan Sheng Property Development Company Limited* ("Jilin Wan Sheng"), a wholly-owned subsidiary of the Group, entered into borrowing arrangements with twenty nine individual third parties in prior years. All the borrowings were unsecured, bore fixed interest rates ranging from 15% to 42% per annum and were repayable within one year or on demand. Pursuant to supplemental agreements entered into with the remaining twenty individual third parties in 2014, these borrowing arrangements became interest free effective from 30 September 2014 and repayable on demand.

Included in unsecured other loans as at 31 March 2016 were an interest free loan from the Company's controlling shareholder of HK\$2,000,000 (equivalent to approximately RMB1,668,400) and a loan from a related company of RMB12,400,000 bearing at a fixed interest rate of 10% per annum. These other loans were repaid during the six months ended 30 September 2016.

16. SHARE CAPITAL

	30 September 2016 (unaudited) No. of shares '000	30 September 2016 (unaudited) Amount '000	31 March 2016 (unaudited) No. of shares '000	31 March 2016 (unaudited) Amount '000
<i>Authorised:</i>				
Ordinary shares of HK\$0.05 each	15,600,000	HK\$780,000	15,600,000	HK\$780,000
Equivalent to:		RMB684,060		RMB684,060

Pursuant the Company's Bye-laws as amended on 25 July 2016, the authorised share capital of the Company includes 4,539,352,941 convertible preference shares of HK\$0.05 each. Details of Convertible Preference Shares are set out in note 17.

<i>Issued:</i>				
Ordinary shares of HK\$0.05 each	1,371,450	HK\$68,573	858,450	HK\$42,923
Equivalent to:		RMB58,649		RMB36,575

Movements in the Company's issued share capital during the six months ended 30 September 2016 are as follows:

		Number of ordinary shares in issue No. of shares '000	Issued capital HK\$'000
At 31 March 2016 and 1 April 2016		858,450	42,923
Issuance of shares in connection with the Acquisition	(a)	343,000	17,150
Issuance of subscription shares	(b)	170,000	8,500
At 30 September 2016		1,371,450	68,573

Notes to the Condensed Consolidated Financial Statements

16. SHARE CAPITAL (continued)

- (a) As set out in note 2, the Acquisition was completed on 27 July 2016. As part of the consideration in respect of the Acquisition, 343,000,000 new ordinary shares of the Company were allotted and issued to Ka Yik, a company incorporated in the British Virgin Islands with limited liability which is beneficially and wholly owned by Ms. Cui, the ultimate controlling shareholder of the Company, at an issue price of HK\$0.85 per consideration share. Further details of the allotment and issue of the consideration shares and the Acquisition were set out in the Company's announcement dated 27 July 2016 and circular dated 30 June 2016.
- (b) Pursuant to seven separate subscription agreements dated 5 August 2016 (as amended and supplemented by seven supplemental agreements dated 19 August 2016) and entered into between the Company and seven independent third parties (the "Subscribers") respectively, 170,000,000 new ordinary shares of the Company were allotted and issued to the Subscribers on 13 September 2016 under the general mandate at a subscription price of HK\$1.01 per subscription share for a total cash consideration of HK\$171,700,000. Further details of the issuance of the subscription shares were set out in the Company's announcements dated 5 August 2016, 11 August 2016 and 19 August 2016 respectively.

17. CONVERTIBLE PREFERENCE SHARES

On 27 July 2016, the Company allotted and issued 4,539,352,941 convertible preference shares (the "CPS") at an issue price of HK\$0.85 per share to Ka Yik, a company beneficially owned by Ms. Cui, for satisfaction of part of the consideration in respect of the Acquisition, being an aggregate amount of HK\$3,858,450,000.

Key terms of the CPS are as follows:

- The CPS shall not confer on the holders thereof the right to receive notices of, or to attend and vote, at the general meetings of the Company, unless a resolution is to be proposed at the general meeting which if passed would vary or abrogate the rights or privileges of holders of the CPS.
- Holders of the CPS have the right to convert each CPS, during the conversion period, into ordinary share(s) of the Company at the CPS conversion price. The holders may exercise the conversion right, provided that any conversion of the CPS does not result in (i) the CPS conversion shares being issued at a price below their nominal value as at the conversion date; or (ii) if immediately after such conversion, the public float of the shares being less than 25% (or any given percentage as required by the Listing Rules). The ordinary shares of the Company when allotted and issued upon the exercise of the conversion right of the CPS shall rank equally among themselves and *pari passu* in all respects with the ordinary shares of the Company in issue on the date of allotment and issuance.

17. CONVERTIBLE PREFERENCE SHARES (continued)

- The CPS cannot be redeemed by the Company or the holder of CPS.
- The CPS is transferrable subject to the conditions stated in the terms of the CPS and in accordance with the provision as set out in the Company's bye-laws.
- CPS shall confer on the CPS holders the right to be paid, in priority to any return of assets in respect of the ordinary shares of the Company, *pari passu* as between themselves an amount equal to the aggregate notional value of the CPS plus all dividends accrued and unpaid with respect thereto, whereupon if the assets of the Company available for distribution shall be insufficient to provide for full payment to holders of the CPS, the Company shall make payment on the CPS on a pro rata basis on return of capital on liquidation, winding-up or dissolution of the Company. The CPS do not confer on the holders of CPS any further or other right to participate in the assets of the Company upon liquidation, winding up or dissolution of the Company.
- Subject to compliance with all applicable laws and the bye-laws of the Company, each CPS shall confer on its holder the right to receive an accrued and cumulative fixed dividend commencing from the date of the issue of the CPS on a yearly basis at a rate of 0.2% of the nominal value of HK\$0.05 of each CPS outstanding in priority to any dividend in respect of any other class of shares in the capital of the Company, payable annually in arrear. The CPS holder has unconditionally and irrevocably waived the receipt of such preferred dividend.

The CPS are classified as equity instruments in the Group's consolidated financial statements as the CPS holder has unconditionally and irrevocably waived to receive the preferred distribution; and as such, the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the CPS.

As at 30 September 2016, no CPS has been converted into ordinary shares of the Company. Subsequent to the reporting period, on 9 November 2016, 800,000,000 CPSs were converted into 800,000,000 ordinary shares. Should the conversion rights attaching to the remaining CPS be exercised in full, an additional 3,739,352,941 ordinary shares would have been allotted and issued, which represent approximately 272.7% of the issued share capital of the Company as at 30 September 2016.

Notes to the Condensed Consolidated Financial Statements

18. CONVERTIBLE BONDS

On 27 July 2016, The Company issued an aggregate principal amount of HK\$500,000,000 (equivalent to approximately RMB430,532,000) 2% convertible bonds which are due in 2021 (the “Convertible Bonds”). The Convertible Bonds are convertible into the Company’s ordinary shares of HK\$0.05 each at an initial conversion price of HK\$0.85 per share.

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

The Convertible Bonds are not transferrable without the prior written consent of the Company.

The Company has the option to early redeem the Convertible Bonds at any time before the maturity date at 100% of the principal amount of the Convertible Bonds. The holder of the Convertible Bonds does not have such option.

During the six months ended 30 September 2016, there was no conversion of the Convertible Bonds into ordinary shares of the Company and no redemption of the Convertible Bonds.

On the basis that the conversion option of the Convertible Bonds will be settled by exchange of a fixed amount or fixed number of equity instruments, the Convertible Bonds are accounted for as compound instruments under HKAS 32 “Financial instruments – Presentation” and the proceeds have been split into between a liability component and an equity component as set out below.

The fair value of the liability component was calculated using a market interest rate for a bond with the same tenure but with no conversion features. The residual amount, representing the value of the equity component, is credited to “Equity component of Convertible Bonds” in the Group’s equity attributable to the Company’s shareholders.

18. CONVERTIBLE BONDS (continued)

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

	RMB'000
<hr/>	
<i>Fair value of Convertible Bonds at issue date:</i>	
Early redemption rights embedded classified as derivative assets	98,415
Equity component on initial recognition	(240,815)
Liability component on initial recognition	(288,132)
	<hr/>
	(430,532)
	<hr/>

The movement of the early redemption rights embedded classified as derivative assets at amortised cost is as follows:

	RMB'000
<hr/>	
Asset component on initial recognition	98,415
Less: Fair value change of derivative assets	(2,353)
	<hr/>
Asset component at 30 September 2016	96,062
	<hr/>

The movement of the liability component at amortised cost is as follows:

	RMB'000
<hr/>	
Liability component on initial recognition	288,132
Add: Imputed finance cost	3,820
	<hr/>
Liability component at 30 September 2016	291,952
	<hr/>

The imputed finance cost on the liability component of the Convertible Bonds is calculated using the effective interest method by applying an effective interest rate of 10.73% per annum.

Should the conversion rights attaching to the Convertible Bonds be exercised in full, an additional 588,235,294 ordinary shares would have been allotted and issued, which represent approximately 42.9% of the issued share capital of the Company as at 30 September 2016.

Notes to the Condensed Consolidated Financial Statements

19. EQUITY-SETTLED SHARE-BASED PAYMENTS

On 18 April 2016, 20,500,000 share options were granted to certain employees and consultants of the Company under the Company's Share Option Scheme (no share options were granted during the six months ended 30 September 2015). Each option gives the holder the right to subscribe for one ordinary share of the Company. 30% of these share options is vested immediately on the grant date; 30% will be vested on the first anniversary from the grant date; and the remaining 40% on the second anniversary from the grant date. All of the said share options are exercisable until 17 April 2026. The exercise price of these share options is HK\$0.98. No options were exercised during the six months ended 30 September 2016. As at 30 September 2016, the total number of outstanding options amounted to 80,670,000.

Should the share options be vested and exercised in full, an additional 80,670,000 ordinary shares would have been allotted and issued, which represent approximately 5.9% of the issued share capital of the Company as at 30 September 2016.

20. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions in the ordinary course of the Group's business.

	Six months ended 30 September 2016 RMB'000	Six months ended 30 September 2015 RMB'000
(i) Key management personnel		
Salaries, allowance and benefits in kind	5,454	5,713
Retirement scheme contribution	434	495
Equity-settled share-based payment	849	1,283
	<u>6,737</u>	<u>7,491</u>
(ii) Entities controlled by a close family member of a controlling shareholder of the Company		
Rental expenses paid	92	87
Finance costs paid	6,586	7,866

21. CONTINGENT LIABILITIES

Other than disclosed elsewhere in the consolidated financial statements, the Group has the following liabilities:

The Group has arranged bank financing for certain purchasers of property units developed by the Group that provided guarantees to secure obligations of such purchasers for repayments. As at 30 September 2016, guarantees amounting to RMB971.0 million (31 March 2016: RMB765.6 million) were given to banks with respect to loans procured by purchasers of property units. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers or (ii) the satisfaction of mortgage loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. During the 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.

22. COMMITMENTS

The Group's outstanding commitments as at 30 September 2016 are as follows:

(a) Commitments under operating leases – the Group as lessee

At 30 September 2016, the Group had total future minimum lease payments under non-cancellable operating leases, which are repayable as follows:

	30 September 2016 (Unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Within one year	33,342	33,352
In the second to fifth years inclusive	92,984	103,528
After five years	–	355
	126,326	137,235

Notes to the Condensed Consolidated Financial Statements

22. COMMITMENTS (continued)

(b) Operating lease arrangements – the Group as lessor

At 30 September 2016, the Group had total future minimum lease income under non-cancellable operating leases, which are receivable as follows:

	30 September 2016 (Unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Within one year	16,083	13,540
In the second to fifth years inclusive	21,826	23,108
	37,909	36,648
(c) Commitments for development expenditure		

	30 September 2016 (Unaudited) RMB'000	31 March 2016 (unaudited) RMB'000 (restated)
Planned expenditure in respect of properties under development		
Contracted for but not provided	439,920	743,307

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

HKFRS 13, Fair value measurement, requires the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

At 30 September 2016, the Group's only financial instrument carried at fair value is the early redemption rights attached in the convertible bonds (see note 18), which is classified as "derivative assets" that fall under Level 3 of the fair value hierarchy described above. No financial instrument was held by the Group at 31 March 2016.

During the six months ended 30 September 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occurred.

Notes to the Condensed Consolidated Financial Statements

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Information about Level 3 fair value measurements

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Valuation techniques	Unobservable inputs	Weighted average
Early redemption rights embedded in the Convertible Bonds	Binomial pricing model	Expected volatility	55.17%

The fair value of conversion option embedded in convertible notes is determined using binomial pricing model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 30 September 2016, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's profit by RMB126,347,000 and RMB96,241,000 respectively.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2016 and 30 September 2016.

24. SUBSEQUENT EVENTS

The Group has the following events subsequent to the reporting period:

On 3 November 2016, 130,000,000 new ordinary shares of the Company were allotted and issued to the Subscribers under the specific mandate granted to the directors of the Company by the shareholders at the special general meeting of the Company held on 31 October 2016 at a subscription price of HK\$1.00 per subscription share for a total cash consideration of HK\$130,000,000 pursuant to seven separate subscription agreements dated 5 August 2016 (as amended and supplemented by seven supplemental agreements dated 19 August 2016) and entered into between the Company and the Subscribers respectively. Further details of the allotment and issuance of the subscription shares were set out in the Company's announcements dated 5 August 2016 and 11 August 2016 and the Company's circular dated 14 October 2016.

On 9 November 2016, 800,000,000 CPSs were converted into 800,000,000 ordinary shares of the Company by Ka Yik.

On 2 December 2016, the Company issued CBs in principal amount of HK\$40 million (equivalent to approximately RMB35,597,000) to one of the CB Subscribers. Further, the Company entered into a deed of termination with the other CB Subscriber on 2 December 2016 to terminate the subscription agreement in relation to the CBs in principal amount HK\$160 million. Further details are set out in the Company's announcement dated 2 December 2016.

25. COMPARATIVE FIGURES

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

Other Information

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the reporting period.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the Company’s code of conduct for dealings in securities of the Company by Directors. All Directors have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code during the reporting period.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30 September 2016, the Directors and Chief Executive of the Company had the following interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(a) Interests in ordinary shares of the Company (the “Shares”)

Name of Directors/ Chief Executive	Nature of interest	Position	No. of Shares held	Approximate percentage of issued voting Shares <i>(Note 1)</i>
Ms. Cui Xintong (“Ms. Cui”)	Interest in a controlled corporation	Long	901,020,694 <i>(Note 2)</i>	65.70%
Mr. Huang Bingxing (“Mr. Huang”)	Beneficial Owner	Long	169,000	0.01%

(b) Interest in the underlying shares of the Company

Name of Directors/ Chief Executive	Nature of Interest	Position	No. of underlying shares held	Approximate percentage of issued voting Shares <i>(Note 1)</i>
Ms. Chai Xiu	Beneficial Owner	Long	850,000 <i>(Note 3)</i>	0.06%
Ms. Cui	Interest in a controlled corporation	Long	5,127,588,235 <i>(Note 4)</i>	373.88%
Mr. Wang Guanghui	Beneficial Owner	Long	11,000,000 <i>(Note 3)</i>	0.80%
Mr. Huang	Beneficial Owner	Long	8,000,000 <i>(Note 3)</i>	0.58%
Mr. Chan Yuk Tong	Beneficial Owner	Long	850,000 <i>(Note 3)</i>	0.06%
Mr. Mei Jianping	Beneficial Owner	Long	850,000 <i>(Note 3)</i>	0.06%

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES (continued)

Notes:

1. The percentage is calculated on the basis of 1,371,450,000 issued voting Shares as at 30 September 2016.
2. The 901,020,694 Shares consist of (i) 558,020,694 Shares held by Charm Success Group Limited ("Charm Success") and (ii) 343,000,000 Shares held by Ka Yik Investments Limited ("Ka Yik"). Both Charm Success and Ka Yik are wholly and beneficially owned by Ms. Cui, who was appointed as an executive Director and the deputy chairperson of the Board on 14 September 2016, and by virtue of her shareholding in the entire issued share capital of each of Charm Success and Ka Yik, Ms. Cui is deemed to be interested in the Shares held by Charm Success and Ka Yik under the SFO.
3. Those underlying shares are the share options granted by the Company under the share option scheme of the Company, information of which was shown in the section headed "Share Option Scheme" of this report.
4. Those underlying shares are held by Ka Yik, information of which was shown in the section headed "Substantial Shareholders' Interest in Securities" of this report. By virtue of her shareholding in the entire issued share capital of Ka Yik, Ms. Cui is deemed to be interested in the underlying shares held by Ka Yik under the SFO.

Save as disclosed above, as at 30 September 2016, none of the Directors and Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2016, the interests or short positions of the parties other than Director and Chief Executive of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

(a) Interest in Shares

Name of shareholder	Nature of interest	Position	No. of Shares held	Approximate percentage of issued voting Shares <i>(Note 1)</i>
Charm Success	Beneficial Owner	Long	558,020,694 <i>(Note 2)</i>	40.69%
Ka Yik	Beneficial Owner	Long	343,000,000 <i>(Note 3)</i>	25.01%

(b) Interest in underlying shares of the Company

Name of shareholder	Nature of interest	Position	No. of underlying shares held	Approximate percentage of issued voting Shares <i>(Note 1)</i>
Ka Yik	Beneficial Owner	Long	5,127,588,235 <i>(Note 3)</i>	373.88%
Mr. Fan Xiangjie ("Mr. Fan")	Beneficial Owner	Long	160,000,000 <i>(Note 4)</i>	11.67%

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (continued)

Notes:

1. The percentage is calculated on the basis of 1,371,450,000 issued voting Shares as at 30 September 2016.
2. Charm Success is wholly and beneficially owned by Ms. Cui. Ms. Cui is deemed to be interested in the Shares held by Charm Success under SFO by virtue of her shareholding in the entire issued share capital of Charm Success.
3. Ka Yik is wholly and beneficially owned by Ms. Cui. Ms. Cui is deemed to be interested in the shares and underlying shares of the Company held by Ka Yik under SFO by virtue of her shareholding in the entire issued share capital of Ka Yik. The 5,127,588,235 underlying shares consist of (i) the convertible bonds in the principal amount of HK\$500,000,000 issued by the Company convertible into up to 588,235,294 ordinary shares of the Company at the initial conversion price of HK\$0.85 per share (subject to adjustment) and (ii) 4,539,352,941 convertible preference shares convertible into up to 4,539,352,941 ordinary shares of the Company issued to Ka Yik on 27 July 2016, details of which have been disclosed in the circular of the Company dated 30 June 2016. As disclosed in note 24 of the financial statements, 800,000,000 convertible preference shares have been converted into 800,000,000 ordinary shares by Ka Yik on 9 November 2016.
4. Those underlying shares are ordinary shares of the Company convertible from the convertible bonds proposed to be issued to Mr. Fan (the "CBs"), details of which have been disclosed in the circular of the Company dated 14 October 2016. The transaction has not yet completed and the CBs have not yet been formally issued to Mr. Fan at 30 September 2016. However, under the SFO, Mr. Fan is deemed to be interested in the underlying shares upon the entering into the subscription agreement with the Company on 5 August 2016. As disclosed in note 24 of the financial statements, the said subscription agreement has been terminated on 2 December 2016.

Save as disclosed above, as at 30 September 2016, none of the parties other than Director and Chief Executive of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

During the reporting period, the movements in the share options under the Share Option Scheme are as follows:

Grantees	Number of share options					As at 30 September 2016	Date of grant	Exercise period (Note 3)	Exercise price per share option HK\$
	As at 1 April 2016	Reclassified during the period (Note 1)	Granted during the period (Note 2)	Exercised during the period	Cancelled/ lapsed during the period				
Directors/Chief Executive:									
Ms. Chai Xiu	850,000	-	-	-	-	850,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Mr. Wang Guanghui	3,000,000	-	-	-	-	3,000,000	24/10/2014	24/10/2015- 23/10/2024	1.200
	-	-	8,000,000	-	-	8,000,000	18/04/2016	18/04/2016- 17/04/2026	0.980
Mr. Huang Bingxing	8,000,000	-	-	-	-	8,000,000	24/10/2014	24/10/2015- 23/10/2024	1.200
Mr. Chan Yuk Tong	850,000	-	-	-	-	850,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Mr. Mei Jianping	850,000	-	-	-	-	850,000	19/06/2014	19/06/2014- 18/06/2024	0.980
Sub-total	13,550,000	-	8,000,000	-	-	21,550,000			

Other Information

SHARE OPTION SCHEME (continued)

Grantees	Number of share options					As at 30 September 2016	Date of grant	Exercise period (Note 3)	Exercise price per share option HK\$
	As at 1 April 2016	Reclassified during the period (Note 1)	Granted during the period (Note 2)	Exercised during the period	Cancelled/ lapsed during the period				
Employees	1,300,000	36,000,000	-	-	(1,000,000)	36,300,000	19/06/2014	19/06/2014- 18/06/2024	0.980
	12,400,000	-	-	-	(2,000,000)	10,400,000	24/10/2014	24/10/2015- 23/10/2024	1.200
	-	-	4,500,000	-	(80,000)	4,420,000	18/04/2016	18/04/2016- 17/04/2026	0.980
Others	36,000,000	(36,000,000)	-	-	-	-	19/06/2014	19/06/2014- 18/06/2024	0.980
	-	-	8,000,000	-	-	8,000,000	18/04/2016	18/04/2016- 17/04/2026	0.980
Sub-total	49,700,000	-	12,500,000	-	(3,080,000)	59,120,000			
Total	63,250,000	-	20,500,000	-	(3,080,000)	80,670,000			

Notes:

- Capacities of certain grantees reclassified due to the change of their identifications with the Group during the period.
- The closing price of the Shares immediately before the date on which the options were granted during the period was HK\$0.830 per share.
- For the share options granted on 19 June 2014, 100% of the share options became exercisable from 19 June 2014.

For the share options granted on 24 October 2014, 50% of the share options became exercisable from 24 October 2015, and the remaining 50% of the share options became exercisable from 24 October 2016.

For the share options granted on 18 April 2016, 30% of the share options became exercisable from 18 April 2016, 30% of the share options became exercisable from 18 April 2017 and the remaining 40% of the share options became exercisable commencing from 18 April 2018.

Save as disclosed above, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme during the reporting period.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) subsequent to the publication of the 2015/16 annual report in July 2016 are set out below:

Mr. Chan Yuk Tong had resigned as an independent non-executive director, a member and the chairman of the audit committee, a member of remuneration committee and a member of nomination committee of Kam Hing International Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2307), with effect from 1 December 2016.

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 six months ended 30 September 2016.

Other Information

REVIEW OF THE INTERIM REPORT

The Group's interim results for the six months ended 30 September 2016 have been reviewed by the Audit Committee.

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

Hong Kong, 29 November 2016

- * *The English names of the PRC entities referred to in this report are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*



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