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 2022

HIGHLIGHTS

- Revenue decreased by 45.2% to $817.9 million (2021: $1,492.4 million).
- Profit for the year decreased by 88.2% to $17.5 million (2021: $149.0 million). Earnings per share was 1.2 cents (2021: 10.5 cents).
- Final dividend of 4.0 cents per share (2021: 4.0 cents per share) is recommended. Together with the interim dividend and special interim dividend paid, the total dividends for the year is 28.0 cents per share (2021: 8.0 cents per share).
- Net assets as at 31 March 2022 amounted to $2,126 million.

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 2022 together with the comparative audited figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 $'000	2021 $'000
Revenue	4	**817,867**	1,492,385
Direct costs		**(756,184)**	(1,161,276)
Gross profit		**61,683**	331,109
Other income and gain, net	4	**21,047**	23,437
Selling expenses		**(45,745)**	(68,629)
General and administrative expenses		**(44,120)**	(37,840)
Changes in fair value of investment properties	9(a)	**92,714**	1,389
Profit from operations		**85,579**	249,466
Finance costs	5(a)	**(58,846)**	(61,562)
Profit before taxation	5	**26,733**	187,904
Income tax expenses	6	**(9,186)**	(38,869)
Profit for the year		**17,547**	149,035
		Cents	*Cents*
Earnings per share			
Basic and diluted	8(a)	**1.2**	10.5

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 2022

	2022	2021
	$'000	*$'000*
Profit for the year	**17,547**	149,035
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	**(867)**	1,775
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**3,247**	2,262
Cash flow hedges – net movement in hedging reserve	**25,556**	4,280
	28,803	6,542
Other comprehensive income for the year, net of tax	**27,936**	8,317
Total comprehensive income for the year	**45,483**	157,352

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 $'000	2021 $'000
Non-current assets			
Fixed assets			
- Investment properties	9	**4,453,700**	4,086,700
- Property, plant and equipment		**817,064**	840,385
		5,270,764	4,927,085
Deferred tax assets		**44,698**	38,985
Intangible assets		**500**	500
Financial assets at fair value through other comprehensive income		**11,022**	11,889
Financial assets at fair value through profit or loss		**8,932**	8,339
		5,335,916	4,986,798
Current assets			
Inventories of properties		**4,133,991**	3,202,908
Contract assets		**257,844**	309,536
Trade and other receivables	10	**247,091**	217,077
Tax recoverable		**2,055**	1,921
Restricted and pledged deposits		**583,743**	752,409
Cash and bank balances		**113,090**	369,610
		5,337,814	4,853,461
Current liabilities			
Trade and other payables	11	**263,660**	359,338
Contract liabilities		**3,312,486**	2,878,029
Bank loans	12	**4,906,937**	2,512,262
Derivative financial instruments		**1,317**	17,512
Tax payable		**1,943**	34,568
		8,486,343	5,801,709
Net current liabilities		**(3,148,529)**	(948,248)
Total assets less current liabilities		**2,187,387**	4,038,550

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31 March 2022

	Notes	**2022**	2021
		$'000	*$'000*
Non-current liabilities			
Bank loans	*12*	**-**	1,492,639
Deferred tax liabilities		**60,999**	53,122
Derivative financial instruments		**839**	15,251
		61,838	1,561,012
NET ASSETS		**2,125,549**	2,477,538
CAPITAL AND RESERVES			
Share capital		**14,196**	14,196
Reserves		**2,111,353**	2,463,342
TOTAL EQUITY		**2,125,549**	2,477,538

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 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. 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 2022 but are extracted from these consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

At the end of reporting period, the Group failed to fulfill certain financial covenants under the bank loan agreements of certain bank loans amounting to $4,837,262,000. This would entitle the relevant banks to declare bank loans immediately due and payable. Accordingly, the Group’s entire bank loans were classified as current liabilities as at 31 March 2022, and such reclassification rendered the Group to record net current liabilities of $3,148,529,000. Furthermore, the Group recorded an operating cash outflow of $16,884,000 during the year ended 31 March 2022. These conditions indicate 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 from the end of the reporting period up to 30 September 2023 (the “Forecast Period”) after taking into consideration the following actions or events:

(a) Subsequent to the reporting period, the Group commenced assignment and handover of the pre-sold units of the Grand Marine to the customers upon granting of the relevant certificate of compliance. Accordingly, subsequent to the reporting period and up to the date of this announcement, the Group had recognised a sales revenue of approximately $4.75 billion and received balance of payments from the pre-sales of the properties of approximately $1.45 billion. Approximately $508 million of these proceeds was used to settle part of the bank loans in (b) below. The remaining proceeds had replenished the general working capital of the Group;

(b) Subsequent to the reporting period, in May 2022, the Group settled a term loan and certain revolving loans amounting to approximately $1.05 billion;

(c) Subsequent to the reporting period, the Group successfully obtained a new term loan of $500 million with a scheduled repayment date of 30 months and a new revolving loan of $240 million from the banks; and

(d) Subsequent to the reporting period, the Group successfully obtained waivers from certain banks (including the principal banks of the Group) in relation to certain bank loans of approximately $3.546 billion (in which bank loans of approximately $3.274 billion having a scheduled repayment dates beyond one year after 31 March 2022) from complying with the financial covenants for the year ended 31 March 2022. In addition, these banks confirmed that they will not demand for immediate repayment of the aforesaid bank loans until the next review date, when the relevant financial covenants will be tested for compliance. Based on the cash flow projection over the Forecast Period, including the sales recognised subsequent to the reporting period as mentioned in (i) above, the Directors had a reasonable expectation that the Group would be able to comply with all financial covenants within the Forecast Period.

Notwithstanding that there is inherent uncertainty associated with the future outcomes of the Group's plans in the cashflow projection, including whether the Group is able to improve the financial performance and maintain its banking facilities, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 2021

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 2021:

Amendments to HKFRS9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

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 HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use[1]
Annual Improvements to HKFRSs 2018-2020 cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS 16 Lease and HKAS 41 Agriculture [1]

Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1	Disclosure of Accounting Policies[2]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Classification of Liabilities as Current or Non-Current[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[4]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 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
4 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

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 commercial shops

— 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 2022

	Construction	Property leasing	Property development	Inter-segment elimination	Total
	$'000	***$'000***	***$'000***	***$'000***	***$'000***
Revenue from external customers	**395,521**	**200,687**	**221,659**	**-**	**817,867**
Inter-segment revenue	**265,225**	**32,037**	**-**	**(297,262)**	**-**
Segment revenue	**660,746**	**232,724**	**221,659**	**(297,262)**	**817,867**
Segment results	**37,844**	**122,125**	**(39,565)**	**(109,520)**	**10,884**
Unallocated net income					**5,813**
Unallocated expenses					**(24,250)**
Changes in fair value of financial assets at fair value through profit or loss					**418**
Changes in fair value of investment properties					**92,714**
Finance costs					**(58,846)**
Profit before taxation					**26,733**

For the year ended 31 March 2021

	Construction	Property leasing	Property development	Inter-segment elimination	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Revenue from external customers	1,133,711	164,674	194,000	–	1,492,385
Inter-segment revenue	1,141,964	30,501	–	(1,172,465)	–
Segment revenue	2,275,675	195,175	194,000	(1,172,465)	1,492,385
Segment results	224,049	86,711	3,805	(54,863)	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

(b) Other segment information

	Construction		Property leasing		Property development		Unallocated		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Additions to non-current segment assets	**478**	–	**274,877**	442,785	**436**	8	**2,275**	1,550	**278,066**	444,343

(c) Geographic information

All of the Group's revenue from external customers are generated from customers located in Hong Kong. Substantially all of the Group's non-current assets (other than deferred tax assets and financial instruments) are also located in Hong Kong.

(d) Information about major customers

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

	2022	2021
	$'000	$'000
Customer A [1]	**380,740**	1,123,816

[1] The revenue was derived from building construction.

(e) Timing of revenue recognition

	Construction		Property leasing		Property development		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
At a point in time	–	–	–	–	**221,659**	194,000	**221,659**	194,000
Transferred over time	**395,521**	1,133,711	**28,118**	22,637	–	–	**423,639**	1,156,348
Revenue from other sources	–	–	**172,569**	142,037	–	–	**172,569**	142,037
	395,521	1,133,711	**200,687**	164,674	**221,659**	194,000	**817,867**	1,492,385

4. REVENUE AND OTHER INCOME AND GAIN, NET

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

(a) Disaggregation of revenue

	2022	2021
	$'000	$'000
Revenue from contract with customer within the scope of HKFRS 15		
Revenue from building construction	**395,521**	1,133,711
Rental related income	**28,118**	22,637
Sales of properties	**221,659**	194,000
Revenue from other sources		
Rental income	**172,569**	142,037
	817,867	1,492,385

(b) Unsatisfied performance obligations

As at 31 March 2022, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately $5,356.3 million (2021: $5,240.4 million). This amount represents revenue expected to recognise in the future from construction contracts and sales and purchase agreements from sales of properties entered into 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. These are expected to occur over the next 12 months.

(c) Other income and gain, net

	2022	2021
	$'000	*$'000*
Bank interest income	**3,646**	4,275
Dividend income from unlisted fund investments	**778**	817
Net foreign exchange gain	**1,265**	2,265
Forfeited deposits	**4,216**	—
Changes in fair value of financial assets at fair value through profit or loss	**418**	385
Government subsidy (*note*)	—	7,482
Loss on disposal of property, plant and equipment	—	(119)
Others	**10,724**	8,332
	21,047	23,437

Note: The amount in 2021 represented 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 did not have any unfulfilled obligations relating to this program.

5. PROFIT BEFORE TAXATION

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

	2022	2021
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans and other borrowing costs	**128,971**	156,345
Less: Amounts included in construction contracts in progress	**(8,335)**	(13,185)
Amounts capitalised	**(61,790)**	(81,598)
	58,846	61,562
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**141,414**	134,445
Contributions to defined contribution retirement plans	**3,000**	2,870
	144,414	137,315
Less: Amounts included in construction contracts in progress	**(38,637)**	(38,594)
Amounts capitalised	**(73,775)**	(69,706)
	32,002	29,015
(c) Other items		
Direct operating expenses arising from investment properties that generated income	**87,607**	75,878
Impairment loss on trade receivables and contract assets	**216**	93
Write-down inventories of properties	**7,984**	—
Depreciation	**28,385**	27,922
Short term leases expenses	**988**	4,936
Auditors' remuneration		
- audit services	**1,341**	1,176
- other services	**148**	145

6. INCOME TAX EXPENSES

	2022	2021
	$'000	*$'000*
Current tax		
Provision for Hong Kong Profits Tax for the year	**13,220**	47,196
Over-provision in respect of prior years	**(1,148)**	(664)
	12,072	46,532
Deferred tax		
Credited to profit or loss for the year	**(2,886)**	(7,663)
	9,186	38,869

Hong Kong profits tax is calculated at the rate 16.5% (2021: 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% (2021: 8.25%), which is in accordance with the two-tiered profits tax rates regime.

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.

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% (2021: 25%). The Group had not generated any taxable profit in the PRC during the year (2021: Nil).

7. DIVIDENDS

(a) Dividends attributable to the year:

	2022	2021
	$'000	*$'000*
Special interim dividend declared and paid of 20.0 cents (2021: nil) per share	**283,908**	–
Interim dividend declared and paid of 4.0 cents (2021: 4.0 cents) per share	**56,782**	56,782
Final dividend proposed after the end of the reporting period of 4.0 cents (2021: 4.0 cents) per share	**56,782**	56,782
	397,472	113,564

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 attributable to the previous financial year, approved and paid during the year:

	2022	2021
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of 4.0 cents (2021: 4.0 cents) per share	**56,782**	28,391

(c) Dividend approved after the end of the reporting period:

On 26 May 2022, 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 15 June 2022. The special interim dividend has not been recognised as a liability at the end of the reporting period.

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 $17,547,000 (2021: $149,035,000) and the weighted average number of 1,419,542,346 shares (2021: 1,419,542,346 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 2022 and 2021.

(b) Underlying (loss)/earnings per share

For the purpose of assessing the underlying performance of the Group, the underlying (loss)/earnings per share are also presented based on the underlying loss attributable to equity shareholders of the Company of $75,167,000 (2021: profit of $147,646,000), which excludes the effects of changes in fair value of investment properties. A reconciliation of the underlying (loss)/profit is as follows:

	2022	2021
	$'000	*$'000*
Profit for the year	**17,547**	149,035
Changes in fair value of investment properties	**(92,714)**	(1,389)
Underlying (loss)/profit for the year	**(75,167)**	147,646
	Cents	*Cents*
Underlying (loss)/earnings per share – Basic and Diluted	**(5.3)**	10.4

9. INVESTMENT PROPERTIES

(a) The Group's investment properties and investment properties under development were revalued as at 31 March 2022 by Colliers International (Hong Kong) Limited, an independent firm of qualified professional valuer on a market value basis. The fair value of the investment properties are determined using income capitalisation method or market comparison approach. The fair value of the investment properties under development are determined using residual method.

As a result, a net fair value gain of $92,714,000 (2021: $1,389,000) on the investment properties and investment properties under development has been recognised in the consolidated statement of profit or loss for the year.

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

10. TRADE AND OTHER RECEIVABLES

	2022	2021
	$'000	*$'000*
Trade receivables	**39,597**	28,394
Less: Loss allowance	**(468)**	(252)
	39,129	28,142
Deposits, prepayments and other receivables	**88,774**	83,513
Contract costs	**119,188**	105,422
	247,091	217,077

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

	2022	2021
	$'000	*$'000*
Less than 1 month	**31,082**	23,347
More than 1 month but less than 3 months	**7,287**	4,586
More than 3 months	**760**	209
	39,129	28,142

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

	2022	2021
	$'000	*$'000*
Trade payables	**91,052**	203,037
Other payables and accrued charges	**34,003**	26,670
Rental and other deposits	**5,971**	3,074
Rent receipts in advance	**7,504**	9,274
Retention payables	**125,130**	117,283
	263,660	359,338

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

	2022	2021
	$'000	*$'000*
Less than 1 month	**88,926**	202,483
More than 1 month but less than 3 months	**2,116**	533
More than 3 months but less than 6 months	**10**	21
	91,052	203,037

12. BANK LOANS

	2022	2021
	$'000	*$'000*
Bank loans		
- Secured	**4,837,268**	3,951,901
- Unsecured	**69,669**	53,000
	4,906,937	4,004,901

The bank loans are repayable as follows:

	2022	2021
	$'000	*$'000*
Within 1 year or on demand and included in current liabilities	**4,906,937**	2,512,262
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	**–**	1,025,943
After 2 years but within 5 years	**–**	363,786
After 5 years	**–**	102,910
	–	1,492,639
	4,906,937	4,004,901

The bank loans are secured by the following assets:

	2022	2021
	$'000	*$'000*
Investment properties	**4,453,700**	4,086,700
Property, plant and equipment	**785,356**	802,501
Financial assets at fair value through other comprehensive income	**11,022**	11,889
Inventories of properties	**266,224**	–
Pledged deposits	**536,756**	494,892
Other assets	**46,329**	31,734
	6,099,387	5,427,716

13. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, the Group has the following material event after the reporting period:

On 9 June 2022, the Hong Kong Legislative Council passed the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the "Bill") to abolish the Mandatory Provident Fund Scheme (the "MPF") offsetting mechanism. It is envisaged that the cancellation of mechanism will not come into effect until 2025 at the earliest. The abolishment of the MPF offsetting mechanism will not have retrospective effect. The Group will commence an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in substantial change to the Group's financial statements.

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2022 not provided for in the Group's financial statements were as follows:

	2022	2021
	$'000	*$'000*
Commitments for:		
Development of investment properties	**59,308**	–

15. CONTINGENT LIABILITIES

At 31 March 2022 and 2021, 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 17 August 2022. 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 2 September 2022.

Together with the interim dividend of 4.0 cents per share and special interim dividend of 20.0 cents per share already paid, the total dividends for the year ended 31 March 2022 will amount to 28.0 cents per share.

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 2 August 2022 to 5 August 2022, 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 1 August 2022.

For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 15 August 2022 to 17 August 2022, 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 12 August 2022.

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 65.1% or $738.2 million, from approximately $1,133.7 million for the year ended 31 March 2021 ("FY 2020/21") to approximately $395.5 million for the year ended 31 March 2022 ("FY 2021/22"). The decrease was primarily attributed to lower revenue recognised from the Kai Tak construction project which was at the completion stage during FY 2021/22.

As at 31 March 2022, the gross contract sum of the construction projects in progress amounted to approximately $1.63 billion.

Data Centre Premises Leasing

The Group currently owns two data centres, namely iTech Tower 1 and iTech Tower 2, and its leasing business achieved a healthy growth during FY 2021/22. Revenue derived from this segment increased by 18.4% or $30.3 million, from approximately $164.7 million for FY 2020/21 to approximately $195.0 million for FY 2021/22, primarily driven by the increased utilisation of data centre spaces in iTech Tower 2.

The two greenfield sites at No.3 On Kui Street and No.8 On Chuen Street in Fanling, the New Territories will be developed into two new high-tier data centres for leasing purposes with an estimated gross floor area of approximately 185,000 square feet in aggregate. Currently the application for change of land use change of both sites by way of land exchange are in progress.

Foundation works at No.3 On Kui Street are underway and the project is scheduled for completion in mid-2025; whereas demolition work of the existing structure at No.8 On Chuen Street will be commenced in the third quarter to fourth quarter of 2022, and the development is scheduled to be completed in mid-2026.

Property Development – Hong Kong

The Grand Marine

This residential development, with a saleable area of approximately 345,000 square feet, is located at No. 18 Sai Shan Road, Tsing Yi, the New Territories. It offers 776 residential units with clubhouse and car park facilities. Pre-sales commenced since November 2019 and were well received by the market. Over 92% of the units had been pre-sold cumulatively. The occupation permit of the development was obtained in December 2021 and the certificate of compliance was granted in March 2022. Execution of assignment and handover of the pre-sold units to buyers were subsequently commenced from mid-April 2022. Accordingly contracted sales of approximately $4.75 billion were recognised subsequent to the end of the reporting period and up to the date of this announcement.

Cristallo

This luxurious residential project is located at No. 279 Prince Edward Road West, Kowloon. During FY 2021/22, sales and delivery of 6 apartments had been completed, and revenue of approximately $221.7 million was recognised accordingly.

Luen Fat Street project

The Group acquired this parcel of land situated at No.1 Luen Fat Street, Fanling, the New Territories in January 2021, and intends to develop into a residential-cum-retail complex with a total gross floor area of approximately 36,000 square feet. Development plan had been approved by the Town Planning Board and the land exchange application to convert the use of land is under processing. Upon completion of the redevelopment of the site, the completed properties will be sold to generate revenue for the Group.

Pau Chung Street project

The site, located at No. 41, 43 and 45 Pau Chun Street in To Kwa Wan, Kowloon, was acquired by the Group in October 2021 and is being redeveloped into a 25-storey residential tower over two levels of shops with a gross floor area of approximately 31,000 square feet. Superstructure construction works are well underway and the development is scheduled to be completed in the first half of 2023. Upon completion of the redevelopment of the site, the completed properties will be sold to generate revenue for the Group.

Property Development – Mainland China

The Group acquired its first land parcel in Mainland China in July 2021 through government public auction. The land parcel is located at Guangxi-ASEAN Economic and Technological Development Zone, Wuming District, Nanning City, Guangxi Province. The site has an area of approximately 574,000 square feet, and is planned to be developed into a luxury residential project under the theme of leisure and healthy lifestyle. The preliminary design comprises high-rise apartment units, villas, retail shops and a wellness centre. Target customers will be the elderly and retirees and their families. The estimated gross floor area of the proposed development is approximately 1,100,000 square feet. Site clearance works had been completed. Planning and design works are in progress.

OUTLOOK

Following the hand-over of the pre-sold units in the Grand Marine that commenced in mid-April 2022, the Group is capable of receiving the balance of the contracted sales from its pre-sale and recognising the revenue and profits from the pre-sale of this project in the financial year 2022/23. Hence, we are confident that the Group will deliver satisfactory results in the coming year. We will continue to launch the sales for the remaining units of The Grand Marine and Cristallo so as to contribute further cash inflows to the Group.

Looking forward, year 2022 remains a year full of challenges. The outlook is subject to heightened uncertainty, including potential resurgence of another wave of covid-19 infections, local interest rate hike triggered by the U.S. Federal Reserve's move to hike rates and the global geopolitical uncertainties. On the other side, resilient demand from the local end-users, limited land supply and low mortgage rate environment continued to support the local residential mass market. We maintain a cautiously optimistic view on the residential property market. Facing with these challenges and uncertainties, we would adhere to our prudent approach in managing the Group's businesses and strategies, and search meticulously for suitable new property development projects both in Hong Kong and Nanning City of Mainland China to substantiate the long-term development of the Group.

The acceleration of digital transformation in business operations and communication among individuals during the pandemic had led to a surge in demand of high-tier data centres. We are committed to developing our two new data centres in Fanling and looking for new pipelines for growth.

FINANCIAL REVIEW

In FY 2021/22, the Group's consolidated revenue amounted to approximately $817.9 million (FY 2020/21: $1,492.4 million), representing a decrease of approximately 45.2% as compared to the corresponding period of last year. The decrease was primarily attributed to lower revenue recognised from the Kai Tak construction project which was at the completion stage during FY 2021/22.

Consolidated gross profit for FY 2021/22 also decreased by 81.4% to approximately $61.7 million (FY 2020/21: $331.1 million), mainly due to the combined effect of (i) decrease in revenue recognised from the construction segment as abovementioned; (ii) lower profit attained from sales of six typical units of Cristallo in FY 2021/22, as compared to sales of one duplex and one typical unit together with six car parking spaces in FY 2020/21; and (iii) loss incurred in certain variation orders of a completed construction project during FY 2021/22.

Total operating expenses (inclusive of selling and general and administrative expenses) for the year decreased by 15.6% to approximately $89.9 million (FY 2020/21: $106.5 million), largely because of lower agency commission and marketing expenses incurred in relation to the sales of Cristallo and The Grand Marine during FY 2021/22.

An unrealised fair value gain on investment properties of approximately $92.7 million (FY 2020/21: $1.4 million) was recognised for FY 2021/22.

Finance costs for the year decreased by 4.4% to approximately $58.8 million (FY 2020/21: $61.6 million), mainly due to capitalisation of borrowing costs to new property under development project.

Net profit for FY 2021/22 dropped by 88.2% to approximately $17.5 million (FY 2020/21: $149.0 million). Excluding the changes in fair value of investment properties, the Group recorded an underlying loss of approximately $75.2 million in FY 2021/22 as compared to an underlying profit of approximately $147.6 million in FY 2020/21.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations and capital expenditure with internally generated cash flows and through bank borrowings. A variety of credit facilities are maintained which had contracted repayment terms ranging from repayable on demand to about 19.5 years. As at 31 March 2022, the Group had outstanding bank borrowings of approximately $4,907 million (31 March 2021: approximately $4,005 million), all of which were denominated in Hong Kong dollars. The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group was approximately 230.9% (31 March 2021: approximately 161.6%). Significant increase in bank borrowings and gearing ratio was mainly driven by drawdown of (i) new term loans of approximately $704 million in total to provide extra working capital for the Group's business development and daily operation; and (ii) project loan associated with the acquisition and development of Pau Chung Street project.

As at 31 March 2022, the Group was unable to meet certain financial covenants under the relevant bank loan agreements of certain bank borrowings. Such non-compliance of the covenants may cause the relevant bank borrowings of approximately $4,837 million (in which approximately $3,526 million having scheduled repayment dates beyond one year after 31 March 2022) to become immediately due and payable should the lenders exercise their rights under the loan agreements. Accordingly, the Group's entire bank borrowings were classified as current liabilities as at 31 March 2022, and such reclassification rendered the Group to record net current liabilities of approximately $3,149 million as at 31 March 2022.

The current ratio (defined as current assets divided by current liabilities) of the Group was 0.63 times (31 March 2021: 0.84 times).

Subsequent to 31 March 2022, the Group successfully obtained waivers for complying with the financial covenants concerned for the year ended 31 March 2022 from certain banks (including the principal banks of the Group) in relation to certain bank borrowings of approximately $3,677 million. In addition, these banks confirmed that they will not demand for immediate repayment of the aforesaid bank borrowings (which included approximately $3,388 million with a scheduled repayment date beyond one year after 31 March 2022) until the next review date, when the relevant financial covenants will be tested for compliance.

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 2022 were approximately $696.8 million (31 March 2021: approximately $1,122.0 million), most of which were held in Hong Kong dollars. Taking into account the cash at banks, the existing credit facilities available and new credit facilities granted, proceeds received upon handover of the pre-sold units of The Grand Marine and the estimated proceeds from the sales of the remaining units in The Grand Marine and Cristallo, 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 2022, the Group had outstanding interest rate swaps with notional amount of approximately $1.15 billion. These swaps have fixed interest rates ranging from 0.5% to 2.63% per annum and will mature between April 2022 to March 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 2022, certain assets of the Group with an aggregate carrying amount of approximately $6,099 million were pledged to secure bank loans of approximately $4,837 million granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

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

CAPITAL COMMITMENTS

Save as disclosed in note 14 to the financial statements in this announcement, the Group had no other capital commitments as at 31 March 2022.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2022 and 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 2 September 2021, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Dream Palace Holdings Limited together with its wholly-owned subsidiary, Dormax Limited (collectively referred to as "Dream Palace Group"), and the shareholder's loan, at a consideration of approximately $318,297,000. The acquisition was completed on 5 October 2021. The principal asset of Dream Palace Group is a site located at No.41, 43 and 45 Pau Chung Street in To Kwa Wan, Kowloon, Hong Kong.

Save as disclosed above, there was no other material acquisition or disposal of subsidiaries and associated companies by the Company during FY 2021/22.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 181 employees as at 31 March 2022. Total remuneration of employees for FY 2021/22 was approximately $144.4 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 2021/22.

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 (the "Corporate Governance Code") throughout the FY 2021/22.

On 1 January 2022, the amendments to the Corporate Governance Code (the "**New Corporate Governance Code**") came into effect and the requirements under the New Corporate Governance Code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

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 2021/22.

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 5 August 2022. 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 2021/22.

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 2021/22:

" **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 2022, 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 at the end of reporting period, the Group failed to fulfill certain financial covenants under the bank loan agreements of certain bank loans amounting to $4,837,262,000. This would entitle the relevant banks to declare bank loans immediately due and payable. Accordingly, the Group's entire bank loans were classified as current liabilities as at 31 March 2022, and such reclassification rendered the Group to record net current liabilities of $3,148,529,000. Furthermore, the Group recorded an operating cash outflow of $16,884,000 during the year ended 31 March 2022. As stated in Note 3(b), these conditions indicate 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 2021/22 as set out in this 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 this 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 2021/22 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, 23 June 2022

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