

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2021

HIGHLIGHTS

- Underlying profit* increased by 234.2% to \$147.7 million (2020: \$44.2 million). Underlying earnings per share* was 10.4 cents (2020: 3.1 cents as adjusted for the bonus issue in August 2020)
- Profit for the year amounted to \$149.0 million (2020: \$33.8 million), inclusive of an increase in fair value of investment properties of \$1.4 million (2020: decrease of \$10.3 million). Earnings per share was 10.5 cents (2020: 2.4 cents as adjusted for the bonus issue in August 2020)
- Final dividend of 4.0 cents per share (2020: 4.0 cents per share) is recommended
- Net assets as at 31 March 2021 amounted to \$2,478 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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

		2021	2020
	<i>Notes</i>	<i>\$'000</i>	<i>\$'000</i>
Revenue	4	1,492,385	902,596
Direct costs		<u>(1,161,276)</u>	<u>(682,308)</u>
Gross profit		331,109	220,288
Other income and gains, net	4	23,437	9,290
Selling expenses		(68,629)	(69,179)
General and administrative expenses		(37,840)	(39,455)
Changes in fair value of investment properties	9(a)	<u>1,389</u>	<u>(10,344)</u>
Profit from operations		249,466	110,600
Finance costs	5(a)	<u>(61,562)</u>	<u>(67,328)</u>
Profit before taxation	5	187,904	43,272
Income tax expenses	6	<u>(38,869)</u>	<u>(9,443)</u>
Profit for the year		<u>149,035</u>	<u>33,829</u>
		<i>Cents</i>	<i>Cents</i>
			(Restated)
Earnings per share (reported earnings per share)			
- Basic and Diluted	8(a)	<u>10.5</u>	<u>2.4</u>
Earnings per share (underlying earnings per share)			
- Basic and Diluted	8(b)	<u>10.4</u>	<u>3.1</u>

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 2021

	2021	2020
	\$'000	\$'000
Profit for the year	149,035	33,829
Other comprehensive income/(loss) for the year		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Financial assets at fair value through other comprehensive income – net movement in fair value reserve	1,775	(2,596)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	2,262	(587)
Cash flow hedges – net movement in hedging reserve	4,280	(15,366)
	6,542	(15,953)
Other comprehensive income/(loss) for the year, net of tax	8,317	(18,549)
Total comprehensive income for the year	157,352	15,280

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 \$'000	2020 \$'000
Non-current assets			
Fixed assets			
- Investment properties	9	4,086,700	3,643,000
- Property, plant and equipment		840,385	865,774
		4,927,085	4,508,774
Deferred tax assets		38,985	27,876
Intangible assets		500	500
Financial assets at fair value through other comprehensive income		11,889	10,114
Financial assets at fair value through profit or loss		8,339	7,766
		4,986,798	4,555,030
Current assets			
Inventories of properties		3,202,908	2,385,683
Contract assets		309,536	228,303
Trade and other receivables	10	217,077	170,160
Tax recoverable		1,921	3,338
Derivative financial instruments		-	8
Restricted and pledged deposits		752,409	2,127,031
Cash and bank balances		369,610	80,059
		4,853,461	4,994,582
Current liabilities			
Trade and other payables	11	359,338	252,125
Contract liabilities		2,878,029	2,159,022
Dividend payables		-	354,885
Bank loans	12	2,512,262	664,496
Derivative financial instruments		17,512	-
Tax payable		34,568	23,727
		5,801,709	3,454,255
Net current (liabilities)/assets		(948,248)	1,540,327
Total assets less current liabilities		4,038,550	6,095,357

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 March 2021

		2021	2020
	Notes	\$'000	\$'000
Non-current liabilities			
Bank loans	12	1,492,639	3,603,271
Deferred tax liabilities		53,122	48,831
Derivative financial instruments		15,251	37,896
		<u>1,561,012</u>	<u>3,689,998</u>
NET ASSETS		<u>2,477,538</u>	<u>2,405,359</u>
CAPITAL AND RESERVES			
Share capital		14,196	7,098
Reserves		<u>2,463,342</u>	<u>2,398,261</u>
TOTAL EQUITY		<u>2,477,538</u>	<u>2,405,359</u>

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 2021 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”).

At the end of reporting period, the Group’s current liabilities exceeded its current assets by \$948,248,000. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the consolidated financial statements have been prepared on the going concern basis because the Directors are of the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projection of the Group covering a period up to 30 September 2022 after taking into consideration the following action or event:

- (a) The Group has signed a conditional mandate with a principal banker of the Group as a coordinating arranger and facility agent to renew its borrowings with a loan and grant a new loan facility for a term of five years (with an option to extend the loans for a further three years) amounting to \$2,800,000,000 on 31 May 2021. The Directors expects the Group will be able to obtain this loan to meet the Group’s working capital requirements; and
- (b) The estimated proceeds receivable from the pre-sale of properties under development for sale of the residential project, the Grand Marine.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the carrying amounts of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

2. ADOPTION OF HKFRSs

(a) Adoption of new or amended HKFRSs – effective 1 April 2020

In the current year, the Group has applied the following new or amended 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 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended 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:

Amendments to HKFRS 16	COVID-19 – Related Rent Concessions ¹
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021 ³
Annual Improvements to HKFRSs 2018-2020 cycle	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 ⁴
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
HKFRS 17	Insurance Contracts ⁶
Amendments to HKAS 1 and HK-INT5 (2020)	Classification of Liabilities as Current or Non-Current and Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause ⁶
Amendments to HKAS 1	Disclosure of Accounting Policies ⁶
Amendments to HKAS 8	Definition of Accounting Estimates ⁶
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁷

¹ Effective for annual periods beginning on or after 1 June 2020 with early application permitted

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021 with early application permitted

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 January 2023

⁷ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

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
- Property development: develop 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. Certain comparative figures on the measurement of the segment results have been represented to conform the current year's presentation.

(a) Segment revenue and results

For the year ended 31 March 2021

	Construction \$'000	Property leasing \$'000	Property development \$'000	Inter-segment elimination \$'000	Total \$'000
Revenue from external customers	1,133,711	164,674	194,000	—	1,492,385
Inter-segment revenue	1,141,964	64,437	—	(1,206,401)	—
Segment revenue	2,275,675	229,111	194,000	(1,206,401)	1,492,385
Segment results	224,049	155,950	3,805	(124,102)	259,702
Unallocated net income					7,445
Unallocated expenses					(19,455)
Changes in fair value of financial assets at fair value through profit or loss					385
Changes in fair value of investment properties					1,389
Finance costs					(61,562)
Profit before taxation					187,904

For the year ended 31 March 2020

	Construction \$'000	Property leasing \$'000	Property development \$'000	Inter-segment elimination \$'000	Total \$'000
Revenue from external customers	497,147	139,835	265,614	—	902,596
Inter-segment revenue	537,203	30,282	—	(567,485)	—
Segment revenue	1,034,350	170,117	265,614	(567,485)	902,596
Segment results	89,501	101,726	(15,091)	(41,026)	135,110
Unallocated net income					3,606
Unallocated expenses					(18,126)
Changes in fair value of financial assets at fair value through profit or loss					354
Changes in fair value of investment properties					(10,344)
Finance costs					(67,328)
Profit before taxation					43,272

(b) Other segment information

	Construction		Property leasing		Property development		Unallocated		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Additions to non-current segment assets	—	178	503,016	63,039	8	19,029	1,550	4,602	504,574	86,848

(c) Geographic information

No geographic information has been presented as a substantial part 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:

	2021 \$'000	2020 \$'000
Customer A ¹	1,123,816	464,486
Customer B ²	N/A	95,603
Customer C ³	N/A	91,242

¹ The revenue was derived from building construction.

² The revenue was derived from sales of properties. Customer B did not contribute over 10% of the total turnover of the Group for the year ended 31 March 2021.

³ The revenue was derived from sales of properties. Customer C did not contribute over 10% of the total turnover of the Group for the year ended 31 March 2021.

(e) Timing of revenue recognition

	Construction		Property leasing		Property development		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At a point in time	–	–	–	–	194,000	265,614	194,000	265,614
Transferred over time	1,133,711	497,147	22,637	20,024	–	–	1,156,348	517,171
Revenue from other sources	–	–	142,037	119,811	–	–	142,037	119,811
	<u>1,133,711</u>	<u>497,147</u>	<u>164,674</u>	<u>139,835</u>	<u>194,000</u>	<u>265,614</u>	<u>1,492,385</u>	<u>902,596</u>

4. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue which is derived from the Group's principal activities and other income and gains, net are analysed as follows:

(a) Disaggregation of revenue

	2021	2020
	\$'000	\$'000
Revenue from contract with customer within the scope of HKFRS 15		
Revenue from building construction	1,133,711	497,147
Rental related income	22,637	20,024
Sales of properties	194,000	265,614
Revenue from other sources		
Rental income	142,037	119,811
	<u>1,492,385</u>	<u>902,596</u>

As at 31 March 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately \$5,240.4 million (2020: \$5,586.3 million). This amount represents revenue expected to recognise in the future from construction contracts and property sales contracts entered with customers. The Group will recognise the expected revenue in the future when or as the work is completed or control over the ownership of the property has been passed to customer, which are expected to occur over the next 12 months.

(b) Other income and gains, net

	2021	2020
	\$'000	\$'000
Bank interest income	4,275	2,720
Dividend income from unlisted fund investments	817	848
Net foreign exchange gain/(loss), net	2,265	(632)
Changes in fair value of financial assets at fair value through profit or loss	385	354
Government subsidy (note)	7,482	–
Loss on disposal of property, plant and equipment	(119)	–
Others	8,332	6,000
	<u>23,437</u>	<u>9,290</u>

Note:

The amount represents the government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program.

5. PROFIT BEFORE TAXATION

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

	2021 \$'000	2020 \$'000
(a) Finance costs		
Interest on bank loans and other borrowing costs	156,345	185,959
Less: Amount included in construction contracts in progress	(13,185)	(10,507)
Amount capitalised	<u>(81,598)</u>	<u>(108,124)</u>
	<u>61,562</u>	<u>67,328</u>
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	134,445	129,061
Contributions to defined contribution retirement plans	<u>2,870</u>	<u>2,670</u>
	137,315	131,731
Less: Amount included in construction contracts in progress	(38,594)	(58,688)
Amount capitalised	<u>(69,706)</u>	<u>(47,922)</u>
	<u>29,015</u>	<u>25,121</u>
(c) Other items		
Direct operating expenses arising from investment properties that generated income	75,878	66,091
Impairment loss/(reversal of impairment loss) on trade receivables and contract assets	93	(272)
Depreciation	27,922	22,746
Short term leases expenses	4,936	3,849
Auditors' remuneration		
- audit services	1,176	1,088
- other services	145	145
	<u>77,127</u>	<u>94,041</u>

6. INCOME TAX EXPENSES

	2021 \$'000	2020 \$'000
Current tax		
Provision for Hong Kong Profits Tax for the year	47,196	24,139
Over-provision in respect of prior years	<u>(664)</u>	<u>(469)</u>
	46,532	23,670
Deferred tax		
Credited to profit or loss for the year	<u>(7,663)</u>	<u>(14,227)</u>
	<u>38,869</u>	<u>9,443</u>

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.

Hong Kong profits tax is calculated at the rate 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first \$2,000,000 of qualified group entity's assessable profit is calculated at 8.25% (2020: 8.25%), which is in accordance with the two-tiered profits tax rates regime.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Group's PRC subsidiaries is 25% (2020: 25%). The Group had not generated any taxable profit in the PRC during the year (2020: Nil).

7. DIVIDENDS

(a) Dividends attributable to the year:

	2021 \$'000	2020 \$'000
Interim dividend declared and paid of 4.0 cents (2020: 4.0 cents) per share	56,782	28,391
Special interim dividend declared of Nil (2020: 50.0 cents) per share	—	354,885
Final dividend proposed after the end of the reporting period of 4.0 cents (2020: 4.0 cents) per share	<u>56,782</u>	<u>28,391</u>
	<u>113,564</u>	<u>411,667</u>

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) Dividend approved and paid after the end of the reporting period:

On 14 May 2021, the Board resolved to declare a special interim dividend of 20.0 cents per share, amounting to approximately \$283,908,000 in total, to the shareholders whose names appeared on the register of members of the Company on 2 June 2021. The special interim dividend has not been recognised as a liability at the end of the reporting period and had been paid on 16 June 2021.

(c) Dividend attributable to the previous financial year, approved and paid during the year:

	2021 \$'000	2020 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year of 4.0 cents (2020: 5.8 cents) per share	<u>28,391</u>	<u>41,167</u>

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 \$149,035,000 (2020: \$33,829,000) and the weighted average number of 1,419,542,346 shares (2020 (restated): 1,419,542,346 shares) in issue during the year. Basic and diluted earnings per share for the year ended 31 March 2020 have been restated for the impact of bonus issue of shares effected in August 2020.

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 2021 and 2020.

(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 \$147,646,000 (2020: \$44,173,000), which excludes the effects of changes in fair value of investment properties. A reconciliation of profit is as follows:

	2021 \$'000	2020 \$'000
Profit for the year	149,035	33,829
Changes in fair value of investment properties	<u>(1,389)</u>	<u>10,344</u>
Underlying profit for the year	<u>147,646</u>	<u>44,173</u>

9. INVESTMENT PROPERTIES

- (a) The Group's investment properties and investment properties under development were revalued as at 31 March 2021 by an independent firm of surveyors, Colliers International (Hong Kong) Limited. The fair value of the Group's investment properties was updated using the same valuation techniques as were used by the valuers when carrying out the 31 March 2020 valuations. The fair value of the Group's investment properties under development were derived using residual method.

As a result of the update, a net gain of \$1,389,000 (2020: net loss of \$10,344,000) has been recognised in the consolidated statement of profit or loss for the year.

- (b) The Group's investment properties were pledged against bank loans, details of which are set out in note 12.

10. TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Trade receivables	28,394	89,491
Less: Loss allowance	<u>(252)</u>	<u>(159)</u>
	28,142	89,332
Deposits, prepayments and other receivables	83,513	73,213
Contract costs	<u>105,422</u>	<u>7,615</u>
	<u><u>217,077</u></u>	<u><u>170,160</u></u>

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

	2021 \$'000	2020 \$'000
Less than 1 month	23,347	87,388
More than 1 month but less than 3 months	4,586	1,710
More than 3 months but less than 6 months	—	176
More than 6 months	<u>209</u>	<u>58</u>
	<u><u>28,142</u></u>	<u><u>89,332</u></u>

The Group generally grants trade customers with a credit term of 30 days. Except for rental deposits for data centres, the Group does not obtain collateral from customers.

11. TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
Trade payables	203,037	103,250
Other payables and accrued charges	26,670	63,983
Rental and other deposits	3,074	1,900
Rent receipts in advance	9,274	5,341
Retention payables	<u>117,283</u>	<u>77,651</u>
	<u><u>359,338</u></u>	<u><u>252,125</u></u>

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

	2021	2020
	\$'000	\$'000
Less than 1 month	202,483	102,406
More than 1 month but less than 3 months	533	844
More than 3 months but less than 6 months	21	—
	<u>203,037</u>	<u>103,250</u>

12. BANK LOANS

	2021	2020
	\$'000	\$'000
Bank loans		
- Secured	3,951,901	4,202,198
- Unsecured	53,000	65,569
	<u>4,004,901</u>	<u>4,267,767</u>

The bank loans are repayable as follows:

	2021	2020
	\$'000	\$'000
Within 1 year or on demand and included in current liabilities	<u>2,512,262</u>	<u>664,496</u>
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	1,025,943	2,032,982
After 2 years but within 5 years	363,786	1,459,515
After 5 years	102,910	110,774
	<u>1,492,639</u>	<u>3,603,271</u>
	<u>4,004,901</u>	<u>4,267,767</u>

The bank loans are secured by the following assets:

	2021	2020
	\$'000	\$'000
Investment properties	4,086,700	3,643,000
Property, plant and equipment	802,501	819,646
Financial assets at fair value through other comprehensive income	11,889	10,114
Inventories of properties	—	1,850,399
Pledged deposits	494,892	100,966
Other assets	31,734	39,782
	<u>5,427,716</u>	<u>6,463,907</u>

13. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the consolidated financial statement, on 1 June 2021, the Group entered into a provisional agreement for sale and purchase with a vendor, an independent third party, pursuant to which the Group has agreed to acquire, and the vendor has agreed to sell a property located at Shop B, on ground floor, Railway Plaza, No.39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong (the “Property”) at a consideration of \$206,800,000. An initial and further deposit of \$8,000,000 and \$12,680,000 had been paid by the Group on 1 June 2021 and 8 June 2021, respectively. The remaining sum of \$186,120,000 shall be paid on or before 16 August 2021 upon completion of the acquisition of the Property which is scheduled to take place.

14. CONTINGENT LIABILITIES

At 31 March 2021 and 2020, the Company did not have any material contingent liabilities.

DIVIDENDS

The Board recommends payment of a final dividend of 4.0 cents per share to shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on 20 August 2021. Subject to approval by the Shareholders in the forthcoming annual general meeting, the proposed final dividend warrants are expected to be dispatched to Shareholders on 3 September 2021.

Together with the interim dividend of 4.0 cents per share already paid, the total dividends for the year ended 31 March 2021 will amount to 8.0 cents per share, representing a payout ratio of approximately 76.9% (based on the total dividends and the Group’s profit for the year excluding the changes in fair value of investment properties).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 26 July 2021 to 29 July 2021, both days inclusive, during which period no share transfer will be effected. In order to be eligible to attend and vote 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 23 July 2021.

For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 18 August 2021 to 20 August 2021, both days inclusive, during which period no share transfer will be effected. In order to qualify for entitlement to 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 17 August 2021.

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 increased by approximately 128% or \$636.6 million, from approximately \$497.1 million for the year ended 31 March 2020 ("FY 2019/20") to approximately \$1,133.7 million for the year ended 31 March 2021 ("FY 2020/21"), primarily attributable to significant increase in revenue recognised from the construction project at Kai Tak, Kowloon which the construction works commenced in May 2019 and were in full swing during FY 2020/21.

As at 31 March 2021, the gross contract sum of the construction projects in progress amounted to approximately \$1.63 billion.

Data Centre Premises Leasing

Our data centre leasing business remains steadfast. iTech Tower 1 and iTech Tower 2 continue to operate smoothly and deliver uninterrupted services to our customers amidst the COVID-19 pandemic. Revenue derived from this segment increased by approximately 17.8% or \$24.9 million, from approximately \$139.8 million for FY 2019/20 to approximately \$164.7 million, mainly driven by new customer committing to move in and utilise the data centre space of iTech Tower 2.

In September 2020, the Group completed the acquisition of two parcels of land in Fanling, the New Territories on which two new high-tier data centres are planned to develop, at an aggregate consideration of \$356 million. These new sites will be an addition to the existing data centres in the Tsuen Wan and Kwai Chung districts, further diversifying the geographical presence of the Group's data centres in Hong Kong. Application for the land use change of these two parcels of land by way of land exchange are now underway.

Property Development

The Grand Marine

This wholly-owned site, located at Sai Shan Road, Tsing Yi, New Territories is being developed into 2 residential towers with clubhouse and car park facilities. It provides a saleable area of approximately 345,000 square feet for 776 residential units. The topping-out of the superstructure work had been completed, and the façade and interior fitting-out works are now underway. The project is expected to be completed by the end of 2021.

Pre-sales commenced since November 2019 and were well received by the market. Approximately 89% of the residential units had been pre-sold cumulatively, resulting in contracted sales of approximately \$4.5 billion being recorded as at the date of this announcement.

Cristallo

The Group's luxury residential project, CRISTALLO, at No. 279 Prince Edward Road West, Kowloon was also well sold. Sales and delivery of 2 apartments and 6 car parking spaces had been completed during the year, and revenue of approximately \$194.0 million were recognized in FY 2020/21 accordingly. Besides, 6 provisional sales and purchase agreements in respect of sales of 6 apartments

with aggregate contract sum of approximately \$240 million had been entered into. Sales and delivery of 2 apartments therein had been completed in May 2021. Completions of the remaining 4 apartments are scheduled to take place between June 2021 and June 2022.

Luen Fat Street project

In January 2021, the Group expanded its land bank by completing the acquisition of a land located at No.1 Luen Fat Street, Fanling, New Territories at a consideration of \$140 million. This site, covering an area of approximately 6,800 square feet, will develop into a residential-cum-retail project. A land exchange application to convert the use of land is under processing, and the Group expects the site will provide a gross floor area of approximately 37,700 square feet upon approval of the application.

OUTLOOK

Following the roll-out of the COVID-19 vaccination programme and tightening the restrictions of entry from overseas countries and quarantine arrangement for inbound travellers, the pandemic situation begins to stabilise in Hong Kong, and domestic economic activities gradually resume but are still far behind the pre-pandemic level. Yet the residential property market experienced a strong bounce in both the first and second quarter of 2021, backed by stabilisation of the pandemic situation, release of pent up demand and ultra-low interest rate. To capture the market opportunity, we endeavor to sell the remaining units in the Cristallo and The Grand Marine. The Grand Marine is scheduled to be completed in the fourth quarter of 2021 and handover of the properties to the buyers is targeted to take place in around the late 2021 or first quarter of 2022, upon which the revenue and profit of the cumulative pre-sold units will be recognised.

The Group actively replenishes its land bank during the year with addition of 3 parcels of land in Fanling, the New Territories. These provided new short to medium term development pipelines for the Group's property development and data centre leasing businesses. We will keep on attaching our cautious strategy to identify suitable land and properties acquisition opportunities to enrich the Group's land bank in Hong Kong. Besides, various property development and property related projects in Nanning, Guangxi Province, China are under consideration by the management.

The year of 2021 remains a challenging year and we will closely monitor the development of the pandemic, in particular the efficacy of the vaccine and potential outbreak of a new COVID-19 strain. We will take necessary measures to safeguard the interests of our employees and the shareholders of the Company and minimise the impact of the pandemic to the Group's financial and operational performances.

FINANCIAL REVIEW

In FY 2020/21, the Group's consolidated revenue amounted to approximately \$1,492.4 million (FY 2019/20: \$902.6 million), representing an increase of approximately 65.3% as compared to the corresponding period of last year. The increase was primarily driven by revenue recognised from the construction project at Kai Tak, Kowloon which the construction works were in full swing during the year.

Consolidated gross profit increased by 50.3% from last year to approximately \$331.1 million (FY 2019/20: \$220.3 million), mainly due to (i) full-swing operation of the construction project at Kai Tak drove up the revenue and profit of the construction segment; and (ii) sales of car parking spaces and a duplex residential unit on the top floor in Cristallo during the year.

Total operating expenses (inclusive of selling and general and administrative expenses) for the year slightly dropped by 2.0% to approximately \$106.5 million (FY 2019/20: \$108.6 million), primarily because of higher advertising and marketing expenses incurred at the start of the sales campaign of the Grand Marine project during FY 2019/20.

An unrealised fair value gain on investment properties of approximately \$1.4 million (FY 2019/20: loss of \$10.3 million) was recognised for the year.

Finance costs for the year decreased by approximately 8.6% to approximately \$61.6 million (FY 2019/20: \$67.3 million), due to the decreased level of bank borrowings of the Group.

Net profit for FY 2020/21 was approximately \$149.0 million (FY 2019/20: \$33.8 million), representing an increase of approximately 340.6% when compared to that of FY 2019/20. Excluding the changes in fair value of investment properties, the Group recorded an underlying profit of approximately \$147.6 million in FY 2020/21, representing an increase of approximately 234.2% as compared to an underlying profit of approximately \$44.2 million in FY 2019/20.

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 17.1 years. As at 31 March 2021, the Group had outstanding bank borrowings of approximately \$4,004.9 million (31 March 2020: approximately \$4,267.8 million). The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group was approximately 161.6% (31 March 2020: approximately 177.4%). Decrease in the bank borrowings and gearing ratio was mainly attributable to the application of the proceeds from the pre-sale of The Grand Marine project to settle part of its project loan. The Group recorded net current liabilities amounting to approximately \$948.2 million as at 31 March 2021, (31 March 2020: net current assets of approximately \$1,540.3 million). The current ratio (defined as current assets divided by current liabilities) of the Group was 0.84 times (31 March 2020: 1.45 times). Such change was mainly due to reclassification of a syndicated bank loan of approximately \$1,999 million which would be repayable on March 2022 as current liabilities. On 31 May 2021, the Group had signed a conditional mandate with the relevant bank to renew the aforesaid syndicated loan and grant a new loan facility amounting to \$2.8 billion. The Directors expects that the renewed bank facility will be signed before the expiry of the current facility.

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 2021 were approximately \$1,122.0 million (31 March 2020: approximately \$2,207.1 million), most of which were held in Hong Kong dollars. Taking into account the cash at banks and the credit facilities available, and that the management is actively seeking renewal of the outstanding bank borrowings and exploring new banking facilities, the Directors considered that the Group has sufficient working capital for its present operation and business expansion in the foreseeable future.

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 2021, the Group had outstanding interest rate swaps with notional amount of approximately \$2.14 billion. These swaps have fixed interest rates ranging from 0.5% to 2.63% per annum and will mature between 2021 to 2025.

FOREIGN CURRENCY RISK

The Directors consider that the Group's foreign currency risk is insignificant as substantially all of the Group's transactions are denominated in Hong Kong dollars. The Group has not implemented any foreign currency hedging policy at the moment. However, the management monitor the Group's foreign exchange exposure closely and may consider adopting foreign currency hedging policy in the future depending on the circumstances and the trend of foreign currency.

CHARGE ON ASSETS

As at 31 March 2021, certain assets of the Group with an aggregate carrying amount of approximately \$5,428 million were pledged to secure bank loans of approximately \$3,952 million granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in the note 13 to the financial statements.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 March 2021 and 2020.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2021 and 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no acquisition or disposal of subsidiaries and associated companies by the Company during FY 2020/21.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 186 employees as at 31 March 2021. Total remuneration of employees for FY 2020/21 was approximately \$137.3 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 SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY 2020/21.

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 2020/21.

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 FY 2020/21.

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 29 July 2021. 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 2020/21.

EXTRACT OF THE AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the FY 2020/21:

“ Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(b) in the consolidated financial statements, which indicates that the Group's current liabilities exceeded its current assets by HK\$948,248,000. As stated in Note 3(b), this condition indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

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 2020/21 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 2020/21 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, 18 June 2021

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

Executive Directors:

Mr. Chan Hung Ming

Mr. Lau Chi Wah

Mr. Yuen Ying Wai

Mr. Kwan Wing Wo

Independent Non-Executive Directors:

Mr. Tsui Ka Wah

Mr. Kan Yau Wo

Mr. Mok Kwai Pui Bill

Mr. Lee Chung Yiu Johnny