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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).)*

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

**HIGHLIGHTS**

- Profit for the period was \$70.2 million (2019: \$44.0 million). Earnings per share was 4.9 cents (2019: 3.1 cents as adjusted for the bonus issue in August 2020)
- Underlying profit\* for the period was \$83.4 million (2019: \$25.8 million). Underlying earnings per share\* was 5.9 cents (2019: 1.8 cents as adjusted for the bonus issue in August 2020)
- Net assets as at 30 September 2020 amounted to \$2,446 million
- An interim dividend of 4.0 cents per share (2019: 4.0 cents per share) is declared

\* *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 period and earnings per share respectively*

The board (the “Board”) of directors (the “Directors”) of Grand Ming Group Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2020 together with the comparative figures for the corresponding period in 2019 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Six months ended 30 September</b>	
		<b>2020</b> <b>(Unaudited)</b> <b>\$'000</b>	<b>2019</b> <b>(Unaudited)</b> <b>\$'000</b>
<b>Revenue</b>	<i>5(a)</i>	<b>786,132</b>	367,470
Direct costs		<u><b>(595,505)</b></u>	<u>(266,811)</u>
<b>Gross profit</b>		<b>190,627</b>	100,659
Other income and gain/(loss), net	<i>5(b)</i>	<b>11,081</b>	4,666
Selling expenses		<b>(54,876)</b>	(28,627)
General and administrative expenses		<b>(18,033)</b>	(18,109)
Change in fair value of investment properties	<i>10(a)</i>	<u><b>(13,161)</b></u>	<u>18,170</u>
<b>Profit from operations</b>		<b>115,638</b>	76,759
Finance costs	<i>6(a)</i>	<u><b>(26,127)</b></u>	<u>(24,560)</u>
<b>Profit before taxation</b>	<i>6</i>	<b>89,511</b>	52,199
Income tax expenses	<i>7</i>	<u><b>(19,288)</b></u>	<u>(8,242)</u>
<b>Profit for the period</b>		<u><u><b>70,223</b></u></u>	<u><u>43,957</u></u>
		<b>Cents</b>	<b>Cents</b> (Restated)
<b>Earnings per share</b> (reported earnings per share)			
- Basic and Diluted	<i>9(a)</i>	<u><u><b>4.9</b></u></u>	<u><u>3.1</u></u>
<b>Earnings per share</b> (underlying earnings per share)			
- Basic and Diluted	<i>9(b)</i>	<u><u><b>5.9</b></u></u>	<u><u>1.8</u></u>

Details of the dividends are disclosed in note 8 to the condensed financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the period</b>	<b><u>70,223</u></b>	<b><u>43,957</u></b>
Other comprehensive (loss)/income		
<i>Items that will not be reclassified to profit or loss:</i>		
Financial assets at fair value through other comprehensive income – net movement in fair value reserve	<b>1,325</b>	82
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of foreign operations	<b>1,157</b>	-
Cash flow hedges – net movement in hedging reserve	<b>(4,043)</b>	1,509
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b><u>(1,561)</u></b>	<b><u>1,591</u></b>
<b>Total comprehensive income for the period</b>	<b><u><u>68,662</u></u></b>	<b><u><u>45,548</u></u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2020 (Unaudited) \$'000	As at 31 March 2020 (Audited) \$'000
<b>Non-current assets</b>			
Fixed assets			
- Investment properties	10	4,046,985	3,643,000
- Property, plant and equipment		<u>852,037</u>	<u>865,774</u>
		<b>4,899,022</b>	4,508,774
Deferred tax assets		35,064	27,876
Derivative financial instruments		120	-
Intangible assets		500	500
Financial assets at fair value through other comprehensive income		11,439	10,114
Financial assets at fair value through profit or loss		<u>7,863</u>	<u>7,766</u>
		<u><b>4,954,008</b></u>	<u>4,555,030</u>
<b>Current assets</b>			
Inventories of properties		2,581,549	2,385,683
Contract costs		82,175	-
Contract assets		253,026	228,303
Trade and other receivables	11	182,805	170,160
Tax recoverable		4,294	3,338
Derivative financial instruments		-	8
Restricted and pledged deposits		1,093,411	2,127,031
Cash and bank balances		<u>215,779</u>	<u>80,059</u>
		<u><b>4,413,039</b></u>	<u>4,994,582</u>
<b>Current liabilities</b>			
Trade and other payables	12	303,749	252,125
Contract liabilities		2,285,868	2,159,022
Dividend payables		-	354,885
Derivative financial instruments		105	-
Bank loans	13	615,515	664,496
Tax payable		<u>26,570</u>	<u>23,727</u>
		<u><b>3,231,807</b></u>	<u>3,454,255</u>
<b>Net current assets</b>		<u><b>1,181,232</b></u>	<u>1,540,327</u>
<b>Total assets less current liabilities</b>		<u><b>6,135,240</b></u>	<u>6,095,357</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at 30 September 2020 (Unaudited) \$'000	As at 31 March 2020 (Audited) \$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Bank loans	13	3,595,476	3,603,271
Deferred tax liabilities		51,389	48,831
Derivative financial instruments		42,745	37,896
		<u>3,689,610</u>	<u>3,689,998</u>
<b>NET ASSETS</b>		<u>2,445,630</u>	<u>2,405,359</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		14,196	7,098
Reserves		2,431,434	2,398,261
<b>TOTAL EQUITY</b>		<u>2,445,630</u>	<u>2,405,359</u>

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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 its 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.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Interim Financial Statements are unaudited but have been reviewed by the Company’s audit committee.

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2020, except for the adoption of the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, HKAS and Interpretations issued by the HKICPA, as disclosed in note 3 to the condensed financial statements.

The Interim Financial Statements do not include all the information and disclosures required for full set of financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020.

The financial information relating to the financial year ended 31 March 2020 that is included in the Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor had expressed an unqualified opinion on those financial statements in their report dated 5 June 2020.

## 3. ADOPTION OF HKFRSs

The Group has applied the following new or amended HKFRSs issued by the HKICPA for the Group’s financial statements in the current accounting period:

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

The new or amended HKFRSs that are effective in the current period did not have material impact on the Group’s financial statements.

#### 4. 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 for group companies
- Property leasing: leasing of data centres
- Property development: development and sale of properties

Inter-segment transactions are priced with reference to prices charged by 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

	Six months ended 30 September (Unaudited)							
	Construction		Property leasing		Property development		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	538,001	164,436	78,131	71,938	170,000	131,096	786,132	367,470
Inter-segment revenue	449,608	161,818	30,046	29,126	—	—	479,654	190,944
Segment revenue	987,609	326,254	108,177	101,064	170,000	131,096	1,265,786	558,414
Segment results	89,810	27,627	41,891	38,737	148	1,363	131,849	67,727
Unallocated net income							5,086	1,000
Unallocated expenses							(8,136)	(11,120)
Change in fair value of financial assets at fair value through profit or loss							-	982
Change in fair value of investment properties							(13,161)	18,170
Finance costs							(26,127)	(24,560)
Profit before taxation							89,511	52,199

##### (b) Other segment information

	Six months ended 30 September (Unaudited)									
	Construction		Property leasing		Property development		Unallocated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Additions to non-current segment assets	-	177	417,614	5,176	-	10,242	-	665	417,614	16,260

(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) **Timing of revenue recognition**

	Six months ended 30 September (Unaudited)							
	Construction		Property leasing		Property development		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At a point in time	—	—	—	—	170,000	131,096	170,000	131,096
Transferred over time	538,001	164,436	10,881	10,577	—	—	548,882	175,013
Revenue from other sources	—	—	67,250	61,361	—	—	67,250	61,361
	<u>538,001</u>	<u>164,436</u>	<u>78,131</u>	<u>71,938</u>	<u>170,000</u>	<u>131,096</u>	<u>786,132</u>	<u>367,470</u>

5. **REVENUE AND OTHER INCOME AND GAIN/(LOSS), NET**

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

(a) **Disaggregation of revenue**

	Six months ended 30 September	
	2020 (Unaudited) \$'000	2019 (Unaudited) \$'000
<b>Revenue from contract with customer</b>		
Revenue from building construction	538,001	164,436
Rental related income	10,881	10,577
Sale of properties	170,000	131,096
<b>Revenue from other sources</b>		
Rental income	<u>67,250</u>	<u>61,361</u>
	<u>786,132</u>	<u>367,470</u>

(b) **Other income and gain/(loss), net**

	Six months ended 30 September	
	2020 (Unaudited) \$'000	2019 (Unaudited) \$'000
Bank interest income	3,341	338
Dividend income from unlisted fund investments	420	425
Net foreign exchange gain/(loss)	1,112	(63)
Change in fair value of financial assets at fair value through profit or loss	—	982
Others	<u>6,208</u>	<u>2,984</u>
	<u>11,081</u>	<u>4,666</u>



## 6. PROFIT BEFORE TAXATION

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

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Finance costs</b>		
Interest on bank loans and other borrowing costs	<b>85,103</b>	90,754
Less: Amount included in construction contracts in progress	<b>(9,850)</b>	(3,739)
Amount capitalised	<b>(49,126)</b>	(62,455)
	<b>26,127</b>	24,560
<b>(b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	<b>64,954</b>	60,511
Contributions to defined contribution retirement plans	<b>1,467</b>	1,343
	<b>66,421</b>	61,854
Less: Amount included in construction contracts in progress	<b>(23,692)</b>	(29,750)
Amount capitalised	<b>(28,798)</b>	(20,278)
	<b>13,931</b>	11,826
<b>(c) Other items</b>		
Rental income from investment properties	<b>(67,249)</b>	(61,361)
Less: Direct outgoings	<b>35,382</b>	32,031
	<b>(31,867)</b>	(29,330)
Depreciation	<b>13,532</b>	9,564
Short term leases expenses	<b>2,208</b>	-

## 7. INCOME TAX EXPENSES

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the period	<b>23,118</b>	9,453
<b>Deferred tax</b>		
Credited to profit or loss for the period	<b>(3,830)</b>	(1,211)
	<b>19,288</b>	8,242

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% (2019: 16.5%) of the estimated assessable profits for the period.

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%.

## 8. DIVIDENDS

- (a) Dividends attributable to the interim period:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Interim dividend declared after the interim period of 4.0 cents (2019: 4.0 cents) per share	<b>56,782</b>	<b>28,391</b>

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

- (b) Dividends attributable to the previous financial year, approved and paid during the interim period:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Special interim dividend in respect of the previous financial year, paid during the interim period, of 50.0 cents (2019: Nil) per share	<b>354,885</b>	–
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 4.0 cents (2019: 5.8 cents) per share	<b>28,391</b>	<b>41,167</b>
	<b>383,276</b>	<b>41,167</b>

## 9. 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 \$70,223,000 (2019: \$43,957,000) and the weighted average number of 1,419,542,346 shares in issue during the period (2019 (restated): 1,419,542,346 shares). Basic and diluted earnings per share for the six months ended 30 September 2019 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 six months ended 30 September 2020 and 2019.

- (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 \$83,384,000 (2019: \$25,787,000), which excludes the effects of changes in fair value of investment properties. A reconciliation of profit is as follows:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the period	<b>70,223</b>	43,957
Change in fair value of investment properties	<b>13,161</b>	(18,170)
Underlying profit for the period	<b>83,384</b>	<b>25,787</b>

## 10. INVESTMENT PROPERTIES

### (a) Revaluation of investment properties

The Group's investment properties were revalued as at 30 September 2020. The fair value of 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 2020 valuations. As a result of the update, a deficit of \$13,161,000 (2019: gain of \$18,170,000) in respect of investment properties has been recognised in the consolidated statement of profit and loss for the period.

(b) The Group's investment properties were pledged against bank loans, details of which are set out in note 13 to the condensed financial statements.

## 11. TRADE AND OTHER RECEIVABLES

	<b>30 September 2020 (Unaudited) \$'000</b>	31 March 2020 (Audited) \$'000
Trade receivables	<b>115,552</b>	89,491
Less: Impairment	<b>(220)</b>	(159)
	<b>115,332</b>	89,332
Deposits, prepayments and other receivables	<b>67,473</b>	80,828
	<b>182,805</b>	170,160

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

	<b>30 September 2020 (Unaudited) \$'000</b>	31 March 2020 (Audited) \$'000
Less than 1 month	<b>111,575</b>	87,388
More than 1 month but less than 3 months	<b>3,144</b>	1,710
More than 3 months but less than 6 months	<b>448</b>	176
More than 6 months	<b>165</b>	58
	<b>115,332</b>	89,332

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

## 12. TRADE AND OTHER PAYABLES

	<b>30 September 2020 (Unaudited) \$'000</b>	31 March 2020 (Audited) \$'000
Trade payables	<b>119,764</b>	103,250
Other payables and accrued charges	<b>69,604</b>	63,983
Rental and other deposits	<b>1,900</b>	1,900
Receipts in advance	<b>3,400</b>	5,341
Retention payables	<b>109,081</b>	77,651
	<b>303,749</b>	252,125

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

	<b>30 September 2020 (Unaudited) \$'000</b>	31 March 2020 (Audited) \$'000
Less than 1 month	<b>104,934</b>	102,406
More than 1 month but less than 3 months	<b>14,830</b>	844
	<b>119,764</b>	103,250

### 13. BANK LOANS

	<b>30 September 2020 (Unaudited) \$'000</b>	31 March 2020 (Audited) \$'000
Bank loans		
- Secured	<b>4,159,136</b>	4,202,198
- Unsecured	<b>51,855</b>	65,569
	<b>4,210,991</b>	4,267,767

The bank loans were repayable as follows:

	<b>30 September 2020 (Unaudited) \$'000</b>	31 March 2020 (Audited) \$'000
On demand or within 1 year and included in current liabilities	<b>615,515</b>	664,496
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	<b>3,005,533</b>	2,032,982
After 2 years but within 5 years	<b>483,012</b>	1,459,515
After 5 years	<b>106,931</b>	110,774
	<b>3,595,476</b>	3,603,271
	<b>4,210,991</b>	4,267,767

The bank loans were secured by the following assets:

	<b>30 September 2020 (Unaudited) \$'000</b>	31 March 2020 (Audited) \$'000
Investment properties	<b>4,046,985</b>	3,643,000
Property, plant and equipment	<b>811,074</b>	819,646
Financial assets at fair value through other comprehensive income	<b>11,439</b>	10,114
Inventories of properties	-	1,850,399
Pledged deposits	<b>206,470</b>	100,966
Other assets	<b>33,778</b>	39,782
	<b>5,109,746</b>	6,463,907

### 14. CONTINGENT LIABILITIES

At 30 September 2020 and 31 March 2020, the Company did not have any material contingent liabilities.

## **INTERIM DIVIDEND**

The Board declares to pay an interim dividend of 4.0 cents per share to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on 4 December 2020. The interim dividend will be paid to Shareholders on 16 December 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 2 December 2020 to 4 December 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 1 December 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **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. The revenue derived from the construction business increased by approximately 227.2% or \$373.6 million, from approximately \$164.4 million for the six months ended 30 September 2019 (“FH 2019/20”) to approximately \$538.0 million for the six months ended 30 September 2020 (“FH 2020/21”). The increase was primarily attributed to the construction project at Kai Tak, Kowloon which was in full swing and had substantial work in progress during the period under review.

As at 30 September 2020, the gross contract sum of the construction projects in progress amounted to approximately \$1.63 billion.

#### **Data Centre Premises Leasing**

Our data centre business remains buoyant in the time of the COVID-19 pandemic. Revenue derived from this segment increased approximately 8.6% or \$6.2 million, from approximately \$71.9 million for FH 2019/20 to approximately \$78.1 million for FH 2020/21, primarily driven by new customers committing to move into and utilise the data centre space of iTech Tower 2.

The Group is pleased to report that the acquisition of two parcels of land in Fanling, New Territories has been completed simultaneously in September 2020. These two parcels of land are intended to be developed into two high-tier data centres. Demolition of the existing structure in one of the parcels is planned to commence by the end of 2020.

## Property Development

### *The Grand Marine*

The Grand Marine, a residential development in Tsing Yi, New Territories provides a saleable area of approximately 345,000 square feet for 776 residential units comprising one-bedroom to four-bedroom and special units. Superstructure work had commenced and are progressing well, and the whole project is expected to be completed by late 2021. This project received tremendous responses from the market since its pre-sale launched in November 2019. As at the date of this announcement, approximately 86% of the residential units were sold with cumulative presale proceeds of approximately \$4.23 billion being recorded.

### *Cristallo*

The Group's luxury residential project, CRISTALLO, at No. 279 Prince Edward Road West, Kowloon was also well received by the market. During FH 2020/21, sales and delivery of 2 apartments had been completed, and revenue of approximately \$170.0 million was recognized accordingly. Furthermore, 6 provisional sales and purchase agreements in respect of sales of 6 apartments with aggregate contract sum of approximately \$235.7 million had been entered into. Completion of these 6 apartments are scheduled to take place between December 2020 and October 2021.

### *New development project – Luen Fat Street, Fanling*

In early November 2020, the Group entered into a provisional sale and purchase agreement in respect of acquisition of a parcel of land in No.1 Luen Fat Street, Fanling, New Territories with a site area of approximately 6,800 square feet. The acquisition is scheduled to be completed in January 2021 and its consideration will be settled by the Group's internal resources and/or bank borrowings.

## OUTLOOK

Year 2020 remains challenging to every business. The unprecedented outbreak and continuous spread of the COVID-19 pandemic brought much of the economic activities to a halt during the first half of the year. Notwithstanding the local government had gradually relaxed certain disease prevention measures and implemented rounds of stimulus packages to relieve the financial burdens of businesses and individuals, the path to recovery to pre-pandemic economy is still long and uncertain. As such, we will make good use of the Group's available resources to replenish the land reserve in Hong Kong and cautiously explore suitable property development projects in Mainland China. Meanwhile, we strive to promote the sales of the remaining units in The Grand Marine and Cristallo.

The outbreak of the COVID-19 pandemic had changed the mode of people's life and work. Under the measures of forced lockdown and social distancing, internet and internet-based services are widely adopted by people for communication, consumption, and completion of job responsibilities and school education. These had led to a surge in the use of digital technology such as cloud computing, big data, artificial intelligence, digital payment and currency. In view of this, we anticipate that the demand for new high-tier data centres to cater for the significant growth of data processing and storage will emerge. Our recent acquisition of two parcels of greenfield land for the proposed high-tier data centre development will expand the Group's data centre capacities and embrace such rising demand opportunities.

Fierce competition among rivals persists in the construction industry and had resulted in a significant squeeze of the gross margin for new construction contracts. Hence, we currently maintain our focus in completing the project in hand and adopt a "wait and see" attitude in tendering new construction projects.

## **FINANCIAL REVIEW**

For FH 2020/21, the Group's consolidated revenue amounted to approximately \$786.1 million (FH 2019/20: \$367.5 million), representing an increase of approximately 113.9% as compared to the corresponding period of last financial year. The increase was primarily due to the increase in revenue recognition from the construction segment in which the construction project in Kai Tak was in full swing and recorded a substantial work in progress during the period under review.

Consolidated gross profit increased by approximately 89.4% from last corresponding period to approximately \$190.6 million (FH 2019/20: \$100.7 million), mainly benefited from (i) the increase in revenue recognised from the construction segment; and (ii) the higher margin attained from the sales of one duplex and one typical unit in Cristallo, as compared to three typical units being sold in the corresponding period of last financial year.

Operating expenses (inclusive of selling and general and administrative expenses) for the period increased by approximately 56.0% to approximately \$72.9 million (FH 2019/20: \$46.7 million), largely due to agency commission and marketing expenses incurred in relation to the sales of Cristallo and The Grand Marine respectively.

An unrealised fair value loss on investment properties of approximately \$13.2 million (FH 2019/20: gain of \$18.2 million) was recognised for FH 2020/21. The deficit reflected the fact that the Group continued to invest in the facilities in the data centres to meet customer needs.

Finance costs for the period gently increased by approximately 6.38% to approximately \$26.1 million (FH 2019/20: \$24.6 million), primarily due to the cessation of interest expense capitalisation in iTech Tower 2.

Net profit for FH 2020/21 was approximately \$70.2 million, representing an increase of approximately 59.8% when compared to that of approximately \$44.0 million for FH 2019/20. Excluding the change in fair value of investment properties, the Group recorded an underlying profit of approximately \$83.4 million in FH 2020/21, representing an increase of approximately 223.4% as compared to an underlying profit of approximately \$25.8 million for FH 2019/20.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group finances its operations and capital expenditure with its shareholders' funds and bank borrowings. A variety of credit facilities are maintained which had contracted repayment terms ranging from repayable on demand to about 17.6 years. As at 30 September 2020, the Group had outstanding bank borrowings of approximately \$4,211.0 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 172.2% (31 March 2020: approximately 177.4%).

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 30 September 2020 were approximately \$1,309.2 million (31 March 2020: approximately \$2,207.1 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 1.37 times (31 March 2020: 1.45 times). Taking into account the cash at banks and credit facilities available, the Directors consider 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 30 September 2020, the Group had outstanding interest rate swaps with notional amount of approximately \$2.15 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 currently had not implemented any foreign currency hedging policy. However, the management monitors 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 30 September 2020, bank loans of approximately \$4,159 million were secured by certain assets of the Group with an aggregate carrying amount of approximately \$5,110 million.

## **CONTINGENT LIABILITIES**

The Group did not have material contingent liabilities as at 30 September 2020.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had a total of 180 employees as at 30 September 2020. Total remuneration of employees for FH 2020/21 was approximately \$66.4 million. The remuneration policy and packages of the Group's employees are periodically reviewed with reference to the prevailing market conditions. The components of remuneration packages comprise 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 the six months ended 30 September 2020.

## **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 six months ended 30 September 2020.



## **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 enquiry to all Directors by the Company, all Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2020.

## **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 auditors; 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 Chung Yiu Johnny.

The audit committee has reviewed the Group's unaudited consolidated interim financial statements for FH 2020/21.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT**

The interim results announcement of the Company has been published on the Company's website ([www.grandming.com.hk](http://www.grandming.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

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

Hong Kong, 13 November 2020

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