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

中 期 報 告
INTERIM REPORT
2017/18

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAI Xiu *(Chairperson)*
CUI Xintong *(Deputy Chairperson)*
WANG Guanghui *(Chief Executive Officer)*
HUANG Bingxing *(resigned on 29 November 2017)*
LIU Hongjian *(appointed on 29 November 2017)*

Independent Non-executive Directors

CHAN Yuk Tong
MEI Jianping
XIANG Qiang

BOARD COMMITTEES

Audit Committee

CHAN Yuk Tong *(Chairperson)*
MEI Jianping
XIANG Qiang

Remuneration Committee

CHAN Yuk Tong *(Chairperson)*
CHAI Xiu
MEI Jianping
XIANG Qiang

Nomination Committee

MEI Jianping *(Chairperson)*
CHAI Xiu
CHAN Yuk Tong

COMPANY SECRETARY

NG Man Kit Micky

REGISTERED OFFICE

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Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Website: http://www.ground-international.com

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISOR

As to Hong Kong laws:
Michael Li & Co.

AUDITORS

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank Limited
Industrial Bank Co., Ltd.

STOCK CODE

989

Management Discussion and Analysis

OVERVIEW

As stated in the 2016/17 annual report of Ground International Development Limited (the "Company") and its subsidiaries (collectively, the "Group"), the Group's new growth model of "one primary sector as supplemented by two" (一主兩輔) has been identified to effectively promote its business development. The "one primary sector" refers to cultural tourism and healthcare and elderly care sectors and the "two supplementary sectors" refer to (i) the property development and operation management sector; and (ii) the financial services sector.

As an initial step to implement the above growth model, in financial year of 2016/17 the Group completed the acquisition of the entire equity interest in Ka Yun Investments Limited and its subsidiaries, which is principally engaged in the development, sale and leasing of residential, commercial and tourism properties and the provision of property management services in the People's Republic of China (the "PRC"). Further steps were taken by the Group during the period under review by completing the Fengrun Acquisition (as defined below) under the financial services sector (being one of the supplementary sectors within the model); and by disposal of the Telecommunication Business (as defined below) to focus on the Group's new growth model. Details of the material acquisition and disposal that took place during the period under review are set out below.

The Fengrun Acquisition

In May 2017, the Group completed the acquisition of Jilin Zhongye Business Information Advisory Company Limited* (吉林省中業商務信息諮詢有限公司) ("JL Zhongye") and Jilin Fengrun Business Information Advisory Company Limited* (吉林灃潤商務信息諮詢有限公司) ("JL Fengrun") (the "Fengrun Acquisition"). The underlying main asset of JL Zhongye and JL Fengrun is an investment in a subsidiary, Jilin Province Fengrun Guaranty Company Limited* (吉林省灃潤擔保有限公司) ("FR Guarantee"), which is a company established in the PRC and is principally engaged in provision of guarantee services in the PRC.

The Fengrun Acquisition has given opportunities to the Group to develop privately-owned economy and micro-finance service in Jilin Province over the year of 2017. In addition, it is noted that micro-finance sector has been announced by the PRC Government to be an area that will help accelerate the development of privately-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 shareholders (the "Shareholders") and stakeholders of the Company.

Management Discussion and Analysis

The disposal of the telecommunications retail sales and management services business (the "Telecommunication Business")

During the period under review, the Group completed the disposal of the entire equity interest of 上海潤迅概念通信產品連鎖銷售有限公司 (Shanghai CM Concepts Communications Products Franchise Sale Company Limited*), a company established under the laws of the PRC with limited liability, its subsidiaries and joint venture (collectively the "Disposal Group") for the consideration of RMB43 million (the "Disposal"). As disclosed in the Company's announcements dated 5 May 2017 and 7 June 2017, based on the latest understanding of 中國信息產業部 (China Ministry of Information Industry*), 上海潤迅君斯通信科技有限公司 (Shanghai Motion JUNS Communication Technology Company Limited*) (a member of the Disposal Group and the operating entity of the telecommunications call center services business in Shanghai) would be unlikely to obtain the 全國呼叫中心業務經營許可證 (nationwide call center business operation permit*) ("CCBO Permit") given that it was then ultimately and wholly-owned by foreign shareholders. Accordingly, in the absence of the CCBO Permit, the Group would not be eligible to participate in the tender to be conducted by a national telecommunication operator which is the sole customer of the call center services business ("Operator A") and consequently the operation of the call center services business would have to cease following the expiry of its current contracts with Operator A in June 2017.

In view of the above and taking into account that (i) all businesses (including the call center services business) under the Telecommunication Business of the Group have been operated under the same management team and are inter-dependent upon each other, (ii) the diminishment of synergistic effect among each of the businesses within the Telecommunication Business following the cessation of operation of the telecommunication call centre services business in Shanghai; and (iii) the Telecommunication Business was a relatively small business segment of the Group, the directors of the Company (the "Directors") consider it would be in the best interests of the Company and the Shareholders to discontinue the whole Telecommunication Business by disposing of the Disposal Group and focusing on the development of the remaining key businesses of the Group. Upon the completion of the Disposal, the Disposal Group ceased to be subsidiaries of the Company; and since then the results of and the assets and liabilities of the Telecommunication Business were no longer consolidated into the Group's financial statements during the six months ended 30 September 2017.

RESULTS AND OPERATIONS REVIEW

As of 30 September 2017, the Group's business portfolio included the following segments:

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 ("Wansheng•Qiancheng International")
- 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)

Financial Services

- Provision of guarantee services
- Investment holding

Management Discussion and Analysis

BUSINESS REVIEW

For the six months ended 30 September 2017, overall revenue of the Group from continuing operations was approximately RMB237.7 million (six months ended 30 September 2016 (restated): RMB572.2 million), representing a year-on-year decrease of 58.5%. Gross profit from continuing operations was RMB56.2 million (six months ended 30 September 2016 (restated): RMB235.6 million). Net profit after tax from continuing operations was RMB20.9 million (six months ended 30 September 2016 (restated): net profit after tax of RMB85.0 million).

Property development

Contracted sales

For the six months ended 30 September 2017, the Group continued its pre-sales of (i) Guangze Red House – Phase II project, which is mainly a residential property project located in Yanji City, Jilin Province; and (ii) Wansheng•Qiancheng International, a project that was acquired by the Group in January 2016. In addition, the Group was focusing on the sales of the remaining high-end villas, other residential units and commercial units at Guangze•Tudors Palace and Guangze•Amethyst City, both of which are located at Jilin City, Jilin Province.

A breakdown of the total contracted sales of the Group during the six months ended 30 September 2017 is set out as follows:

City	Project name	Type of project	Contracted saleable gross floor area ("GFA")		Contracted sales		Contracted average selling price ("ASP")
			Sq.m	%	RMB'000	%	RMB/sq.m
Jilin	Guangze•Tudors Palace (廣澤•瀾香)	– Residential	4,477	18	45,004	27	10,052
	Guangze•Amethyst City (廣澤•紫晶城)	– Residential	1,361	6	5,978	4	4,392
		– Commercial	1,100	4	10,542	6	9,584
	Wansheng•Qiancheng International	– Residential	6,012	24	26,270	16	4,370

City	Project name	Type of project	Contracted saleable gross floor area ("GFA") Sq.m	%	Contracted sales RMB'000	%	Contracted average selling price ("ASP") RMB/sq.m
Yanji	Guangze Red House (廣澤紅府)	– Residential	7,024	29	47,883	28	6,817
		– Commercial	943	4	14,743	8	15,634
Baishan	Guangze International Shopping Centre (廣澤國際購物中心)	– Residential	348	1	1,248	1	3,586
		– Commercial	186	1	3,130	2	16,828
	Guangze China House (廣澤蘭亭)	– Residential	3,278	13	14,252	8	4,348
			24,729	100	169,050	100	6,836

Properties completed, delivered and sale of properties recognised during the six months ended 30 September 2017

For the six months ended 30 September 2017, the decrease in sales of properties (excluding car parks) by 65.1% and recognised GFA by 63.4% related to the remaining units of the property projects that were completed in the previous year, mainly contributed from the sales of Guangze•Tudors Palace, Guangze•Amethyst City and Guangze Red House Phase 1 of RMB52.2 million with GFA recognised of approximately 5,247 sq.m, RMB53,167 million with GFA recognised of approximately 6,742 sq.m and RMB59,836 million with GFA recognised of approximately 8,678 sq.m respectively.

For the six months ended 30 September 2016, the Group completed and delivered the property project of Guangze•Tudors Palace which contributed property sales of approximately RMB516.0 million.

For the six months ended 30 September 2017, the Group delivered and recognised sale of car park units of approximately RMB25.8 million from the sale of 212 car park units (six months ended 30 September 2016: RMB2.6 million from the sale of 31 car park units).

Management Discussion and Analysis

Details of the sales of properties of the Group recognised for the six months ended 30 September 2017 are listed below:

City	Project name	Type of project	Delivered saleable GFA Sq.m	Delivered sales RMB'000	Delivered ASP RMB/sq.m
Jilin	Guangze•Tudors Palace (廣澤•瀾香)	– Residential	5,247	52,176	9,944
	Guangze•Amethyst City (廣澤•紫晶城)	– Residential	1,850	7,681	4,152
		– Commercial	4,892	45,486	9,298
Baishan	Guangze International Shopping Centre (廣澤國際購物中心)	– Residential	2,514	9,918	3,945
		– Commercial	1,423	17,195	12,084
Yanji	Guangze Red House (廣澤紅府) – Phase 1	– Residential	5,411	23,567	4,355
		– Commercial	3,267	36,269	11,102
Sales of car parks				25,848	
Less: sales tax				(7,423)	
Sales of properties			24,604	210,717	

Projects under development and held for development

As at 30 September 2017, the Group had a total of 4 projects at various stages of development, including an estimated GFA of projects under development of approximately 817,948 sq.m., and an estimated GFA of project held for future development of approximately 365,298 sq.m.

Of the Group's projects under development, the Group's 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 designed and executed 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, a 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 2017, the first phase of the project, involving four hotel complexes and a hot spring centre, is reaching the stage of internal decoration work and is expected to have its grand opening before the end of 2018.

City	Project name	Type of project	Estimated GFA Sq.m
Projects under development			
Jilin	Wansheng•Qiancheng International	– Residential	27,057
Yanji	Guangze Red House (廣澤紅府) – Phase II	– Residential	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)	539,646
	Guangze China House (廣澤蘭亭) – Phase I	– Residential	128,736
		Sub-total	817,948

Management Discussion and Analysis

City	Project name	Type of project	Estimated GFA Sq.m
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)	207,761
	Guangze China House (廣澤蘭亭) – Phase II	– Residential	84,333
	Guangze Red House (廣澤紅府) – Phase III	– Residential	73,204
		Sub-total	365,298
		Total	1,183,246

Projects with Expected Completion of Construction in the six months ending 31 March 2018

The Group plans to complete the Guangze Red House Phase II and Wansheng • Qiancheng International property projects in the six months ending 31 March 2018.

Property investment

As at 30 September 2017, 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 2017 Occupancy rate	2016 Occupancy rate
Enterprise Square	Kowloon Bay, Hong Kong	40,505 sq.ft.	**100.0%**	77.2%
Guangze International Shopping Centre (廣澤國際購物中心)	Baishan City, the PRC	26,235 sq.m	**84.2%**	71.2%

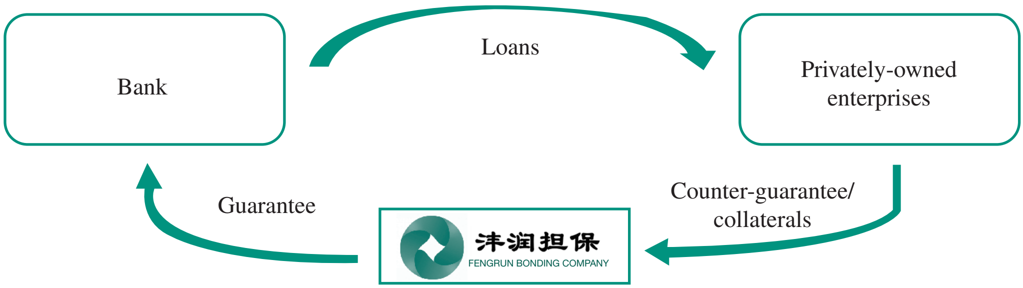
As at 30 September 2017, the Group leased out all units of Enterprise Square at Kowloon Bay, Hong Kong. For the Guangze International Shopping Centre, the Group is currently adjusting the tenant mix at the shopping mall to enhance the traffic flow so as to improve the occupancy rate of the shopping mall.

Financial services

Provision of guarantee services

For the six months ended 30 September 2017, the Group completed the acquisition of JL Zhongye, JL Fengrun and FR Guarantee of which FR Guarantee is principally engaged in provision of guarantee services business in Jilin Province. The acquisition is expected to give the Group opportunities to develop and expand into micro-finance sectors.

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



Since the completion date of the acquisition up to 30 September 2017, the revenue and net profit of the Group from provision of guarantee services were RMB6.0 million and RMB9.06 million respectively (five months ended 30 September 2016: revenue of RMB3.9 million and net profit of RMB4.6 million respectively). As at 30 September 2017, the Group's total outstanding guarantees were RMB785.4 million, of which the property development and agriculture sectors accounted for 43.7% and 37.0% of the Group's outstanding guarantees respectively. The provision of guarantee services to customer in property development sector also gives opportunities to create potential synergies with the Group's current property development segment.

Management Discussion and Analysis

The financial information of FR Guarantee is set out below:

	From 1 May 2017 (date of acquisition) to 30 September 2017	From 1 May 2016 to 30 September 2016#
	RMB'000	RMB'000
Revenue	**6,031**	3,851
Net profit before tax	**13,048**	6,157
Net profit after tax	**9,055**	4,618

	As at 30 September 2017	As at 30 September 2016#
	RMB'000	RMB'000
Non-current assets	**28**	380
Net current assets	**527,796**	505,283
Net assets	**527,824**	505,663

This financial information of FR Guarantee for the period from 1 May 2016 to 30 September 2016 and at 30 September 2016 is for comparison purpose only.

As at 30 September 2017, the type of outstanding guarantees are set out below:

	RMB'000	%
Assets/securities backed	**621,400**	79.2
Secured by counter-guarantees	**164,000**	20.8
	785,400	100

(Expressed in RMB'000, unless otherwise stated)	**For the six months ended 30 September 2017**
Leverage ratio	**1.49**
Outstanding guarantee liability	**785,400**
Net assets of the guarantee business	**527,824**
Provision rate	**1.0%**
Provision for guarantee losses	**7,659**
Total outstanding guarantees	**785,400**

Available-for-sale investments

The Group from time to time looks at and considers desirable investment opportunities and will make such investment if it is in the interest of the Company to do so. On 30 December 2016, the Group subscribed for shares in Jilin Jiutai Rural Commercial Bank Corporation Limited, its H-shares of which are listed on Main Board of The Stock Exchange of Hong Kong Limited as the Board considers it will have a positive prospect.

Although the Group's available-for-sale investments has a fair value loss recognised in other comprehensive income amounting to RMB15,349,000 for the six months ended 30 September 2017 (2016: N/A) due to the volatility of Hong Kong stocks market, the fair value of the available-for-sale investments as at 30 September 2017 remained above its cost of subscription.

Management Discussion and Analysis

PROSPECTS

With the strong drive and support from the PRC government, the rapidly emerging cultural tourism is set to become a new source of growth driver for tourism sector in the Mainland and will act the "focus of development" strategically at provincial level and city level. In order to capture such huge market opportunities and potentials more precisely and effectively, the Group will continuously implement its long term development goal in realising asset diversification; in particular, concurrent development of its three major business segments, namely cultural tourism, property development and operation management and financial services. Accordingly it can induce complementary effect, and continues to bring sustainable and long term value to shareholders.

As part of the Group's business development on the cultural tourism and healthcare sector, the Group relies on its cultural tourism iconic project in Changbaishan namely "廣澤•長白山烏拉小鎮" to develop the Group's strategic development model in the cultural tourism sector. "廣澤•長白山烏拉小鎮" is the promotional name of the project. This project is positioned as an integrated leisure and entertainment resort with traditional history and culture and "snow theme park" as attractions; and families as its target customers. In line with the focus to develop a "white economy" in Jilin Province in recent years, which entails building a "3+X" full industry chain with frozen snow as the core theme. The Group expects, through the project, to promote cultural tourism business of the Group and of the region more thoroughly and comprehensively; and enhance the Group's overall brand awareness level and recognition level. It will also actively capture the immense opportunities in the market to achieve sustainable stable income and growth. The project is expected to commence operation before the end of 2018. With the strong foundation it has in Jilin Province, the Group will continue to explore opportunities with high growth potential, and expand its business at opportune time to the Pearl River Delta and cities with abundant opportunities, such as, Hainan and Shanghai.

As for the property development business, the Group remains cautiously optimistic about the prospects of the PRC real estate market. Looking ahead, the Group will continuously root its business in Jilin Province; and capitalise on its brand advantage in the local real estate sector to grow and expand in regional markets within Jilin Province, with the ultimate goal in maintaining the Group's leadership in key regions. In addition, the Group will look for projects in suitable first- and second-tier cities in the Yangtze River Delta and Pearl River Delta regions in the PRC for negotiations and development, so as to achieve nationwide business coverage and brand presence.

In addition to property development and management business, the Group will continue to pursue property investment. By optimising its investment property portfolio, local and abroad, the Group intends to improve the profitability of this overall business segment, to gradually enhance the structure of the business, as well as to develop in depth interactive ties with other business segments thereby achieve synergistic benefits to the Group.

The development of the financing guarantee business has been speeding up in the PRC in recent years. Since privately-owned economy and micro-finance service have captured the eyes of all provincial governments, and there has been a continual improvement on the service standards relating to financing guarantee business, the industry prospect is optimistic. Furthermore, the "Supervisory Policy Manual for the Financing Guarantee Companies" issued by the State Council became effective on 1 October 2017, which includes higher and more specific requirements on various aspects; and also raises the entry requirement for a newly set up financing guarantee companies. The manual also sets out operating rules for financing guarantee companies and the regulatory system for different areas within the financing guarantee business has been improved. The Group believes that the implementation of the rules and regulation proves to demonstrate how importance the Mainland views its financing guarantee industry. Also, it believes further supervision and standardization of the industry will increase the service user's confidence on the operator; leading to an overall long term growth to the industry.

After the completion of the acquisition of FR Guarantee in May 2017 by the Group, it continued to provide financing guarantee services to SMEs in Jilin, earning the support and trust from customers and local banks, and achieved steady progress with business development. Looking ahead, the Group will focus on optimising the financing guarantee business process and seize growth and development opportunities on sectors including financing guarantee, finance leasing, micro-finance and motor vehicle after-sales service supply chain financing.

Going forward, the Group will develop its property development, management and investment business, together with cultural tourism and healthcare business as core operation and complemented by the Group's financial service platform, in order to realise asset diversification and congruent growth among its three major businesses. This ultimately enhances the Group's overall competitiveness for bringing maximum returns and values to shareholders and stakeholders.

FINANCIAL REVIEW

For the six months ended 30 September 2017, the Group completed the Fengrun Acquisition and the Disposal and the Group's three core businesses were changed to property development and management, property investment and financial services.

For the purpose of the interim financial information of the Group for the six months ended 30 September 2017, the results of and the assets and liabilities of JL Zhongye, JL Fengrun and FR Guarantee were consolidated into the Group from the date of the Fengrun Acquisition. For the Disposal, the assets and liabilities of the Disposal Group were derecognised upon completion of the Disposal. After the Disposal, the Group ceased to operate the telecommunications retail sales and management services business. The telecommunications retail sales and management services business is treated and presented as discontinued operations. Comparative figures in the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income for the six months ended 30 September 2016 have been re-presented to disclose separately the profit or loss and total comprehensive income from such discontinued operations.

Management Discussion and Analysis

Key changes to income statement items

Revenue

Sales of properties remained the major source of income for the Group accounting for 89% of the Group's total revenue for the six months ended 30 September 2017 (30 September 2016 (restated): 97%). The analysis of the Group's revenue is as follows:

	Six months ended 30 September 2017 RMB'000	**%**	Six months ended 30 September 2016 RMB'000 (restated)	% (restated)
Sale of properties	**210,717**	**89**	554,370	97
Rental income	**10,820**	**5**	9,104	2
Property management service income	**10,155**	**4**	8,696	1
Guarantee fee income	**6,031**	**2**	–	–
	237,723	**100**	572,170	100

The Group's revenue decreased from RMB572.2 million for the six months ended 30 September 2016 (restated) to RMB237.7 million for the six months ended 30 September 2017 or an decrease by 58.5%, mainly contributed by the decrease in sales of properties by RMB343.7 million. The decrease in sales of properties was attributable to the fact that no new properties projects were completed and delivered during the six months ended 30 September 2017. For the six months ended 30 September 2017, the sales of properties (excluding car parks) related to the remaining units of the property projects that were completed in the previous year, mainly contributed from the sales of Guangze•Tudors Palace, Guangze•Amethyst City and Guangze Red House Phase 1 of RMB52.2 million, RMB53.2 million and RMB59.8 million respectively.

During the six months ended 30 September 2016, the Group completed the construction of and delivered certain units of the property project of Guangze•Tudors Palace which contributed property sales of approximately RMB516.0 million.

The financial services segment that were newly acquired in May 2017 contributed a guarantee fee income of RMB6.0 million to the Group's total revenue during the six months ended 30 September 2017.

Gross profit and gross margin

The Group's overall gross profit and gross margin has decreased from RMB235.6 million and 41.2% for the six months ended 30 September 2016 (restated) to RMB56.2 million and 23.7% for the six months ended 30 September 2017 mainly attributable to more recognised sales of Guangze•Tudors Palace that earned a higher margin in the corresponding period in last year than the property projects delivered with a lower margin in the current period.

Other income and gains

The Group's other income and gains increased from RMB0.3 million for the six months ended 30 September 2016 (restated) to RMB42.3 million for the six months ended 30 September 2017 which was attributable to the bank interest income of RMB8.3 million generated from the financial products, dividend income of RMB13 million generated from the available-for-sale investments and the gain from a bargain purchase from the Fengrun Acquisition of RMB19.1 million in respect of the provision of guarantee business.

Selling and distribution costs

The decrease in selling and distribution costs by RMB2.1 million from RMB11.3 million for the six months ended 30 September 2016 (restated) to RMB9.2 million for the six months ended 30 September 2017 was mainly contributed by the decrease in advertisement expenses from the advertising activities for the pre-sales of Guangze Red House and Wansheng•Qiancheng International in the corresponding period.

Administrative expenses

The decrease in administrative expenses by RMB14.4 million from RMB43.3 million for the six months ended 30 September 2016 (restated) to RMB28.9 million for the six months ended 30 September 2017 was mainly contributed by the decrease in bank charges of RMB6.0 million arising from the re-financing of the Group's bank borrowings.

Management Discussion and Analysis

Finance costs

	Six months ended 30 September	
	2017	2016
	RMB'000	RMB'000 (restated)
Interest on bank loans	**27,705**	35,255
Interest on Convertible Bonds	**11,480**	5,331
Interest on other loans	**2,548**	6,586
	41,733	47,172
Less: interest capitalised into properties under development	**(16,897)**	(32,522)
	24,836	14,650

The increase in finance costs by RMB10.1 million from RMB14.7 million for the six months ended 30 September 2016 (restated) to RMB24.8 million for the six months ended 30 September 2017 was mainly attributable to (i) the decrease in average loan balances from loan repayment and average interest rates on the bank loans; (ii) the increase in effective interest expenses on the Convertible Bonds issued in July and December 2016; and (iii) the decrease in interest capitalisation amount resulting from interest expenses incurred by an onshore subsidiary of the Group during the six months ended 30 September 2017 not meeting the interest capitalisation requirement as the respective property projects were completed.

Income tax

The Group's current income tax includes Corporate Income Tax (CIT) and Land Appreciation Tax (LAT). For the six months ended 30 September 2017, the Group's income tax amounted to RMB10.8 million (six months ended 30 September 2016 (restated): RMB69.4 million), with effective tax rate of 34.0% (six months ended 30 September 2016 (restated): 45.0%). The decrease in effective tax rate was largely attributable to: (i) higher CIT and LAT provision made in respect of the Guangze•Tudors Palace with higher margin during the six months ended 30 September 2016; and (ii) a withholding tax rate of 10% on the dividend income arising from the available-for-sale investments for the current period.

Key changes to financial position

Investment properties

As at 30 September 2017, 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). A gain in fair value of RMB13.0 million of the investment properties in Hong Kong was recognised for the six months ended 30 September 2017 (six months ended 30 September 2016: loss in fair value of RMB2.6 million).

Available-for-sale investments

On 30 December 2016, the Group subscribed for shares in Jilin Jiutai Rural Commercial Bank Corporation Limited ("Jilin Jiutai Bank"). Jilin Jiutai Bank is a joint-stock commercial bank headquartered in Changchun City, Jilin Province, the PRC; and the H-shares of which are listed in Main Board of The Stock Exchange of Hong Kong Limited. As at 30 September 2017, the fair value of the subscribed shares is RMB178.9 million (As at 31 March 2017: RMB201.1 million). A negative change in fair value of the investment of RMB15.3 million was recognised under the "other comprehensive income" in the consolidated statement of comprehensive income for the six months ended 30 September 2017 (six months ended 30 September 2016: N/A).

Properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sales are located in Jilin Province. The increase in properties under development and completed properties held for sales from RMB3,118.5 million as at 31 March 2017 to RMB3,215.6 million as at 30 September 2017 was mainly attributable to the acquisition of the land use right of a land parcel in Yanji City, Jilin Province for a total consideration of RMB65.6 million and development work on Changbaishan Ground Pine Township International Resort and Guangze Red House — Phase II during the six months ended 30 September 2017 and partially offset by the transfer of development costs to costs of sales in respect of Guangze • Tudors Palace, Guangze•Amethyst City and Guangze Red House — Phase I during the six months ended 30 September 2017.

Management Discussion and Analysis

Trade and other receivables

	Notes	**As at 30 September 2017 RMB'000**	As at 31 March 2017 RMB'000
Trade receivables	(i)	**20,212**	51,083
Other receivables			
– Deposits for land development expenditure	(ii)	**384,701**	372,375
– Deposits for construction and pre-sale of property projects	(iii)	**41,403**	54,379
– Prepaid business tax and other taxes		**41,308**	34,524
– Receivable of consideration from the disposal of telecommunication business	(iv)	**43,000**	–
– Entrusted loan receivables	(v)	**76,300**	–
– Other receivables, prepayments and deposits		**162,123**	156,580
		748,835	617,858
		769,047	668,941

(i) The decrease in trade receivables from RMB51.1 million as at 31 March 2017 to RMB20.2 million as at 30 September 2017 was mainly attributable to the derecognition of trade receivable balance relating to the disposal of telecommunication business.

(ii) Land development expenditure made by certain subsidiaries of the Group represented monies advanced to the local government for land development works at various land sites. The Directors anticipate that these land sites will be acquired through the tender, auction and listing process which will take place in 2018.

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

(iv) The balance represented the consideration receivable of RMB43 million relating to the disposal of telecommunication business. Subsequent to 30 September 2017, the balance was settled.

(v) FR Guarantee entered into entrusted loan agreements with the banks and certain third parties in the PRC (the "Borrowers") pursuant to which FR Guarantee instructed the banks to act as lending agent to release loans to the Borrowers which are funded by FR Guarantee. These entrusted loans are guaranteed by independent third party, bearing interests at rates ranging from 5% to 18% per annum and are repayable within twelve months. These entrusted loan arrangements were entered into prior to the completion of the Fengrun Acquisition. FR Guarantee performed all the necessary credit assessment and approval procedures before making such entrusted loans; and continued monitoring the creditworthiness of the Borrowers on a timely basis to ensure the recoverability of these loans.

Trade and other payables

	Notes	As at 30 September 2017 RMB'000	As at 31 March 2017 RMB'000
Trade and bills payables	(i)	**173,009**	74,303
Accrued construction costs		**639,157**	685,051
Amounts due to related companies	(ii)	**–**	134,580
Interest payable		**26,558**	22,299
Amount due to a joint venture	(ii)	**–**	14,000
Deposits received from the government	(iii)	**18,059**	2,189
Receipt in advance from management services		**9,331**	8,290
Deferred income	(iv)	**10,721**	–
Provision for guarantee losses	(v)	**7,659**	–
Other creditors and accruals	(vi)	**131,960**	260,168
Other deposits received		**29,787**	31,940
		1,046,241	1,232,820

(i) The increase in trade and bills payables from RMB74.3 million at 31 March 2017 to RMB173.0 million at 30 September 2017 was mainly attributable to the seasonal construction period in the northeastern part of the PRC.

(ii) As at 31 March 2017, amounts due to related companies and a joint venture were unsecured, interest-free and had no fixed terms of repayment. The decrease in amounts due to related companies was attributable to the repayment made on advance from related companies and the decrease in amount due to a joint venture was resulted from the disposal of the subsidiaries.

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

Management Discussion and Analysis

(iv) The balance represented the financing guarantee service fees received, which are initially recognised as deferred income and are amortised in profit or loss over the term of the guarantee as income from guarantees issued.

(v) The Group through FR Guarantee provided financing guarantees to certain banks in order for its customers to secure bank financing. At the end of the reporting period, a provision for guarantee losses of RMB7,659,000 (31 March 2017: N/A) has been made. The carrying amounts approximate their fair values.

(vi) The decrease in other creditors and accruals was contributed by the settlement of certain advances from the Group's business partner.

Deposits for sale of properties

Deposits from sales of properties represent sale proceeds received from buyers in connection with the Group's pre-sale of properties. The deposit will be credited to profit or loss upon the Group's revenue recognition criteria are met.

Liquidity and financial resources

Cash position

As at 30 September 2017, the carrying amount of cash and bank deposits of the Group was approximately RMB125.2 million (as at 31 March 2017: approximately RMB417.8 million), representing a decrease of approximately 70.0% as compared with that as at 31 March 2017.

Debt and gearing

The Group's bank and other borrowings as at 30 September 2017 decreased by RMB98.2 million to RMB869.5 million which was payable as follows:

	As at 30 September 2017 RMB'000	As at 31 March 2017 RMB'000
Analysed into:		
Bank loans repayable and trust receipt loan payable:		
Within one year or on demand	**353,269**	383,542
In the second year	**128,418**	268,342
In the third to fifth years, inclusive	**290,000**	202,628
	771,687	854,512
Other borrowings repayable:		
Within one year	**97,860**	113,235
	869,547	967,747

Management Discussion and Analysis

The Group's gearing ratio as at 30 September 2017 was as follows:

	At 30 September 2017 RMB'000	At 31 March 2017 RMB'000
Loans from controlling shareholders	**414,509**	264,824
Bank and other borrowings	**869,547**	967,747
Trade and other payables	**1,046,241**	1,232,820
Less: Cash and cash equivalents	**(125,207)**	(417,766)
Pledged and restricted deposits	**(144,159)**	(46,598)
Net debt	**2,060,931**	2,001,027
Liability component of Convertible Bonds	**180,021**	206,104
Equity	**2,109,787**	1,716,797
Adjusted capital	**2,289,808**	1,922,901
Capital and net debt	**4,350,739**	3,923,928
Gearing ratio	**47.4%**	51.0%

The decrease in the gearing ratio of the Group from 51.0% at 31 March 2017 to 47.4% at 30 September 2017 was mainly attributable to the increase in the Group's equity arising from the issue of new ordinary shares under share subscription and upon conversion of CBs due in 2018 during the period.

Cash flows for the Group's operating and investing activities

For the six months ended 30 September 2017, the Group recorded net operating cash outflow of RMB200.9 million (six months ended 30 September 2016: outflow of RMB485.7 million). The decrease was mainly attributable to the settlement of the trade payables 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 RMB407.2 million (six months ended 30 September 2016: outflow of RMB1.9 million). The increase was mainly as a result of the purchase of held-to-maturity investment of RMB310 million and consideration of RMB505.9 million paid for the Fengrun Acquisition, which was partly offset by the cash acquired of RMB353.5 million.

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 30 September 2017, the Group had contracted but not provided for commitments in respect of properties under development of RMB1,067.8 million (31 March 2017: RMB806.0 million). The development expenditure will be funded by the Group's internal resources and/or project loans. The Group also had unutilised banking facilities of RMB184.7 million as at 30 September 2017 (31 March 2017: RMB192.2 million).

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2017, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK$). As at 30 September 2017, approximately 6.6% of the Group's total cash and bank balance (including pledged bank deposits) were denominated in HK$ and approximately 27.8% of the Group's total borrowings were denominated in HK$, while 72.2% were denominated in RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB and HK$, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimize the Group's financial risks.

Management Discussion and Analysis

CHARGE ON ASSETS

As at 30 September 2017, the Group had the following assets pledged against bank loans granted:

	As at 30 September 2017 RMB'000	As at 31 March 2017 RMB'000
Investment properties	**302,176**	301,138
Properties under development and completed properties held for sale	**453,882**	967,873
Pledged bank deposits	**–**	18,859
Available-for-sale investments	**178,882**	201,131

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had 358 (31 March 2017: 1,248) full-time staff. The decrease in staff number during the period was attributable to the disposal of the telecommunication business. Total staff costs (including directors' emoluments) incurred for the six months ended 30 September 2017 amounted to approximately RMB17.5 million (30 September 2016 (restated): RMB17.1 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 share options, discretionary bonus, training allowance and provident fund.

Independent Review Report

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To the shareholders of
Ground International Development Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 70 which comprises the condensed consolidated statement of financial position of Ground International Development Limited (the "Company") and its subsidiaries (together the "Group") as at 30 September 2017 and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

29 November 2017

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2017

	Notes	Six months ended 30 September 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000 (restated)
Continuing operations			
Revenue	5	**237,723**	572,170
Cost of sales and services		**(181,475)**	(336,546)
Gross profit		**56,248**	235,624
Other income and gains	5	**42,319**	293
Selling and distribution costs		**(9,226)**	(11,330)
Administrative expenses		**(28,915)**	(43,330)
Finance costs	6(a)	**(24,836)**	(14,650)
Other expenses		**(1,900)**	(7,322)
Change in fair value of investment properties	11	**13,013**	(2,552)
Change in fair value of derivative financial instruments	20	**(14,950)**	(2,353)
Profit before tax from continuing operations	6	**31,753**	154,380
Income tax	7	**(10,809)**	(69,400)
Profit for the period from continuing operations		**20,944**	84,980
Discontinued operations			
(Loss) profit for the period from discontinued operations	10	**(8,836)**	12,697
Profit for the period		**12,108**	97,677
Attributable to:			
Owners of the parent			
– continuing operations		**20,944**	84,980
– discontinued operations		**(8,836)**	12,697
		12,108	97,677
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For profit for the period		**0.30 Cent**	8.02 Cents
– For profit from continuing operations		**0.53 Cent**	6.98 Cents
Diluted			
– For profit for the period		**0.18 Cent**	1.66 Cents
– For profit from continuing operations		**0.32 Cent**	1.46 Cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
		(restated)
PROFIT FOR THE PERIOD	**12,108**	97,677
OTHER COMPREHENSIVE INCOME		
Other comprehensive income may be reclassified to profit or loss in subsequent periods:		
Change in fair value of available-for-sale investments	**(15,349)**	–
Exchange differences on translation of foreign operations	**4,799**	869
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(10,550)**	869
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**1,558**	98,546
Attributable to:		
Owners of the parent		
– continuing operations	**10,394**	85,849
– discontinued operations	**(8,836)**	12,697
	1,558	98,546

Condensed Consolidated Statement of Financial Position

As at 30 September 2017

	Notes	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,000**	12,441
Investment properties	11	**962,176**	961,138
Goodwill		**4,999**	4,999
Investment in a joint venture		**–**	8,158
Available-for-sale investments	14	**178,882**	201,131
Deferred tax assets		**70,208**	64,402
Total non-current assets		**1,224,265**	1,252,269
CURRENT ASSETS			
Properties under development and completed properties held for sale	12	**3,215,555**	3,118,485
Inventories		**–**	36,758
Trade and other receivables	13	**769,047**	668,941
Prepaid income tax		**39,994**	27,984
Derivative financial instruments	20	**30,007**	46,549
Held-to-maturity investment	15	**310,000**	–
Pledged and restricted deposits	16	**144,159**	46,598
Cash and cash equivalents	16	**125,207**	417,766
Total current assets		**4,633,969**	4,363,081
CURRENT LIABILITIES			
Trade and other payables	17	**1,046,241**	1,232,820
Deposits from sales of properties		**875,946**	884,347
Loans from controlling shareholders	18	**414,509**	264,824
Bank and other borrowings	19	**451,129**	496,777
Income tax payable		**57,045**	39,307
Total current liabilities		**2,844,870**	2,918,075
NET CURRENT ASSETS		**1,789,099**	1,445,006
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,013,364**	2,697,275

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2017

	Notes	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings	19	**418,418**	470,970
Liability component of the Convertible Bonds	20	**180,021**	206,104
Deferred tax liabilities		**305,138**	303,404
		903,577	980,478
Net assets		**2,109,787**	1,716,797
EQUITY			
Equity attributable to owners of the parent			
Share capital	21	**184,539**	141,047
Convertible preference shares	22	**1,755,860**	2,206,954
Equity component of the Convertible Bonds	20	**135,198**	151,545
Reserves		**34,190**	(782,749)
Total equity		**2,109,787**	1,716,797

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017 — unaudited

				Reserves									
	Share capital RMB'000 (Note 21)	**Convertible preference shares** RMB'000 (Note 22)	**Equity component of the Convertible Bonds** RMB'000 (Note 20)	**Share premium** RMB'000	**Exchange reserve** RMB'000	**Contributed surplus** RMB'000	**Share option reserve** RMB'000	**Available-for-sale investment revaluation reserve** RMB'000	**Other reserves** RMB'000	**Statutory reserve** RMB'000	**Retained earnings** RMB'000	**Sub-total** RMB'000	**Total equity** RMB'000
At 1 April 2017	**141,047**	**2,206,954**	**151,545**	**1,986,333**	**(15,925)**	**184,684**	**25,269**	**23,999**	**(3,304,013)**	**25,157**	**291,747**	**(782,749)**	**1,716,797**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,108**	**12,108**	**12,108**
Other comprehensive income for the period													
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15,349)**	**–**	**–**	**–**	**(15,349)**	**(15,349)**
Exchange differences arising from foreign operations	**–**	**–**	**–**	**–**	**4,799**	**–**	**–**	**–**	**–**	**–**	**–**	**4,799**	**4,799**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**4,799**	**–**	**–**	**(15,349)**	**–**	**–**	**12,108**	**1,558**	**1,558**
Issuance of new ordinary shares under share subscription	**14,992**	**–**	**–**	**344,824**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**344,824**	**359,816**
Issuance of shares upon exercise of share options	**218**	**–**	**–**	**5,570**	**–**	**–**	**(1,526)**	**–**	**–**	**–**	**–**	**4,044**	**4,262**
Shares issued upon conversion of convertible preference shares and convertible bonds	**28,282**	**(451,094)**	**(16,347)**	**465,742**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**465,742**	**26,583**
Equity-settled share option arrangements	**–**	**–**	**–**	**–**	**–**	**–**	**771**	**–**	**–**	**–**	**–**	**771**	**771**
Forfeiture of share options	**–**	**–**	**–**	**–**	**–**	**–**	**(155)**	**–**	**–**	**–**	**155**	**–**	**–**
At 30 September 2017	**184,539**	**1,755,860**	**135,198**	**2,802,469**	**(11,126)**	**184,684**	**24,359**	**8,650**	**(3,304,013)**	**25,157**	**304,010**	**34,190**	**2,109,787**
At 1 April 2016 (Restated)	36,575	–	–	256,769	(8,213)	184,684	20,338	–	305,582	21,182	224,012	1,004,354	1,040,929
Profit for the period	–	–	–	–	–	–	–	–	–	–	97,677	97,677	97,677
Other comprehensive income for the period													
Exchange differences arising from foreign operations	–	–	–	–	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 Ka Yun Acquisition	14,759	3,320,582	240,815	236,149	–	–	–	–	(3,609,595)	–	–	(3,373,446)	202,710
Issuance of new ordinary shares under share subscription	7,315	–	–	140,433	–	–	–	–	–	–	–	140,433	147,748
Share issuing costs	–	–	–	(345)	–	–	–	–	–	–	–	(345)	(345)
Equity-settled share-based share option arrangements	–	–	–	–	–	–	4,327	–	–	–	–	4,327	4,327
Forfeiture of share options	–	–	–	–	–	–	(801)	–	–	–	801	–	–
At 30 September 2016 (Restated)	58,649	3,320,582	240,815	633,006	(7,344)	184,684	23,864	–	(3,304,013)	21,182	322,490	(2,126,131)	1,493,915

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	Notes	Six months ended 30 September 2017 RMB'000	2016 RMB'000
OPERATING ACTIVITIES			
Cash used in operations		**(186,598)**	(434,389)
Interest received		**8,333**	303
Interest paid		**(9,097)**	(33,685)
Tax paid:			
— PRC corporate income tax paid		**(6,774)**	(14,022)
— PRC land appreciation tax paid		**(6,769)**	(3,935)
Net cash flows used in operating activities		**(200,905)**	(485,728)
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,437)**	(1,815)
Proceeds from disposal of items of property, plant and equipment		**1,636**	–
Dividend income received, net		**11,420**	–
Dividend income received from Disposal Group		**38,019**	–
Acquisition of subsidiaries, net	23	**(152,457)**	–
Disposal of subsidiaries	24	**(9,233)**	–
Purchase of held-to-maturity investment		**(310,000)**	–
Decrease (increase) in pledged bank deposits		**14,885**	(59)
Net cash flows used in investing activities		**(407,167)**	(1,874)
FINANCING ACTIVITIES			
Proceeds from issue of shares under share subscriptions		**359,816**	147,403
Proceeds from shares issued under share option scheme		**4,262**	–
Proceeds from new bank loans		**195,000**	326,426
Repayment of bank loans		**(251,173)**	(325,730)
Repayment of other loans		**(12,133)**	(1,067)
Proceeds from (repayment of) controlling shareholder's loan		**160,000**	(1,723)
Decrease in amount due from related companies		**–**	125,799
(Decrease) increase in amount due to related companies		**(134,580)**	264,292
Decrease in amount due to a joint venture		**–**	(3,000)
Net cash flows from financing activities		**321,192**	532,400
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(286,880)**	44,798
Cash and cash equivalents at the beginning of the period		**417,766**	84,998
Effect of foreign exchange rate changes, net		**(5,679)**	185
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**125,207**	129,981

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

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 is principally engaged in the property development and management, including planning, design, budgeting, licensing, contract tendering and contract administration, property investment, and provision of financial services.

As at 30 September 2017, 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), hold approximately 13.2% and 57.7% of the then total issued capital of the Company respectively.

2. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 September 2017 (the "Interim Financial Information") has been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2017, except for the adoption of new amendments for the first time on 1 April 2017 as set out in note 3 to the condensed consolidated financial statements and new accounting policy below on revenue recognition of guarantee fee income upon the acquisition of subsidiaries, details of which are set out in note 23 to the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION (continued)

Revenue recognition — guarantee fee income

Guarantee fee income is recognised when guarantee contracts have been made whereby the related guarantee obligation has been accepted, the economic benefits associated with the guarantee contracts will probably flow in, and the amount of revenue associated with guarantee contracts can be measured reliably. Guarantee fee income is determined based on the total agreed fee in the guarantee contracts and is recognised in the statement of profit or loss over the period of guarantee. The Group receives guarantee fee income in full at inception and records it as deferred income before amortising it throughout the period of guarantee.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2017.

3. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Directors anticipate that the adoption of the new/revised standard, interpretation or amendment will not have any material impact on the results of the Group.

The Group applied the following new amendments for the first time in April 2017. However, they do not have a material impact on the Interim Financial Information of the Group. The nature and the impact of the amendments are described below:

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its Interim Financial Information, but will disclose additional information in its annual consolidated financial statements for the year ending 31 March 2018.

3. CHANGE IN ACCOUNTING POLICIES (continued)

Amendments to HKAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle: 2014–2016

Amendments to HKFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in HKFRS 12

The amendments clarify that the disclosure requirements in HKFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

These amendments do not have any impact on the Group as there has been no such entity's interest that is classified as held for sale during the period.

Notes to the Condensed Consolidated Financial Statements

4. OPERATING SEGMENT INFORMATION

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

Operating segments	Nature of business activities	Place of operation
Continuing operations		
Property development and management	Property development and provision of management service to property projects	The People's Republic of China (the "PRC")
Property investment	Property holding for long term investment and leasing purposes	The PRC and Hong Kong
Financial services#	Provision of guarantee services and investment holding	The PRC and Hong Kong
Discontinued operations		
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	The PRC

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.

In May 2017, the Group completed the acquisition of Jilin Zhongye Business Information Advisory Company Limited* (吉林省中業商務信息諮詢有限公司) ("JL Zhongye") and Jilin Fengrun Business Information Advisory Company Limited* (吉林灃潤商務信息諮詢有限公司) ("JL Fengrun"). The main asset of JL Zhongye and JL Fengrun is an investment in a subsidiary, Jilin Province Fengrun Guaranty Company Limited* (吉林省灃潤擔保有限公司) ("FR Guarantee"), which is a company established in the PRC and is principally engaged in provision of guarantee services in the PRC. Subsequent to the acquisition, the Directors regularly review the operating results of the Group and make decisions about resources to be allocated to the segment and assess its performance. Hence, the Group's financial services segment is presented as one of the operating segments.

4. OPERATING SEGMENT INFORMATION (continued)

Segment results and other segment information

For the six months ended 30 September 2017 — unaudited

	Continuing operations				Discontinued operations
	Property development and management RMB'000	Property investment RMB'000	Financial services RMB'000	Total RMB'000	Telecommunications retail sales and management services RMB'000
Segment revenue					
Sales to external customers	220,872	10,820	6,031	237,723	44,435
Segment results	26,623	8,741	17,096	52,460	(3,021)
Interest income				8,333	7
Finance costs				(24,836)	(101)
Change in fair value of derivative financial instruments				(14,950)	–
Gain on disposal of subsidiaries				–	135
Gain from a bargain purchase from the acquisition of subsidiaries				19,078	–
Unallocated head office and corporate expenses				(8,332)	–
Share of profit of a joint venture				–	20
Profit (loss) before tax				31,753	(2,960)
Income tax				(10,809)	(5,876)
Profit (loss) for the period				20,944	(8,836)

Notes to the Condensed Consolidated Financial Statements

4. OPERATING SEGMENT INFORMATION (continued)

Segment results and other segment information (continued)

For the six months ended 30 September 2016 — unaudited

	Continuing operations			Discontinued operations
	Property development and management RMB'000	Property investment RMB'000	Total RMB'000	Telecommunications retail sales and management services RMB'000
Segment revenue				
Sales to external customers	563,066	9,104	572,170	97,223
Segment results	198,742	(7,092)	191,650	17,520
Interest income			190	113
Finance costs			(14,650)	(140)
Change in fair value of derivative financial instruments			(2,353)	–
Unallocated head office and corporate expenses			(20,457)	–
Share of loss of a joint venture			–	(179)
Profit before tax			154,380	17,314
Income tax			(69,400)	(4,617)
Profit for the period			84,980	12,697

5. REVENUE, OTHER INCOME AND GAINS FROM CONTINUING OPERATIONS

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

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

	Six months ended 30 September 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000 (restated)
Revenue		
Sale of properties	**210,717**	554,370
Rental income	**10,820**	9,104
Property management service income	**10,155**	8,696
Guarantee fee income	**6,031**	–
Total revenue from continuing operations	**237,723**	572,170
Other income and gains		
Interest income	**8,333**	190
Sundry income	**834**	103
Gain on disposal of property, plant and equipment	**1,048**	–
Dividend income	**13,026**	–
Gain from a bargain purchase from the acquisition of subsidiaries *(note 23)*	**19,078**	–
Total other income and gains from continuing operations	**42,319**	293

Notes to the Condensed Consolidated Financial Statements

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

(a) Finance costs

	Six months ended 30 September 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000 (restated)
Interest on bank loans	**27,705**	35,255
Interest on Convertible Bonds	**11,480**	5,331
Interest on other loans	**2,548**	6,586
	41,733	47,172
Less: Interest capitalised into properties under development	**(16,897)**	(32,522)
Total finance costs from continuing operations	**24,836**	14,650

(b) Other items

	Six months ended 30 September 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000 (restated)
Cost of properties sold	**158,965**	313,579
Cost of services	**9,876**	10,177
Cost of rental	**12,634**	12,790
Depreciation	**1,024**	1,316
Minimum lease payments under operating leases	**1,785**	2,133
Equity-settled share option expenses	**771**	4,321
Foreign exchange differences, net	**(748)**	5,288
Legal and professional fees in relation to the acquisition of the entire interest of Ka Yun Investments Limited (the " Ka Yun Acquisition")#	**–**	6,809

The expenses are included in other expenses in the condensed consolidated statement of profit or loss.

7. INCOME TAX FROM CONTINUING OPERATIONS

	Six months ended 30 September 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000 (restated)
Current tax		
PRC Corporate Income Tax	**6,736**	36,076
PRC Land Appreciation Tax	**7,968**	40,632
	14,704	76,708
Deferred tax		
Origination and reversal of temporary differences	**(3,895)**	(7,308)
Total charge from continuing operations	**10,809**	69,400

No Hong Kong profits tax has been provided for the six months ended 30 September 2017 as the Group's estimated unrecognised tax losses brought forward from previous years exceeded the estimated assessable profits for the period. No provision was made for Hong Kong Profits Tax for the six months ended 30 September 2016 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 2016.

PRC Corporate Income Tax ("CIT") has been provided for the six months ended 30 September 2017 and 2016 based on the estimated assessable profits in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory CIT tax rate in the PRC is 25%.

CIT for the period includes PRC withholding tax on dividends declared and received during the period from the Group's available-for-sale investments amounting to approximately RMB1,303,000 (2016: Nil).

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

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 PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the parent of RMB12,108,000 (six months ended 30 September 2016: RMB97,677,000) for the six months ended 30 September 2017 and the weighted average of 3,987,520,000 shares (six months ended 30 September 2016: 1,217,329,000 shares) in issue during the six months ended 30 September 2017.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the Convertible Bonds and fair value loss on the derivative component of the Convertible Bonds (if any). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	Six months ended 30 September 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000
Earnings		
Profit attributable to owners of the parent		
— continuing operations	**20,944**	84,980
— discontinued operations	**(8,836)**	12,697
	12,108	97,677
Effect of interest on the liability component of the Convertible Bonds	**11,480**	5,331
Effect of fair value loss on the derivative component of the Convertible Bonds	**14,950**	2,353
	38,538	105,361
Adjusted profit (loss) attributable to equity holders of the parent		
— continuing operations	**47,374**	92,664
— discontinued operations	**(8,836)**	12,697
	38,538	105,361

8. EARNINGS PER SHARE (continued)

The calculation of basic and diluted earnings per share are based on: (continued)

	Number of shares	
	Six months ended 30 September 2017 (unaudited) '000	Six months ended 30 September 2016 (unaudited) '000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,987,520**[(a)]	1,217,329
Effect of dilution – weighted average number of ordinary shares:		
Convertible preference shares	**2,622,959**	4,539,353
Convertible Bonds	**354,629**[(b)]	588,235
Share options	**33,816**	–[(c)]
Weighted average number of ordinary shares (diluted)	**6,998,924**	6,344,917

(a) The number of ordinary shares used for the calculation of basic earnings per share for the six months ended 30 September 2017 includes the aggregate of the weighted average number of shares issued upon the conversion of 600,000,000 convertible preference shares, which were issued in connection with the Ka Yun Acquisition. In accordance with HKAS 33 Earnings Per Share, the weighted average number of shares for the calculation of earnings per share for the six months ended 30 September 2016 are not adjusted retrospectively.

(b) Because the diluted earnings per share amount was increased when taking the Convertible Bonds into account, the Convertible Bonds had an anti-dilutive effect on the basic earnings per share amount for the six months ended 30 September 2017 and were ignored in the calculation of diluted earnings per share. Therefore, the calculation of diluted earnings per share amount was based on the profit for the period and the profit attributable to continuing operations of RMB12,108,000 and RMB20,944,000, respectively, and the weighted average number of ordinary shares of 6,644,295,000 in issue during the period.

(c) Because the exercise prices of share options were out of the money compared to the average stock prices of the Company during the six months ended 30 September 2016, share options did not have a dilutive effect on the basic earnings per share amount for the six months ended 30 September 2016.

9. DIVIDEND

The Directors do not declare the payment of any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

Notes to the Condensed Consolidated Financial Statements

10. DISCONTINUED OPERATIONS

On 30 June 2017, Shanghai Jinhan Yintong Communication Products Sales Co., Ltd.* ("Shanghai Jinhan", 上海錦瀚銀通通信產品銷售有限公司), an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with an independent third party (the "Purchaser"), pursuant to which Shanghai Jinhan has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interests in Shanghai CM Concepts Communications Products Franchise Sale Company Limited* (上海潤迅概念通信產品連鎖銷售有限公司) (together with its subsidiaries and a joint venture known as the "Disposal Group" which are principally engaged in the telecommunications retail sales and management services) for the consideration of RMB43,000,000 (the "Disposal"). The assets and liabilities of the Disposal Group were derecognised upon the completion of the Disposal. The Disposal was completed on 30 June 2017, upon which the Group ceased to operate the telecommunications retail sales and management services business. The telecommunications retail sales and management services business are treated and presented as discontinued operations. Comparative figures in the condensed consolidated statement of profit or loss for the six months ended 30 September 2016 have been re-presented to disclose separately the profit or loss from such discontinued operations.

The results of the discontinued operations are summarised as follows:

	Six months ended 30 September 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000
Revenue	**44,435**	97,223
Cost of sales and services	**(35,963)**	(64,757)
Gross profit	**8,472**	32,466
Other income and gains	**2,323**	1,626
Gain on disposal of subsidiaries *(note 24)*	**135**	–
Selling and distribution costs	**(6,151)**	(10,963)
Administrative expenses	**(7,658)**	(5,496)
Finance costs	**(101)**	(140)
Share of results of a joint venture	**20**	(179)
(Loss) profit before tax	**(2,960)**	17,314
Income tax	**(5,876)**	(4,617)
(Loss) profit for the period from discontinued operations	**(8,836)**	12,697

10. DISCONTINUED OPERATIONS (continued)

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

	Six months ended 30 September 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000
Net cash flows used in operating activities	**(17,316)**	(3,602)
Net cash flows generated from (used in) investing activities	**523**	(355)
Net cash flows used in financing activities	**–**	–
Net cash flows	**(16,793)**	(3,957)

Subsequent to 30 September 2017, the consideration receivable of RMB43,000,000 relating to the Disposal was settled. Further details of the Disposal are set out in note 24 to the condensed consolidated financial statements.

11. INVESTMENT PROPERTIES

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
At the beginning of the reporting period	**961,138**	943,628
Net gain from fair value adjustment	**13,013**	–
Exchange alignment	**(11,975)**	17,510
At the end of the reporting period	**962,176**	961,138
Representing:		
The PRC	**660,000**	660,000
Hong Kong	**302,176**	301,138
	962,176	961,138

As at 30 September 2017, the Group's investment properties included the office premises in Kowloon Bay, Hong Kong and certain units of 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).

Notes to the Condensed Consolidated Financial Statements

11. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value hierarchy of the Group's investment properties:

	Fair value measurement as at 30 September 2017 using			
	Quoted prices in active markets (Level 1) (unaudited) RMB'000	**Significant observable inputs (Level 2) (unaudited) RMB'000**	**Significant unobservable inputs (Level 3) (unaudited) RMB'000**	**Total (unaudited) RMB'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**962,176**	**962,176**

	Fair value measurement as at 31 March 2017 using			
	Quoted prices in active markets (Level 1) (audited) RMB'000	Significant observable inputs (Level 2) (audited) RMB'000	Significant unobservable inputs (Level 3) (audited) RMB'000	Total (audited) RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	961,138	961,138

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (31 March 2017: Nil).

As at 30 September 2017, certain of the Group's investment properties with an aggregate carrying amount of RMB302,176,000 (31 March 2017: RMB301,138,000) were pledged to banks to secure certain of the bank loans granted to the Group.

12. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Properties under development	**2,531,374**	2,275,339
Completed properties held for sale	**684,181**	843,146
	3,215,555	3,118,485

13. TRADE AND OTHER RECEIVABLES

	Notes	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Trade receivables	(a)	**20,212**	51,083
Other receivables:			
Deposits for land development expenditure	(b)	**384,701**	372,375
Deposits for construction and pre-sale of property projects	(c)	**41,403**	54,379
Prepaid business tax and other taxes		**41,308**	34,524
Receivable of consideration from the disposal of telecommunication business	(d)	**43,000**	–
Entrusted loan receivables	(e)	**76,300**	–
Other receivables, prepayments and deposits		**162,123**	156,580
		748,835	617,858
		769,047	668,941

(a) In respect of properties sales, no credit terms are granted to purchasers. For property investment, property management and guarantee services, rental income, property management income and guarantee fee income, they are settled in accordance with the terms stipulated in the agreements, most of which are settled in advance. In particular, sufficient rental deposits are received to minimize credit risk. For telecommunications retail sales and management services before the Disposal, the average credit period granted for trade receivables ranged from 30 to 60 days, with certain few customers being offered a period of 90 days. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest-bearing.

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 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Within 30 days	**3,714**	23,739
31 days–180 days	**6,058**	18,531
Over 180 days	**10,440**	8,813
	20,212	51,083

Notes to the Condensed Consolidated Financial Statements

13. TRADE AND OTHER RECEIVABLES (continued)

(a) (continued)

Included in the Group's trade receivable balances were debtors with a carrying amount of RMB20,212,000 (31 March 2017: RMB9,942,000) which are past due at the end of the reporting period for which the Group has not made provision for impairment. These receivables relate to a number of independent customers for whom there is no recent history of default and the Group has continuously monitored their credit status. 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. Other than certain customers under the financial services segment whereby the receivable balances are pledged by certain assets of the customers, the Group did not hold any collateral over the remaining balances.

(b) The balances represented monies advanced to the local government for land development works at various land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether the Group will obtain the land use rights of the land in the future. The entire amount of land development expenditure as at 30 September 2017 is expected to be recovered within one year.

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

(d) The balance represented the consideration receivable of RMB43,000,000 relating to the disposal of telecommunication business. Details of the disposal are set out in note 24 to the condensed consolidated financial statements. Subsequent to 30 September 2017, the balance was settled.

(e) FR Guarantee entered into entrusted loan agreements with the banks and certain third parties in the PRC (the "Borrowers") pursuant to which FR Guarantee instructed the banks to act as lending agent to release loans to the Borrowers which are funded by FR Guarantee. These entrusted loans are guaranteed by independent third parties, bearing interests at rates ranging from 5% to 18% per annum and are repayable within one year.

14. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Listed equity investments, at fair value	**178,882**	201,131

For the six months ended 30 September 2017, the Group's available-for-sale investments has a fair value loss recognised in other comprehensive income amounted to RMB15,349,000 (2016: Nil).

As at 30 September 2017, the Group's listed equity investments with a carrying value of RMB178,882,000 (31 March 2017: RMB201,131,000) were pledged as security for the Group's bank and other borrowings, as further detailed in note 19 to the condensed consolidated financial statements.

15. HELD-TO-MATURITY INVESTMENT

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Wealth management products, at cost	**310,000**	–

The held-to-maturity investment is the principal-guaranteed financial product issued by a licensed commercial bank in the PRC with an expected annual return rate of 4.4% and matures within one year. The Group has the intention and ability to hold it upon maturity. The carrying amount approximates its fair value.

16. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Notes	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Cash and bank balances		**269,366**	464,364
Less: Pledged bank acceptance bills deposits		**–**	(11,300)
Pledged bank deposits		**–**	(18,859)
Restricted bank deposits under pre-sale of properties	(a)	**(19,338)**	(16,439)
Restricted bank deposits under provision of financing guarantee services	(b)	**(124,821)**	–
Cash and cash equivalents		**125,207**	417,766

(a) In accordance with relevant policies issued by the PRC local State-owned Land and Resource Bureau applicable to all property developers, 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) In accordance with the financing guarantee agreements signed with the banks, the Group is required to place certain amounts of deposits in the banks to secure the provision of financing guarantee services. The balances are refundable upon the obligation of the financing guarantee is released. The restricted cash earns interest at floating daily bank deposit rates.

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi amounted to RMB107,509,000 (31 March 2017: RMB271,964,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes to the Condensed Consolidated Financial Statements

17. TRADE AND OTHER PAYABLES

	Notes	**30 September 2017 (unaudited) RMB'000**	31 March 2017 (audited) RMB'000
Trade and bills payables	(a)	**173,009**	74,303
Accrued construction costs		**639,157**	685,051
Amounts due to related companies	(b)	**–**	134,580
Interest payable		**26,558**	22,299
Amount due to a joint venture	(b)	**–**	14,000
Deposits received from the government	(c)	**18,059**	2,189
Receipt in advance from management services		**9,331**	8,290
Deferred income	(d)	**10,721**	–
Provision for guarantee losses	(e)	**7,659**	–
Other creditors and accruals		**131,960**	260,168
Other deposits received		**29,787**	31,940
		1,046,241	1,232,820

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

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Within 30 days	**105,604**	19,674
31 days–180 days	**12,978**	11,415
Over 180 days	**54,427**	43,214
	173,009	74,303

(b) At 31 March 2017, amounts due to related companies and a joint venture were unsecured, interest-free and had no fixed terms of repayment. The amounts due to related companies were repaid during the period and the amount due to a joint venture was derecognised upon completion of the Disposal.

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

17. TRADE AND OTHER PAYABLES (continued)

(d) The balance represented the financing guarantee service fees received, which are initially recognised as deferred income and are amortised in profit or loss over the term of the guarantee as income from guarantee issued.

(e) The Group through FR Guarantee provided financing guarantees to certain banks in order for its customers to secure bank financing. At the end of the reporting period, a provision for guarantee losses of RMB7,659,000 (31 March 2017: Nil) has been made. The carrying amounts approximate their fair values.

18. LOANS FROM CONTROLLING SHAREHOLDERS

The balances are unsecured, interest-free and repayable on demand. During the period, an additional advance of RMB160,000,000 was made. Details of the advance are set out in the Company's announcement dated 25 August 2017.

19. BANK AND OTHER BORROWINGS

	Notes	**30 September 2017 (unaudited) RMB'000**	31 March 2017 (audited) RMB'000
Current			
Bank loans – unsecured	(i)	**259,000**	96,000
Bank loans – secured	(ii)	**94,269**	269,342
Other loans – unsecured	(iii)	**23,590**	24,690
Other loans – secured	(iv)	**74,270**	88,545
Entrusted loan	(v)	**–**	18,200
		451,129	496,777
Non-current			
Bank loans – unsecured	(i)	**–**	220,000
Bank loans – secured	(ii)	**418,418**	250,970
		418,418	470,970
		869,547	967,747

Notes to the Condensed Consolidated Financial Statements

19. BANK AND OTHER BORROWINGS (continued)

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Analysed into:		
Bank loans repayable and entrusted loan payable:		
Within one year or on demand	**353,269**	383,542
In the second year	**128,418**	268,342
In the third to fifth years, inclusive	**290,000**	202,628
	771,687	854,512
Other borrowings repayable:		
Within one year	**97,860**	113,235
	869,547	967,747

Notes:

(i) The unsecured bank loans of RMB230,000,000 (31 March 2017: RMB235,000,000) and RMB29,000,000 (31 March 2017: nil) bear interests at fixed rate of 6.65% per annum and floating rate of 7.83% per annum respectively. The loan of RMB230,000,000 was guaranteed by an independent third party guarantee company where the Company provided a counter-guarantee in favour of the independent third party for its obligations to guarantee the payment obligations. An unsecured bank loan of RMB80,000,000 as at 31 March 2017 was repaid during the period; and the other of RMB1,000,000 as at 31 March 2017 was derecognised upon the disposal of subsidiaries (note 24 to the condensed consolidated financial statements).

(ii) Included in the secured bank loans are loan balances of RMB70,000,000 (31 March 2017: Nil), HK$197,000,000 (equivalent to approximately RMB167,687,000) (31 March 2017: HK$216,000,000 (equivalent to approximately RMB191,312,000)) and RMB275,000,000 (31 March 2017: RMB150,000,000) bearing interests at floating rate of 7.6% per annum, at HIBOR plus margin of 2.75% per annum and a fixed interest rate of 5.39% per annum, respectively. A secured bank loan of RMB179,000,000 as at 31 March 2017 was repaid during the period.

These bank loans are secured by pledges of the properties under development and the completed properties held for sale with carrying values of RMB453,882,000 (31 March 2017: RMB967,873,000) and investment properties with fair value of RMB302,176,000 (31 March 2017: RMB301,138,000), respectively.

19. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(iii) The unsecured other loans of RMB23,590,000 (31 March 2017: RMB24,690,000) of 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, are in relation to original 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 the supplemental agreements entered into with the remaining individual third parties on the outstanding loan balance in 2014, these borrowing arrangements became interest free effective from 30 September 2014 and repayable on demand.

(iv) A secured other loan of HK$87,254,000 (equivalent to approximately RMB74,270,000) (31 March 2017: HK$99,972,000 (equivalent to approximately RMB88,545,000)) bears a fixed interest rate of 6.50% per annum and is secured by the Group's available-for-sale investments.

(v) As at 31 March 2017, the entrusted receipt loan of RMB18,200,000 was pledged by a bank deposit of RMB18,859,000 made with a bank in the PRC. This loan bore an interest at a fixed rate of 1.55% per annum. At 30 September 2017, the entrusted receipt loan was derecognised upon the disposal of the subsidiaries (note 24 to the condensed consolidated financial statements).

20. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS

CBs due in 2021

On 27 July 2016, the Company issued an aggregate principal amount of HK$500 million (equivalent to approximately RMB430 million on the issue date) convertible bonds which are due on 27 July 2021 (the "CBs due in 2021") as part of the considerations in respect of the Ka Yun Acquisition. The CBs due in 2021 are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$0.85 per share subject to adjustments. The interest rate is 2% per annum payable semi-annually in arrears each year before the maturity date.

The conversion rights are exercisable at any time from the date of issue of the CBs due in 2021 up to the maturity date of 27 July 2021, provided that any conversion 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 CBs due in 2021 are not transferrable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the CBs due in 2021 (in whole or in part) at 100% of its principal amount.

The Company has not early redeemed any portion of the CBs due in 2021 during the period.

Notes to the Condensed Consolidated Financial Statements

20. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS (continued)

CBs due in 2018

On 2 December 2016, the Company issued an aggregate principal amount of HK$40 million (equivalent to approximately RMB36 million on the issue date) convertible bonds which are due on 1 December 2018 (the "CBs due in 2018") to an independent third party. The CBs due in 2018 are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$1.00 per share subject to adjustments. The interest rate is 8% per annum payable on the maturity date or the date on which early redemption of the CBs due in 2018 is made by the Company.

On 14 June 2017, the CBs due in 2018 in the principal amount of HK$40 million (equivalent to approximately RMB34.9 million on the conversion date) were fully converted into 40 million ordinary shares of the Company at the conversion price of HK$1.00 per share.

Accounting treatment

The CBs due in 2021 and the CBs due in 2018 are collectively referred to as the "Convertible Bonds".

The Company's early redemption right attaching to the Convertible Bonds are considered not closely related to the liability component of the Convertible Bonds; and therefore, these embedded features have been accounted for separately and classified as derivative financial instruments according to HKAS 39 *Financial Instruments: Recognition and Measurement*.

On the basis that the conversion options of the Convertible Bonds will be settled by the exchange of a fixed amount or fixed number of equity instruments, the Convertible Bonds are accounted for as compound instruments according to HKAS 32 *Financial Instruments: Presentation*. The deemed proceeds, after the fair value of the early redemption right features are bifurcated, have been split into between a liability component and an equity component. The residual amount, representing the value of the equity component, is credited to "Equity component of the Convertible Bonds" in the Group's equity attributable to the Company's shareholders.

After initial recognition, the Company's early redemption right features classified as derivative financial instruments are remeasured to their fair value at each period end using the binomial pricing model. The liability component of the Convertible Bonds are subsequently carried at amortised cost.

At the date of conversion, the carrying values of the liability component of the Convertible Bonds and of the early redemption right features are transferred to equity.

20. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS (continued)

Early redemption right features of the Convertible Bonds

The movement in the Company's early redemption right features classified as derivative financial instruments measured at fair value are as follows:

	RMB'000
At 1 April 2017 and 31 March 2017	46,549
Fair value change of derivative financial instruments	(14,950)
Transfer to equity upon conversion	(63)
Exchange realignment	(1,529)
At 30 September 2017	30,007

Liability component of the Convertible Bonds

The liability component of the Convertible Bonds recognised in the condensed consolidated statement of financial position is calculated as follows:

	RMB'000
At 1 April 2017 and 31 March 2017	206,104
Accrued effective interest	11,480
Accrued coupon interest transferred to interest payable	(3,071)
Transfer to equity upon conversion	(27,579)
Exchange realignment	(6,913)
At 30 September 2017	180,021

The imputed finance cost on the liability component of the Convertible Bonds is calculated using the effective interest method by applying effective interest rates per annum. The effective interest rate of the CBs due in 2021 is 10.73%.

Equity component of the Convertible Bonds

The movement of the equity component of the Convertible Bonds in the consolidated statement of financial position is as follows:

	RMB'000
At 1 April 2017 and 31 March 2017	151,545
Transfer to equity upon conversion	(16,347)
At 30 September 2017	135,198

Notes to the Condensed Consolidated Financial Statements

20. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS (continued)

Equity component of the Convertible Bonds (Continued)

As at 31 March 2017, the CBs due in 2018 and CBs due in 2021 with respective principal amounts of HK$40,000,000 and HK$287,500,000 were outstanding. During the six months ended 30 September 2017, the CBs due in 2018 were fully converted. As at 30 September 2017, the remaining principal amounts of the CBs due in 2021 was approximately HK$287,500,000 (equivalent to RMB244,720,000) (31 March 2017: HK$287,500,000 (equivalent to RMB255,320,000). Should the conversion rights attaching to the CBs due in 2021 be exercised in full, an additional 338,235,294 ordinary shares would have been allotted and issued, which represent approximately 8.0% of the issued share capital of the Company at 30 September 2017.

Subsequent to 30 September 2017, two batches of the CBs due in 2021 with respective principal amounts of approximately of HK$137,225,143 and HK$62,312,245 were converted into an additional 161,441,344 and 73,308,523 ordinary shares upon exercise of the conversion rights attaching to the CBs due in 2021.

21. SHARE CAPITAL

	Number of ordinary shares	Nominal value	
	’000	HK$’000	RMB’000
Authorised:			
Ordinary shares of HK$0.05 each	15,600,000	780,000	684,000
Issued:			
At 31 March 2017 (audited)	3,252,650	162,633	141,047
At 30 September 2017 (unaudited)	4,236,101	211,805	184,539

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

		Number of ordinary shares in issue	Issued capital	
	Notes	’000	HK$’000	RMB’000
At 1 April 2017		3,252,650	162,633	141,047
The share subscriptions under specific mandate	(a)	338,351	16,917	14,992
The conversion of convertible preference shares	(b)	600,000	30,000	26,535
The conversion of the Convertible Bonds	(c)	40,000	2,000	1,747
The exercise of share options	(d)	5,100	255	218
At 30 September 2017		4,236,101	211,805	184,539

21. SHARE CAPITAL (continued)

(a) On 27 April 2017, 338,351,000 new ordinary shares of the Company were allotted and issued to six independent third parties (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 6 April 2017 at a subscription price of HK$1.20 per subscription share for a total cash consideration of HK$406.0 million (equivalent to approximately RMB359.8 million) pursuant to six separate subscription agreements dated 9 January 2017 as amended and supplemented by six separate extension letters dated 10 March 2017 and entered into between the Company and the Subscribers respectively. Further details of the issuance of the subscription shares were set out in the Company's circular dated 20 March 2017.

(b) On 26 May 2017, an aggregate of 600,000,000 new ordinary shares of the Company were allotted and issued upon the conversion of 600,000,000 non-redeemable convertible preference shares.

(c) On 14 June 2017, 40,000,000 new ordinary shares of the Company were allotted and issued upon the conversion of the CBs due in 2018, with a principal amount of HK$40 million (equivalent to approximately RMB34.9 million), at the conversion price of HK$1.00 per share.

(d) 5,100,000 new ordinary shares of the Company were allotted and issued, upon the exercises of the 5,100,000 share options. The exercise price of these share options is HK$0.98 per share. As at 30 September 2017, the total number of outstanding options amounted to 73,750,000.

22. 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 Ka Yun Acquisition, being an aggregate amount of HK$3,858,450,000 (RMB3,320,582,000).

Key terms of the CPS are as follows:

(1) 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.

(2) 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.

(3) The CPS cannot be redeemed by the Company or the holder of CPS.

Notes to the Condensed Consolidated Financial Statements

22. CONVERTIBLE PREFERENCE SHARES (continued)

(4) 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.

(5) 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 arrears. The CPS holder(s) has unconditionally and irrevocably waived the receipt of such preferred dividend.

The CPS are classified as equity instruments in the Group's Interim Financial Information with the following considerations:

(a) The CPS holder(s) has unconditionally and irrevocably waived its right 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. Therefore, there is not a liability component of the CPS.

(b) The conversion options of the CPS will be settled by the exchange of a fixed amount or fixed number of equity instruments.

For the six months ended 30 September 2017, 600 million CPSs were converted into 600 million ordinary shares of the Company. As at 30 September 2017, 2,439,352,941 CPSs remained outstanding. Should the conversion rights attaching to the remaining 2,439,352,941 CPSs be exercised in full, an additional 2,439,352,941 ordinary shares would have been allotted and issued, which represented approximately 57.6% of the issued share capital of the Company as at 30 September 2017.

23. BUSINESS COMBINATIONS

On 2 May 2017, the Group completed the acquisition of the entire equity interests in JL Zhongye and JL Fengrun. The main asset of JL Zhongye and JL Fengrun is an investment in a subsidiary, FR Guarantee, which is a company established in the PRC and is principally engaged in provision of guarantee services in the PRC, which is in line with the Group's development strategies in micro-finance sector. The purchase consideration for the acquisition was RMB505.9 million in the form of cash which has been settled.

The fair values of the identifiable assets and the liabilities of JL Zhongye and JL Fengrun as at the date of acquisition were as follows:

	Carrying amount RMB'000	**Fair value recognised on acquisition** RMB'000
Property, plant and equipment	33	33
Trade and other receivable	88,761	88,761
Pledged and restricted deposits	112,446	112,446
Cash and cash equivalents	353,459	353,459
Trade and other payables	(11,360)	(11,360)
Deferred income	(9,778)	(9,778)
Provision for guarantee losses	(8,543)	(8,543)
Income tax payable	(24)	(24)
Total identifiable net assets at fair value		524,994
Bargain purchase *(note 5)*		(19,078)
		505,916
Satisfied by:		
Purchase consideration, paid in cash		505,916
Net cash flow on acquisition:		
Net cash acquired		353,459
Consideration paid		(505,916)
		(152,457)

Since the date of the acquisition to 30 September 2017, Jilin Zhongye, Jilin Fengrun and FR Guarantee contributed revenue and profit after tax of RMB6,031,000 and RMB9,055,000 respectively. Had the acquisition taken place at 1 April 2017, there would have been an increase in revenue and profit after tax for the six months ended 30 September 2017 by RMB951,000 and RMB91,000, respectively. The Group incurred acquisition-related costs of RMB683,000 relating to the legal and professional fees which have been included in "administrative expenses".

Notes to the Condensed Consolidated Financial Statements

24. DISPOSAL OF SUBSIDIARIES

As set out in note 10 to the condensed consolidated financial statements, the Disposal Group was disposed of for the consideration of RMB43,000,000, with further details as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	3,787
Investment in a joint venture	5,803
Deferred tax assets	1,080
Inventories	40,003
Trade and other receivables	78,797
Cash and cash equivalents	9,233
Trade and other payables	(75,352)
Income tax payable	(1,286)
Bank and other borrowings	(19,200)
	42,865
Total consideration:	
Cash consideration receivable#	43,000
Net assets disposed of	(42,865)
Gain on disposal of subsidiaries *(note 10)*	135

An analysis of the net outflow of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

	RMB'000
Cash consideration received	–
Cash and cash equivalents disposed of	(9,233)
Net outflow of cash and cash equivalents	(9,233)

Subsequent to 30 September 2017, the consideration of RMB43,000,000 was settled in cash.

25. CONTINGENT LIABILITIES

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

(i) The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 30 September 2017, guarantees amounting to RMB1,295.0 million were given to banks with respect to mortgage loans procured by purchasers of property units (31 March 2017: RMB971.0 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.

(ii) The Group has provided financing guarantee services to certain borrowers to secure obligation of such borrowers for repayments. As at 30 September 2017, the financing guarantee services amounting to RMB785.4 million were given to financial institutions with respect to these borrowers. Such guarantees will terminate upon the full repayment of loan by the borrowers to the financial institutions.

Pursuant to the terms of the guarantees, upon default in loan repayments by these borrowers, the Group is responsible to repay the outstanding loans together with accrued interest to the financial institutions. 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 borrowers is minimal and therefore the guarantees measured at fair value is immaterial. Also, the pledged assets were provided by the borrowers pursuant to the terms of the guarantees and provision of RMB7.7 million have been made in connection with the guarantees.

Notes to the Condensed Consolidated Financial Statements

25. CONTINGENT LIABILITIES (continued)

(iii) As disclosed in the Company's announcement on 30 October 2017, the Company received a writ of summons (the "Writ") dated 21 September 2017 issued and filed with Jilin Provincial Higher People's Court of the PRC by Ms. Cui Guiying (崔桂英) and Ms. Wang Dongwei (王冬薇) (collectively, the "Plaintiffs"), in which the Company, Ms. Chai Xiu ("Ms. Chai", the Chairperson and executive Director of the Company), and certain subsidiaries of the Company, are named as the defendants (the "Action").

As appeared in the statement of claim in the Writ, it was alleged by the Plaintiffs that an agreement (the "2013 Agreement") in relation to the sale and purchase of the entire equity interests in Jilin Wan Sheng was entered into among the Plaintiffs and 吉林市築家房地產開發有限公司 (Jilin Zhujia Real Estate Development Company Limited*) (became a subsidiary of the Company on 27 July 2016) in April 2013. The Plaintiffs further alleged that 吉林市築家房地產開發有限公司 (Jilin Zhujia Real Estate Development Company Limited*) has not settled the consideration in respect of the 2013 Agreement.

The Plaintiffs now claim against the defendants for (i) consideration for the acquisition of the equity interests in Jilin Wan Sheng of RMB11,500,000 in relation to the 2013 Agreement and interest accrued thereon at the rate of 6% per annum since 30 June 2013; (ii) liquidated damages in the sum of RMB5,750,000; (iii) the loss and damages of the Plaintiffs of RMB30,193,188.36; and (iv) all related legal costs.

Based on the information in possession of the Company, the Plaintiffs are the vendors in the acquisition of the entire equity interests in Jilin Wan Sheng pursuant to an agreement dated 11 September 2015 (as supplemented by a supplemental agreement dated 8 October 2015) entered into among the Plaintiffs and World Rich Management Limited, a wholly-owned subsidiary of the Company. Details of the said acquisition are set out in the circular of the Company dated 28 December 2015. That acquisition has been completed on 19 January 2016 and the consideration payable by the Group to the Plaintiffs thereunder of RMB150,000,000 has been fully settled and paid to the Plaintiffs.

Pursuant to a civil court order dated 11 December 2017, an application to withdraw the Action was made by the Plaintiffs and such withdrawal had been accepted by the Jilin Higher Court; accordingly, there will be no material impact on the Group's financial performance and financial position.

26. 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 2017 (unaudited) RMB'000	Six months ended 30 September 2016 (unaudited) RMB'000
(i) Entities controlled by a close family member of a controlling shareholder of the Company:		
Rental expenses paid:		
– a motor vehicle	**94**	92
– office premises	**525**	525
Building management fees paid:		
– office premises	**30**	30
Interest on amount due to a related company	**–**	3,056
A controlling shareholder of the Company:		
Coupon interest on CBs due in 2021	**9,450**	5,331

The related party transactions in respect of rental expenses paid on office premises above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules but were exempted from the reporting announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. The transactions are on arm's length basis on normal commercial terms and are fair and reasonable and in the interest of the Company and shareholders of the Company as a whole.

(ii) Key management personnel

Compensation for key management personnel, including the amounts paid to the Company's directors and certain of the highest paid employees		
Fees	**312**	307
Other emoluments:		
Salaries, allowances and benefits in kind	**4,007**	5,147
Performance related bonuses	**859**	–
Equity-settled share option expense	**322**	849
Pension scheme contributions	**256**	434
	5,444	6,430
Total compensation paid to key management personnel	**5,756**	6,737

Notes to the Condensed Consolidated Financial Statements

26. RELATED PARTY TRANSACTIONS (continued)

(iii) For the six months ended 30 September 2017, the Group provided financial guarantee of RMB49,000,000 (31 March 2017: Nil) to the entities controlled by a family member of a controlling shareholder of the Company.

(iv) For the six months ended 30 September 2017, the Group provided a corporate guarantee to a bank as a security for the provision of a loan of RMB149 million by the bank to an entity controlled by a family member of a controlling shareholder of the Company. Further details were set out in the Company's announcement dated 25 August 2017.

(v) During the period ended 30 September 2017, 600 million CPSs were converted by Ka Yik, a company beneficially owned by a controlling shareholder of the Company. Details are set out in note 21 to the condensed consolidated financial statements.

27. COMMITMENTS

(a) Operating lease arrangements

As lessor

The Group leases its investment properties (note 11 to the condensed consolidated financial statements) under operating lease arrangements, with the average lease term of three years and with options to renew the leases upon expiry at new terms. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 30 September 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Within one year	**22,601**	23,717
In the second to fifth years, inclusive	**34,048**	38,998
After fifth years	**65,116**	67,282
	121,765	129,997

27. COMMITMENTS (continued)

(a) Operating lease arrangements (continued)

As lessee

The Group leases certain of its properties under operating lease arrangements. The majority of these leases have non-cancellable lease terms ranging from one to three years and there are no restrictions placed upon the Group by entering into these lease agreements.

As at 30 September 2017, the Group had total future minimum lease payables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Within one year	**28,268**	33,298
In the second to fifth years, inclusive	**66,306**	83,914
	94,574	117,212

(b) Commitments for development expenditure

In addition to the operating lease commitments detailed above, the Group had the following capital commitments at the end of the reporting period:

	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000
Contracted, but not provided for:		
– Properties under development	**1,067,834**	805,981

Notes to the Condensed Consolidated Financial Statements

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	30 September 2017 (unaudited) RMB'000	31 March 2017 (audited) RMB'000	**30 September 2017 (unaudited) RMB'000**	31 March 2017 (audited) RMB'000
Financial assets				
Available-for-sale investments	**178,882**	201,131	**178,882**	201,131
Derivative financial instruments	**30,007**	46,549	**30,007**	46,549
	208,889	247,680	**208,889**	247,680
Financial liabilities				
Loans from controlling shareholders	**414,509**	264,824	**414,509**	264,824
Bank and other borrowings	**869,547**	967,747	**871,154**	1,052,333
Liability component of the Convertible Bonds	**180,021**	206,104	**168,021**	203,137
	1,464,077	1,438,675	**1,453,684**	1,520,294

Management has assessed that the fair values of cash and cash equivalents, pledged and restricted deposits financial assets included in trade and other receivables and financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The chief financial officer reports directly to the audit committee. At each reporting date, the finance manager analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the bank loans and the liability component of the Convertible Bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank loans and the Convertible Bonds as at 30 September 2017 was assessed to be insignificant.

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement as at 30 September 2017 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments	**178,882**	**–**	**–**	**178,882**
Derivative financial instruments	**–**	**–**	**30,007**	**30,007**
	178,882	**–**	**30,007**	**208,889**

	Fair value measurement as at 31 March 2017 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments	201,131	–	–	201,131
Derivative financial instruments	–	–	46,549	46,549
	201,131	–	46,549	247,680

The movements in fair value measurements within Level 3 during the period are set out in note 20 to the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 September 2017 and 31 March 2017:

	Valuation techniques	Significant unobservable inputs	Range
Early redemption rights embedded in the Convertible Bonds	Binomial pricing model	Expected volatility	55.67%

The fair value of the conversion option embedded in convertible bonds is determined using the binomial pricing model and the significant unobservable input used in the fair value measurement is the expected volatility. The fair value measurement is positively correlated to the expected volatility.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 March 2017: Nil).

The movements in fair value measurements within level 3, which only comprises of the early redemptive rights embedded in the Convertible Bonds, during the period are set out in note 20 to the condensed consolidated financial statement.

29. SUBSEQUENT EVENTS

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

As set out in note 20 to the condensed consolidated financial statements, subsequent to 30 September 2017, two batches of the CBs due in 2021 with respective principal amounts of HK$137,225,143 and HK$62,312,245 were converted into an additional 161,441,344 and 73,308,523 ordinary shares upon exercise of the conversion rights attaching to the CBs due in 2021.

30. COMPARATIVE FIGURES

Certain comparative figures have been re-presented to conform with the presentation of discontinued operations, details of which are set out in note 10 to the condensed consolidated financial statements.

31. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2017 were authorised for issue by the board of directors of the Company on 29 November 2017.

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 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 Rules Governing the Listing of Securities on the Stock Exchange (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.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2017, the Directors and chief executive of the Company had the following interests or short positions in shares, underlying shares or debentures of the Company and 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 *(Note 1)*
Ms. Cui Xintong ("Ms. Cui")	Interest in a controlled corporation	Long	3,001,020,694 *(Note 2)*	70.84%
Mr. Huang Bingxing ("Mr. Huang")	Beneficial Owner	Long	169,000	0.004%
Mr. Wang Guanghui ("Mr. Wang")	Beneficial Owner	Long	3,995,000	0.09%

(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 *(Note 1)*
Ms. Chai Xiu (“Ms. Chai”)	Beneficial Owner	Long	850,000 *(Note 3)*	0.02%
Ms. Cui	Interest in a controlled corporation	Long	2,938,168,235 *(Note 4)*	69.36%
Mr. Wang	Beneficial Owner	Long	6,200,000 *(Note 3)*	0.15%
Mr. Huang	Beneficial Owner	Long	8,000,000 *(Note 3)*	0.19%
Mr. Chan Yuk Tong (“Mr. Chan”)	Beneficial Owner	Long	850,000 *(Note 3)*	0.02%
Mr. Mei Jianping (“Mr. Mei”)	Beneficial Owner	Long	850,000 *(Note 3)*	0.02%

Other Information

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

Notes:

1. The percentage is calculated on the basis of 4,236,101,000 issued voting Shares as at 30 September 2017.

2. The 3,001,020,694 Shares consist of (i) 558,020,694 Shares held by Charm Success Group Limited ("Charm Success") and (ii) 2,443,000,000 Shares held by Ka Yik Investments Limited ("Ka Yik"). Charm Success and Ka Yik were companies wholly and beneficially owned by Ms. Cui. Ms. Cui was deemed to be interested in the securities of the Company held by Charm Success and Ka Yik by virtue of being their controlling shareholder under SFO, and such interest duplicated the interest of Charm Success, Ka Yik and Mr. Lee Ken-yi Terence (Ms. Cui's spouse) for the purpose of SFO.

3. Those underlying shares were 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. All of such underlying shares are unlisted and physically settled under SFO.

4. Those underlying shares of the Company were held by Ka Yik, information of which was shown in the section headed "Substantial Shareholders' Interest in Securities" of this report. Ms. Cui was deemed to be interested in those underlying shares of the Company held by Ka Yik by virtue of being its controlling shareholder under the SFO, and such interest duplicated the interest of Ka Yik and Mr. Lee Ken-yi Terence (Ms. Cui's spouse) for the purpose of SFO. All of such underlying shares are unlisted and physically settled under SFO.

Save as disclosed above, as at 30 September 2017, 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 and 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 2017, 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 *(Note 1)*
Charm Success	Beneficial Owner	Long	558,020,694 *(Note 2)*	13.17%
Ka Yik	Beneficial Owner	Long	2,443,000,000 *(Note 3)*	57.67%
Integrated Asset Management (Asia) Limited	Beneficial Owner	Long	383,099,000 *(Note 4)*	9.04%
Yam Tak Cheung	Interest in a controlled corporation	Long	383,099,000 *(Note 4)*	9.04%
Lee Ken-yi Terence	Interest of spouse	Long	3,001,020,694 *(Note 5)*	70.84%

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (continued)

(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 *(Note 1)*
Ka Yik	Beneficial Owner	Long	2,938,168,235 *(Note 3)*	69.36%
Lee Ken-yi Terence	Interest of spouse	Long	2,938,168,235 *(Note 5)*	69.36%

Notes:

1. The percentage is calculated on the basis of 4,236,101,000 issued voting Shares as at 30 September 2017.

2. Charm Success was a company wholly and beneficially owned by Ms. Cui. Ms. Cui was deemed to be interested in those Shares by virtue of being its controlling shareholder under the SFO and such interest duplicated Ms. Cui's partial interest for the purpose of SFO.

3. Ka Yik was a company wholly and beneficially owned by Ms. Cui. Ms. Cui was deemed to be interested in those Shares and underlying shares of the Company by virtue of being its controlling shareholder under the SFO and such interest duplicated Ms. Cui's partial interest for the purpose of SFO. Those 2,938,168,235 underlying shares consist of (i) the convertible bonds in the aggregate principal amount of HK$287,500,000 (convertible into 338,235,294 Shares in total) which is unlisted equity derivative under SFO; (ii) 2,439,352,941 convertible preference shares issued by Company on 27 July 2016 which is unlisted equity derivative under SFO; and (iii) a potential contractual right to have 160,580,000 Shares within 12 months starting from 27 March 2017 which is unlisted and physically settled under SFO.

4. Integrated Asset Management (Asia) Limited is a company wholly and beneficially owned by Mr. Yam Tak Cheung. Mr. Yam Tak Cheung is deemed to be interested in those Shares by virtue of being its controlling shareholder under SFO. The interests duplicate each other.

5. Mr. Lee Ken-yi Terence is the spouse of Ms. Cui, an Executive Director and deputy Chairperson of the Board. Mr. Lee is deemed to be interested in those securities by virtue of being Ms. Cui's spouse under the SFO and such interest duplicated to Ms. Cui's interest for the purpose of SFO.

Save as disclosed above, as at 30 September 2017, 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:

	Number of share options								
Grantees	As at 1 April 2017	Reclassified during the period *(Note 1)*	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 30 September 2017	Date of grant	Exercise period *(Note 2)*	Exercise price per share option *HK$*
Directors/Chief Executive:									
Ms. Chai	850,000	–	–	–	–	850,000	19/06/2014	19/06/2014–18/06/2024	0.98
Mr. Wang	3,000,000	–	–	–	–	3,000,000	24/10/2014	24/10/2015–23/10/2024	1.20
	8,000,000	–	–	(4,800,000) *(Note 3)*	–	3,200,000	18/04/2016	18/04/2016–17/04/2026	0.98
Mr. Huang	8,000,000	–	–	–	–	8,000,000	24/10/2014	24/10/2015–23/10/2024	1.20
Mr. Chan	850,000	–	–	–	–	850,000	19/06/2014	19/06/2014–18/06/2024	0.98
Mr. Mei	850,000	–	–	–	–	850,000	19/06/2014	19/06/2014–18/06/2024	0.98
Sub-total	21,550,000	–	–	(4,800,000)	–	16,750,000			

Other Information

SHARE OPTION SCHEME (continued)

Grantees	Number of share options						Date of grant	Exercise period *(Note 2)*	Exercise price per share option *HK$*
	As at 1 April 2017	Reclassified during the period *(Note 1)*	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 30 September 2017			
Employees	30,000,000	–	–	–	–	30,000,000	19/06/2014	19/06/2014–18/06/2024	0.98
	8,000,000	300,000	–	–	(500,000)	7,800,000	24/10/2014	24/10/2015–23/10/2024	1.20
	3,440,000	–	–	(300,000) *(Note 4)*	(40,000)	3,100,000	18/04/2016	18/04/2016–17/04/2026	0.98
Others	6,000,000	–	–	–	–	6,000,000	19/06/2014	19/06/2014–18/06/2024	0.98
	2,400,000	(300,000)	–	–	–	2,100,000	24/10/2014	24/10/2015–23/10/2024	1.20
	8,000,000	–	–	–	–	8,000,000	18/04/2016	18/04/2016–17/04/2026	0.98
Sub-total	57,840,000	–	–	(300,000)	(540,000)	57,000,000			
Total	79,390,000	–	–	(5,100,000)	(540,000)	73,750,000			

SHARE OPTION SCHEME (continued)

Notes:

1. Capacity(ies) of the grantee(s) reclassified due to the change of their identifications with the Group during the period.

2. 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 will become exercisable commencing from 18 April 2018.

3. The annual weighted average closing price of the Shares immediately before the date on which the options were exercised during the period is HK$1.95.

4. The annual weighted average closing price of the Shares immediately before the date on which the options were exercised during the period is HK$1.94.

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 Rules Governing the Listing of Securities on the Stock Exchange, the changes in the information of Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange subsequent to the publication of the 2016/17 annual report in July 2017 are set out below:

Ms. Cui Xintong had been appointed as a non-executive director of Ping An Securities Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 231), with effect from 8 September 2017.

Mr. Xiang Qiang had resigned as an independent non-executive director, member of nomination committee, member of audit committee and member/chairman of remuneration committee of Jutal Offshore Oil Services Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3303), with effect from 25 August 2017.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Except for the issue of shares as set out in note 21 to the condensed consolidated financial statements, 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 2017.

REVIEW OF THE INTERIM RESULTS

The Group's unaudited interim financial information for the six months ended 30 September 2017 has been reviewed by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. The Group's unaudited interim financial information for the six months ended 30 September 2017 has also been reviewed by the audit committee of the Company.

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

Hong Kong, 29 November 2017

* *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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