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佳明
GRAND MING

GRAND MING GROUP HOLDINGS LIMITED
佳 明 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1271)

(Unless otherwise specified, "$" in this announcement shall mean Hong Kong dollar and "cent(s)" shall mean Hong Kong cent(s).)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2019

HIGHLIGHTS

- Underlying profit* decreased by 24.4% to $129.6 million (2018: $171.3 million). Underlying earnings per share* was 18.3 cents (2018: 24.1 cents)
- Profit for the year amounted to $149.0 million (2018: $171.8 million), inclusive of the increase in fair value of investment properties of $19.4 million (2018: $0.5 million). Earnings per share was 21.0 cents (2018: 24.2 cents)
- Final dividend of 5.8 cents per share (2018: 5.8 cents per share) is recommended
- Net assets as at 31 March 2019 amounted to $2,815 million

* *Underlying profit and underlying earnings per share are arrived at by excluding the effect of changes in fair value of investment properties from the profit for the year and earnings per share respectively*

The board (the "Board") of directors (the "Directors") of Grand Ming Group Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 together with the comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Notes	2019	2018
		$'000	$'000
Revenue	4	**613,410**	1,423,933
Direct costs		**(346,962)**	(1,154,665)
Gross profit		**266,448**	269,268
Other income and gain/(loss)	4	**4,487**	3,759
Selling expenses		**(26,676)**	(9,217)
General and administrative expenses		**(33,093)**	(29,346)
Increase in fair value of investment properties	9(a)(b)	**19,419**	495
Profit from operations		**230,585**	234,959
Finance costs	5(a)	**(53,471)**	(29,564)
Profit before taxation	5	**177,114**	205,395
Income tax expenses	6	**(28,114)**	(33,608)
Profit for the year		**149,000**	171,787
		Cents	*Cents*
Earnings per share (reported earnings per share) - Basic and Diluted	8(a)	**21.0**	24.2
Earnings per share (underlying earnings per share) - Basic and Diluted	8(b)	**18.3**	24.1

Details of the dividends payable to owners of the Company attributable to the profit for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	$'000	*$'000*
Profit for the year	**149,000**	171,787
Other comprehensive income for the year		
Items that will not be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income – net movement in fair value reserve	**(830)**	–
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges – net movement in hedging reserve	**(29,194)**	12,565
Other comprehensive income for the year, net of tax	**(30,024)**	12,565
Total comprehensive income for the year	**118,976**	184,352

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 $'000	2018 $'000
Non-current assets			
Fixed assets			
- Investment properties	9	**3,595,000**	3,627,300
- Property, plant and equipment		**864,368**	253,858
		4,459,368	3,881,158
Deposit for acquisition of subsidiaries		–	42,000
Deferred tax assets		**12,436**	6,425
Derivative financial instruments		**288**	15,821
Intangible assets		**500**	500
Financial assets at fair value through other comprehensive income		**12,710**	–
Financial assets at fair value through profit and loss		**7,220**	–
Other financial assets		–	13,540
		4,492,522	3,959,444
Current assets			
Inventories of properties		**2,080,437**	1,994,145
Gross amount due from customers for contract work		–	32,861
Contract assets		**196,173**	–
Trade and other receivables	10	**116,918**	360,608
Tax recoverable		**2,000**	92
Restricted and pledged deposits		**104,478**	66,144
Cash and bank balances		**58,269**	312,063
		2,558,275	2,765,913
Current liabilities			
Gross amount due to customers for contract work		–	1,187
Contract liabilities		**25,555**	–
Trade and other payables	11	**157,744**	308,302
Bank loans	12	**782,538**	403,703
Tax payable		**11,791**	16,565
		977,628	729,757
Net current assets		**1,580,647**	2,036,156
Total assets less current liabilities		**6,073,169**	5,995,600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31 March 2019

	Notes	2019 $'000	2018 $'000
Non-current liabilities			
Bank loans	*12*	**3,188,219**	3,181,642
Deferred tax liabilities		**50,653**	48,510
Derivative financial instruments		**19,775**	344
		3,258,647	3,230,496
NET ASSETS		**2,814,522**	2,765,104
CAPITAL AND RESERVES			
Share capital		**7,098**	7,098
Reserves		**2,807,424**	2,758,006
TOTAL EQUITY		**2,814,522**	2,765,104

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 August 2012. The registered office and principal place of business are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 22/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

The Company is an investment holding company and the shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 August 2013.

The Group is principally engaged in the business of building construction, property leasing and property development.

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2019 but are extracted from these consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 April 2018

In the current year, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on or after 1 April 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance contracts
Amendments to HKAS 40	Transfer to Investment Property
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

A. HKFRS 9 - Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

With the exception of hedge accounting, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS39.

The impacts (net of tax) on the transition to HKFRS 9 on the opening balance of reserves and retained earnings as at 1 April 2018 is immaterial. The balance of retained earnings as at 1 April 2018 under HKFRS 9 remained as $2,646,444,000.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

(i) Classification and measurement of financial instruments

Under HKFRS 9, except for certain receivables (that the receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) financial assets designated at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
The following accounting policies are applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit and loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (equity investments)	Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

As of 1 April 2018, unlisted fund investments were reclassified from available-for-sale to FVOCI. The Group intends to hold these equity investments for long term strategic purposes. Under HKFRS 9, the Group has designated these equity investments at the date of initial application as measured at FVOCI. As a result, financial assets with a fair value of HK$13,540,000 were reclassified from available-for-sale investments to financial assets at FVOCI.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39**	**Carrying amount as at 1 April 2018 under HKFRS 9**
			$'000	*$'000*
Unlisted fund investments	Available-for-sale (at FVOCI)	FVOCI	13,540	13,540
Trade receivables	Loans and receivable	Amortised cost	200,331	200,331
Deposits and other receivables	Loans and receivable	Amortised cost	53,691	53,691
Restricted and pledged deposits	Loans and receivable	Amortised cost	66,144	66,144
Cash and bank balances	Loans and receivable	Amortised cost	312,063	312,063

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECL for financial assets at amortised costs, and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables and contract assets, the Group has elected to apply HKFRS 9's simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors, current creditworthiness of the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

Impact of the ECLs model

(a) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables. The loss allowance for trade receivables as at 1 April 2018 was determined as follows:

1 April 2018	**Current**	**Less than 1 month past due**	**1 to 3 months past due**	**4 to 6 months past due**	**6 to 12 months past due**	**More than 12 months past due**	**Total**
Expected credit loss rate (%)	0.06%	1.90%	11.63%	17.43%	17.55%	17.58%	
Gross carrying amount ($'000)	191,098	8,913	43	218	118	347	200,737
Loss allowance ($'000)	112	169	5	38	21	61	406

No material ECL is resulted after applying the ECL model on 1 April 2018 and for the year ended 31 March 2019 as the contract assets were considered to be of low credit risk and are not past due.

(b) Impairment of other receivables

Other financial assets at amortised cost of the Group include deposits and other receivables. The Group measure ECLs which recognise 12-month ECLs unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case ECLs is measured at an amount equal to lifetime expected credit losses. No material ECL is resulted after applying the ECL model on 1 April 2018 and for the year ended 31 March 2019 as the financial assets were considered to be of low credit risk and are not past due.

(iii) Hedge accounting

The Group elects for the accounting policy choice to continue with the adoption of HKAS 39 on hedge accounting.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the “DIA”):

- The determination of the business model within which a financial asset is held;

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and

- The designation of certain investments in equity investments not held for trading as at FVOCI

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

B. HKFRS 15 - Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 “Construction Contracts”, HKAS 18 “Revenue” and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from building contruction, rental and rental related income and sale of properties. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated.

The following tables summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 1 April 2018. There was no material impact on the Group's consolidated statement of cash flow and its consolidated statement of profit or loss and other comprehensive income for the year ended 1 April 2018:

	As at 1 April 2018		
	As previously stated *$'000*	**Reclassifications under HKFRS 15** *$'000*	**Restated** *$'000*
Consolidated statement of financial position (extract)			
Gross amount due from customers for contract work	32,861	(32,861)	–
Trade and other receivables	360,608	(106,586)	254,022
Contract assets	–	139,447	139,447
Gross amount due to customers for contract work	1,187	(1,187)	–
Contract liabilities	–	1,187	1,187

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Products/ Services	**Nature of the goods or services, satisfaction of performance obligations**	**Nature of change in accounting policy and impact on 1 April 2018**
Building construction	The Group determined that for contracts with customers under building construction, there is one performance obligation, which is the construction of buildings. The Group determined that the customers simultaneously receive and consume the benefits of the Group's performance. Furthermore, the work in progress is being enhanced during the terms of the contracts. Thus the Group concluded that the revenue from these contracts are recognised over time.	HKFRS 15 did not have significant impact on how the Group recognises revenue from building construction. However, upon the adoption of HKFRS 15, the Group has made reclassification from trade and other receivables to contract assets since under HKFRS 15, if there is any satisfied performance obligation but where the entity does not have an unconditional right to consideration, an entity should recognise a contract asset. The Group has also made reclassification from gross amount due to customers for contract work to contract liabilities since under HKFRS 15, if when a customer pay consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.
Rental related income	Rental related income from investment properties are recognised over time as customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.	Under HKAS 18, rental related income was recognised on an accrual basis. As of 1 April 2018, HKFRS 15 did not have significant impact on how the Group recognises revenue from rental related income from investment properties.
Sale of properties	Revenue is recognised at a point in time when the customer obtains control of the asset.	Not applicable as the Group did not derive any revenue from sale of properties prior to 1 April 2018.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainity over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to : HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to : HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to : HKAS 12, Income Taxes[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of a Business[2]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have significant impact on the Group's result of operations and financial positions.

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

— Construction: contracting of construction of residential buildings, commercial buildings and data centres for external customers and group companies

— Property leasing: leasing of data centres and office premises

— Property development: development and sale of properties

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-makers for assessment of segment performance.

(a) Segment revenue and results

	Construction		Property leasing		Property development		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**264,918**	1,274,528	**157,460**	149,405	**191,032**	–	**613,410**	1,423,933
Inter-segment revenue	**192,403**	28,565	**32,035**	21,975	**–**	–	**224,438**	50,540
Segment revenue	**457,321**	1,303,093	**189,495**	171,380	**191,032**	–	**837,848**	1,474,473
Segment results	**84,931**	172,882	**86,373**	89,013	**58,833**	(15,884)	**230,137**	246,011
Unallocated net income							**4,487**	4,102
Unallocated expenses							**(20,644)**	(15,305)
Impairment of unlisted fund investments							**–**	(344)
Impairment of financial assets at fair value through profit or loss							**(2,814)**	–
Increase in fair value of investment properties							**19,419**	495
Finance costs							**(53,471)**	(29,564)
Profit before taxation							**177,114**	205,395

(b) Other segment information

	Construction		Property leasing		Property development		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Additions to non-current segment assets	**196**	21	**118,695**	40,257	**454,671**	42,000	**67**	542	**573,629**	82,820

(c) Geographic information

No geographic information has been presented as all of the Group's operating activities are carried out in Hong Kong.

(d) Information about major customers

Revenue from customers contributing over 10% of the Group's revenue is as follows:

	2019	2018
	$'000	*$'000*
Customer A [1]	**212,806**	1,153,455
Customer B [2]	**148,000**	–
Customer C [3]	**70,714**	70,960 *

[1] The revenue was derived from building construction.

[2] The revenue was derived from sales of properties, which is identified as a related party transaction.

[3] The revenue was derived from property leasing.

* Customer C did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2018.

(e) Timing of revenue recognition

	Construction		**Property leasing**		**Property development**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
At a point in time	–	–	–	–	**191,032**	–	**191,032**	–
Transferred over time	**264,918**	1,274,528	**24,060**	26,224	–	–	**288,978**	1,300,752
Revenue from other sources	–	–	**133,400**	123,181	–	–	**133,400**	123,181
	264,918	1,274,528	**157,460**	149,405	**191,032**	–	**613,410**	1,423,933

4. REVENUE AND OTHER INCOME AND GAIN/(LOSS)

Revenue which is derived from the Group's principal activities, and other income and gain/(loss) during the year is analysed as follows:

	2019	2018
	$'000	*$'000*
Revenue from contract with customer		
Revenue from building construction	**264,918**	1,274,528
Rental related income	**24,060**	26,224
Sales of properties	**191,032**	—
Revenue from other sources		
Rental income	**133,400**	123,181
	613,410	1,423,933

As at 31 March 2019, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is $2,096.1 million. This amount represents revenue expected to recognise in the future from construction contracts and property sales contracts entered into by the customers with the Group. The Group will recognise the expected revenue in the future when or as the work is completed, which is expected to occur over the next 12 to 48 months.

	2019	2018
	$'000	*$'000*
Other income and gains/(loss)		
Bank interest income	**1,127**	1,983
Dividend income from unlisted fund investments	**850**	849
Net foreign exchange gain	**145**	175
Impairment of unlisted fund investments	—	(344)
Impairment of financial assets at fair value through profit or loss	**(2,814)**	—
Others	**5,179**	1,096
	4,487	3,759

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2019	2018
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans and other borrowing costs	**149,614**	108,568
Less: Amount included in construction contracts in progress	**(3,348)**	(7,544)
Amount capitalised	**(92,795)**	(71,460)
	53,471	29,564
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**112,779**	116,992
Contributions to defined contribution retirement plans	**2,924**	3,184
	115,703	120,176
Less: Amount included in construction contracts in progress	**(50,491)**	(89,854)
Amount capitalised	**(41,321)**	(8,683)
	23,891	21,639
(c) Other items		
Rental income from investment properties	**(133,400)**	(123,181)
Less: Direct outgoings	**65,161**	56,423
	(68,239)	(66,758)
Depreciation	**14,839**	7,057
Impairment loss on trade receivables	**25**	165
Auditors' remuneration		
- audit services	**962**	895
- other services	**140**	117

6. INCOME TAX EXPENSES

	2019	2018
	$'000	*$'000*
Current tax		
Provision for Hong Kong Profits Tax for the year	**26,676**	33,997
(Over-provision)/Under-provision in respect of prior years	**(464)**	16
	26,212	34,013
Deferred tax		
Charged/(Credited) to profit or loss for the year	**1,902**	(405)
	28,114	33,608

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year.

7. DIVIDENDS

(a) Dividends attributable to the year:

	2019	2018
	$'000	*$'000*
Interim dividend declared and paid of 4.0 cents (2018: 4.0 cents) per share	**28,391**	28,391
Final dividend proposed after the end of the reporting period of 5.8 cents (2018: 5.8 cents) per share	**41,167**	41,167
	69,558	69,558

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends attributable to the previous financial year:

	2019	2018
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of 5.8 cents (2018: 4.0 cents) per share	**41,167**	25,810

8. EARNINGS PER SHARE

(a) Reported earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $149,000,000 (2018: $171,787,000) and the weighted average number of 709,771,173 shares (2018: 709,771,173 shares) in issue during the year.

Diluted earnings per share are the same as the basic earnings per share as the Company had no dilutive potential shares in existence during the years ended 31 March 2019 and 2018.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are also presented based on the underlying profit attributable to equity shareholders of the Company of $129,581,000 (2018: $171,292,000), which excludes the effects of changes in fair value of investment properties. A reconciliation of profit is as follows:

	2019	2018
	$'000	*$'000*
Profit for the year	**149,000**	171,787
Change in fair value of investment properties	**(19,419)**	(495)
Underlying profit for the year	**129,581**	171,292

9. INVESTMENT PROPERTIES

(a) The Group's investment properties were revalued as at 31 March 2019. The fair value of the Group's investment properties were updated by an independent firm of surveyors, Colliers International (Hong Kong) Limited, using the same valuation techniques as were used by the valuers when carrying out the 31 March 2018 valuations. As a result of the update, a gain of $8,513,000 (2018: $495,000) in respect of investment properties has been recognised in the consolidated statement of profit or loss for the year.

(b) During the year ended 31 March 2019, the Group transferred certain of its property interests with carrying values of $585,600,000 from investment properties to buildings held for own use. The resulting revaluation surplus of $10,906,000 relating to such property interests as at the date of transfer has been recognised in the consolidated statement of profit or loss for the year.

(c) The Group's investment properties were pledged against bank loans, details of which are set out in note 12 to the consolidated financial statements.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	$'000	*$'000*
Trade receivables	**52,328**	200,737
Less: Impairment	**(431)**	(406)
	51,897	200,331
Deposits, prepayments and other receivables	**65,021**	53,691
Retention receivables (*note*)	—	106,586
	116,918	360,608

Note: Upon adoption of HKFRS 15, retention receivables are included in contract assets.

The ageing analysis of the Group's trade receivables (net of allowance for doubtful debts), based on invoice dates, is as follows:

	2019	2018
	$'000	*$'000*
Less than 1 month	**47,895**	191,098
More than 1 month but less than 3 months	**2,481**	8,895
More than 3 months but less than 6 months	**1,093**	279
More than 6 months	**428**	59
	51,897	200,331

The Group generally grants trade customers with a credit term of 30 days. Normally, the Group does not obtain collateral from customers.

11. TRADE AND OTHER PAYABLES

	2019	2018
	$'000	*$'000*
Trade payables	**26,235**	144,450
Other payables and accrued charges	**41,552**	56,402
Rental and other deposits	**7,174**	8,295
Receipts in advance	**4,050**	2,465
Retention payables	**78,733**	96,690
	157,744	308,302

The ageing analysis of the Group's trade payables, based on invoice dates, is as follows:

	2019	2018
	$'000	*$'000*
Less than 1 month	**25,677**	133,812
More than1 month but less than 3 months	**558**	9,739
More than 3 months but less than 6 months	—	858
More than 6 months but less than 1 year	—	41
	26,235	144,450

12. BANK LOANS

	2019	2018
	$'000	*$'000*
Bank loans		
- Secured	**3,970,757**	3,564,766
- Unsecured	—	20,579
	3,970,757	3,585,345

The bank loans were repayable as follows:

	2019	2018
	$'000	*$'000*
Within 1 year and included in current liabilities	**782,538**	403,703
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	**335,590**	752,283
After 2 years but within 5 years	**2,734,876**	2,397,573
After 5 years	**117,753**	31,786
	3,188,219	3,181,642
	3,970,757	3,585,345

The bank loans were secured by the following assets:

	2019	2018
	$'000	*$'000*
Investment properties	**3,595,000**	3,627,300
Property, plant and equipment	**836,741**	248,704
Available-for-sale securities	**12,710**	13,540
Inventories of properties	**2,080,437**	1,994,145
Pledged deposits	**72,854**	60,080
Other assets	**40,885**	60,941
	6,638,627	6,004,710

13. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2019 not provided for in the Group's financial statements were as follows:

	2019	2018
	$'000	*$'000*
Commitments for:		
Development of investment property	**2,290**	72,628
Assets under construction	**14,212**	—
Acquisition of subsidiaries	**—**	378,000
	16,502	450,628

14. CONTINGENT LIABILITIES

At 31 March 2019 and 2018, the Company did not have any material contingent liabilities.

DIVIDENDS

The Board recommends payment of a final dividend of 5.8 cents per share to shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 5 August 2019. Subject to approval by the Shareholders in the forthcoming annual general meeting, the proposed final dividend warrants is expected to be dispatched to Shareholders on 15 August 2019.

Together with the interim dividend of 4.0 cents per share already paid, the total dividends for the year ended 31 March 2019 will amount to 9.8 cents per share, representing a payout ratio of approximately 53.7%.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of Shareholders to the right to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 23 July 2019 to 26 July 2019, both days inclusive, during which period no share transfer will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 22 July 2019.

In order to determine Shareholders who qualify for the proposed final dividend, the register of members of the Company will be closed from 1 August 2019 to 5 August 2019, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 31 July 2019.

BUSINESS REVIEW

Construction

The Group's construction business primarily consists of provision of building services as a main contractor in property development projects for prominent local developers, as well as existing building alterations, renovation and fitting-out works services. Revenue derived from the construction business decreased by approximately 79.2% or $1,009.6 million, from approximately $1,274.5 million for the year ended 31 March 2018 ("FY 2017/18") to approximately $264.9 million for the year ended 31 March 2019 ("FY 2018/19"). Decrease in revenue was mainly because the construction project at Kai Tak were substantially completed in the previous financial year, resulting in much lower percentage of revenue being certified during FY 2018/19.

During the year under review, the Group secured a new construction contract of the proposed composite development at Kai Tak, Kowloon. As at 31 March 2019, the value of construction projects in hand amounted to approximately $1.63 billion.

Data Centre Premises Leasing

The Group owned, developed and leased out raised floor space of two high-tier data centre buildings which were purposely built for data centre use and feature high level of reliability, redundancy and security. The first high-tier data centre, namely iTech Tower 1, maintained a high customer utilisation and contributed a stable rental income inflow to the Group. The second high-tier data centre, namely iTech Tower 2, also operated well and contributed revenue stream to the Group progressively.

Revenue derived from data centre premises leasing business improved by approximately 5.0% or $7.2 million, from approximately $145.0 million for FY 2017/18 to approximately $152.2 million for FY 2018/19, primarily driven by the increasing utilisation and revenue contribution from the tenants of iTech Tower 2.

Property Development

Tsing Yi Sai Shan Road project

The Group's first property development project is situated at Sai Shan Road, Tsing Yi, New Territories with a gross floor area of approximately 400,000 square feet for private residential purposes. It will provide around 780 units in two towers, with units ranging from one-bedroom to four-bedroom and special units. The site formation and foundation works are now progressing, and construction is expected to be completed in early 2022. In April 2019, the Group had applied for presale consent of this project and is now pending the approval.

To facilitate the upcoming sales of the Tsing Yi project and future development projects, the Group had, through the acquisition of Excel One Global Limited and its wholly-owned subsidiary Marvellous Investments Limited (collectively referred as to "Excel One Group"), acquired the basement, ground floor and first floor of No. 39 Chatham Road South, Tsim Sha Tsui, Kowloon for the purpose of establishing the sales office and accommodating show flats. Renovation work is now in progress and is expected to be completed in June 2019.

Cristallo

The en-bloc residential building situated at No. 279 Prince Edward Road West, Kowloon, with a saleable area of approximately 32,000 square feet, was acquired by the Group in October 2017 through the acquisition of the entire interests of Market Rise Limited together with its wholly-owned subsidiary, Able Business Development Limited and the shareholder's loan at an adjusted consideration of approximately $814 million. The property is a completed luxurious low-density residential building located in the traditional luxury district of Kowloon and is named "Cristallo" by the Group. It offers 18 residential apartments in which each unit sizes from about 1,300 to 2,700 square feet. This development project is well received by the market since its launch for sales by tender in April 2018.

During the year under review, sales and delivery of 2 apartments had been completed. Revenue of approximately $191.0 million was recognised accordingly. In addition, up to the date of this announcement, the Group had entered 10 provisional sales and purchase agreements in respect of sales of 10 apartments with aggregate contract sales of approximately $425.6 million. Completions are scheduled to take place in the period from July 2019 to October 2021.

OUTLOOK

The global business environment in 2019 is overcast by considerable uncertainties. On one hand the US-China trade friction does not show any sign of settlement within a short period of time. On the other hand, the upward interest rate cycle seems to have come to a halt. In Hong Kong, notwithstanding the local economic growth and stock market had been dampened by the US-China trade war, the current low mortgage rate and ample liquidity in the local banking system substantiate the end-user demand for the local residential properties. In view of this, our Tsing Yi project will be launched to the market for sale after the presale consent is granted. Meanwhile we continue to devote effort to sell the remaining units in the Cristallo project.

We maintain an optimistic view on the property market and are actively seeking and identifying opportunity to replenish the land bank for the property development business. For the data centre business, we continue to upgrade our data centre infrastructure and strengthen the support to our tenants. At the same time, we keep on exploring opportunity to develop new data centres outside Hong Kong. The development of our construction business is hindered by the shrinking tender contract sum and profit margin due to severe competition among rival companies. As a result, we would adopt an extremely prudent approach in bidding new construction projects and act only when a reasonable profit margin is attained from new project tender.

FINANCIAL REVIEW

In the FY 2018/19, the Group's consolidated revenue amounted to approximately $613.4 million (2018: $1,423.9 million), representing a decrease of approximately 56.9% as compared to the corresponding period of last year. The decrease was largely due to a 79.2% decrease in revenue from the building construction segment, offset partially the impact of revenue recognised on sales of Cristallo properties in the property development segment.

Consolidated gross profit dipped slightly by 1.0% from last year to approximately $266.4 million (2018: $269.3 million). Yet the gross profit margin was significantly improved. These were mainly attributable to the sales of Cristallo properties and recognition of additional work done in a construction project.

Operating expenses (inclusive of selling and general and administrative expenses) for the year increased by 55.0% to approximately $59.8 million (2018: $38.6 million), primarily due to marketing expenses and sale commission incurred in respect of the sale of Cristallo project and increased depreciation charge arising from the own use properties of basement, ground floor and first floor shops at No. 39 Chatham Road South, Kowloon which were acquired in April 2018.

Finance costs for the year increased by approximately 80.9% to approximately $53.5 million (2018: $29.6 million), which was due to (i) continued interest rate hike since 2017 which pushed the Group's average interest rates on variable rate borrowings to about 3.70% (2018: 3.02%) and (ii) increasing bank borrowings for acquisition of Excel One Group and for general working capital purpose.

Net profit for FY 2018/19 was approximately $149.0 million (2018: $171.8 million), representing a decrease of approximately 13.3% when compared to that of FY 2017/18. Excluding the change in fair value of investment properties, the Group recorded an underlying profit of approximately $129.6 million in FY 2018/19, representing a decrease of approximately 24.4% as compared to an underlying profit of approximately $171.3 million in FY 2017/18.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations and capital expenditure with its shareholders' fund and bank borrowings. A variety of credit facilities are maintained which had contracted repayment terms ranging from repayable on demand to 19.1 years. As at 31 March 2019, the Group had outstanding bank borrowings of approximately $3,970.8 million (31 March 2018: approximately $3,585.3 million). The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group was approximately 141.1% (31 March 2018: approximately 129.7%). Increase in the gearing ratio was mainly contributed by the drawdown of bank loans for the Group's general working capital, financing the construction of Tsing Yi project and acquisition of Excel One Group.

The Group adopts a conservative approach in managing its cash balances, which are mainly placed in bank accounts and short-term deposits with reputable banks in Hong Kong. The total cash balances of the Group as at 31 March 2019 were approximately $162.7 million (31 March 2018: approximately HK$378.2 million), most of which were held in Hong Kong dollars. The current ratio (defined as current assets divided by current liabilities) of the Group was 2.62 times (31 March 2018: 3.79 times). Taking into account the cash at banks and credit facilities available, the Directors considered that the Group has sufficient working capital for its present operation and future business expansion.

INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank borrowings, which bear interest at floating rates. The Group had in place a treasury policy by which the exposure to floating interest rate risk was mitigated by the use of interest rate swaps. As at 31 March 2019, the Group had outstanding interest rate swaps with the notional amount of approximately $70.4 million. These swaps have fixed interest rates ranging from 1.3% to 1.8% per annum and will mature in 2020 and 2021. In addition, the Group had entered into forward starting swaps with notional amount of approximately HK$1.57 billion to lock in fixed rates of 2.1% to 2.63% per annum for 3 years. These interest rate swaps are effective in April and May 2019 and January 2020.

FOREIGN CURRENCY RISK

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars.

CHARGE ON ASSETS

As at 31 March 2019, bank loans of approximately $3,970.8 million are secured by certain assets of the Group with an aggregate carrying amount of approximately $6,638.6 million.

CAPITAL COMMITMENTS

Save as disclosed in note 13 to the financial statements in this announcement, the Group had no other capital commitments as at 31 March 2019.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 13 April 2018, a wholly-owned subsidiary of the Company had completed the acquisition of the entire interests of Excel One Group. Since then, Excel One Group becomes indirect wholly-owned subsidiaries of the Company and their financial results are consolidated into the Group's consolidated financial statement. Details of the acquisition had been set out in the Company's announcement dated 15 December 2017, annual result announcement for the year ended 31 March 2018 dated 11 June 2018 and 2017/18 annual report.

Save as disclosed above, there was no other material acquisition or disposal of subsidiaries and associated companies during FY 2018/19.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 168 employees as at 31 March 2019. Total remuneration of employees for FY 2018/19 was approximately $115.7 million. The remuneration policy and packages of the Group's employees are periodically reviewed by making reference to the prevailing market conditions. The components of remuneration packages consist of basic salary, benefits-in-kind, fringe benefits and contributions to mandatory provident funds, as well as discretionary bonuses which are determined according to individual performance of employees.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed Shares during FY 2018/19.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules throughout the FY 2018/19.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors by the Company, all Directors confirmed their compliance with the required standard set out in the Model Code throughout the FY 2018/19.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 26 July 2019. A notice convening the annual general meeting will be issued and dispatched to Shareholders in due course.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of the external auditor; to review the financial statements, risk management and internal control systems; and to oversee the financial reporting and the effectiveness of the internal control procedures. The audit committee comprises all four independent non-executive Directors, namely Mr. Mok Kwai Pui Bill (committee chairman), Mr. Tsui Ka Wah, Mr. Kan Yau Wo and Mr. Lee Chun Yiu Johnny.

The audit committee has reviewed the Group's consolidated financial statements for FY 2018/19.

REVIEW OF THIS RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY 2018/19 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.grandming.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report for FY 2018/19 containing all relevant information required by the Listing Rules will be disseminated to the Shareholders and available on the above websites in due course.

APPRECIATION

The Board would like to thank the management of the Group and all the staff for their hard work and dedication, as well as Shareholders, the Group's business partners and associates, bankers and auditors for their supports to the Group.

By Order of the Board
Grand Ming Group Holdings Limited
Chan Hung Ming
Chairman and Executive Director

Hong Kong, 6 June 2019

As at the date of this announcement, the Board comprises:

Executive Directors:	*Independent Non-Executive Directors:*
Mr. Chan Hung Ming	Mr. Tsui Ka Wah
Mr. Lau Chi Wah	Mr. Kan Yau Wo
Mr. Yuen Ying Wai	Mr. Mok Kwai Pui Bill
Mr. Kwan Wing Wo	Mr. Lee Chung Yiu Johnny