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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

INTERIM RESULTS HIGHLIGHTS

- Net profit attributable to equity shareholders of the Company amounted to approximately HK\$ 242.2 million, representing an increase of 1.4% as compared with the same period in 2014.
- By excluding the changes in fair value of investment properties, net profit attributable to equity holders of the Company amounted to approximately HK\$62.7 million, representing an increase of 3.5% as compared with the same period in 2014.
- Net assets attributable to equity shareholders of the Company increased from approximately HK\$2,119.9 million as at 31 March 2015 to approximately HK\$2,341.4 million as at 30 September 2015.
- An interim dividend of HK4.0 cents (2014: HK4.2 cents) per share is declared.
- A bonus issue of one new share credited as fully paid for every ten shares held is proposed.

The board of directors (the “Board”) 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 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2015

	Note	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	4	489,470	333,048
Direct costs		<u>(399,920)</u>	<u>(247,862)</u>
Gross profit		89,550	85,186
Other revenue	5	1,006	1,519
Other net income	6	3,421	1,212
General and administrative expenses		(8,275)	(5,637)
Changes in fair value of investment properties		<u>179,448</u>	<u>178,279</u>
Profit from operations		265,150	260,559
Finance costs	7(a)	<u>(9,879)</u>	<u>(10,063)</u>
Profit before taxation	7	255,271	250,496
Income tax	8	<u>(13,074)</u>	<u>(11,648)</u>
Profit for the period		<u>242,197</u>	<u>238,848</u>
		HK cents	HK cents (Restated)
Earnings per share (note)	10		
- Basic and Diluted		<u>45.4</u>	<u>44.9</u>

Note: Basic and diluted earnings per share for the six months ended 30 September 2014 have been restated for the impact of the bonus issue of shares on 18 December 2014 and 12 August 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
Note	HK\$'000	HK\$'000
Profit for the period	242,197	238,848
Other comprehensive income for the period	9	
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale securities:		
net movement in the fair value reserve	830	(355)
Cash flow hedges:		
net movement in the hedging reserve	(1,160)	4,194
	(330)	3,839
Total comprehensive income for the period	241,867	242,687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Investment properties	11	3,099,000	2,985,000
Property, plant and equipment		128,581	716
Other financial assets		13,087	14,170
		<u>3,240,668</u>	<u>2,999,886</u>
Current assets			
Gross amount due from customers for contract work		64,934	72,574
Trade and other receivables	12	195,113	232,632
Restricted and pledged deposits		45,821	45,984
Cash and bank balances		150,786	131,562
		<u>456,654</u>	<u>482,752</u>
Current liabilities			
Gross amount due to customers for contract work		4,520	7,616
Trade and other payables	13	209,123	237,599
Bank loans	14	159,874	147,880
Derivative financial instruments		—	5,236
Tax payable		12,519	6,150
		<u>386,036</u>	<u>404,481</u>
Net current assets		<u>70,618</u>	<u>78,271</u>
Total assets less current liabilities		<u>3,311,286</u>	<u>3,078,157</u>
Non-current liabilities			
Bank loans	14	935,877	926,973
Deferred tax liabilities		32,757	31,117
Derivative financial instruments		1,237	158
		<u>969,871</u>	<u>958,248</u>
NET ASSETS		<u>2,341,415</u>	<u>2,119,909</u>
CAPITAL AND RESERVES			
Share capital		5,333	4,848
Reserves		2,336,082	2,115,061
TOTAL EQUITY		<u>2,341,415</u>	<u>2,119,909</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General information

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 Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 August 2013.

(b) Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 17 November 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014/15 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015/16 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014/15 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 March 2015 that is included in the interim financial report 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. Statutory financial statements for the year ended 31 March 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 2 June 2015.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company:

– *Annual Improvements to HKFRSs 2012-2012 Cycle*

– *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments has had a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

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

- Construction contracts: this segment constructs residential buildings, shopping arcades, commercial buildings and data centres for external customers and for group companies.
- Property leasing: this segment leases data centres and office premises to generate rental income.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 September (Unaudited)					
	Construction Contracts		Property leasing		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	417,156	261,972	72,314	71,076	489,470	333,048
Inter-segment revenue	51,000	75,000	—	—	51,000	75,000
Reportable segment revenue	<u>468,156</u>	<u>336,972</u>	<u>72,314</u>	<u>71,076</u>	<u>540,470</u>	<u>408,048</u>
Reportable segment profit	<u>38,414</u>	<u>34,973</u>	<u>44,383</u>	<u>45,443</u>	<u>82,797</u>	<u>80,416</u>
Interest income	300	639	—	—	300	639
Interest expense	—	—	(9,624)	(10,051)	(9,624)	(10,051)
Dividend income from unlisted securities	405	405	—	—	405	405
Depreciation	(53)	(74)	(73)	(254)	(126)	(328)
Changes in fair value of investment properties	<u>—</u>	<u>—</u>	<u>179,448</u>	<u>178,279</u>	<u>179,448</u>	<u>178,279</u>

(b) Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	540,470	408,048
Elimination of inter-segment revenue	(51,000)	(75,000)
Consolidated revenue	<u>489,470</u>	<u>333,048</u>
Profit		
Reportable segment profit derived from the Group's external customers	82,797	80,416
Other revenue and other net income	2,868	1,519
Depreciation	(762)	(328)
Finance costs	(9,879)	(10,063)
Changes in fair value of investment properties	179,448	178,279
Net unrealised gain on financial derivative instruments	1,559	1,212
Unallocated head office and corporate expenses	(760)	(539)
Consolidated profit before taxation	<u>255,271</u>	<u>250,496</u>

(c) Geographic information

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

4. REVENUE

Revenue represents revenue from construction contracts, rental and rental related income and is analysed as follows:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from construction contracts	417,156	261,972
Rental income	57,159	56,270
Rental related income	15,155	14,806
	<u>489,470</u>	<u>333,048</u>

5. OTHER REVENUE

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	317	836
Dividend income from unlisted securities	405	405
Others	284	278
	<u>1,006</u>	<u>1,519</u>

6. OTHER NET INCOME

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net unrealised gain on derivative financial instruments	1,559	1,212
Net gain on cash flow hedging instruments reclassified from equity (note 9)	3,988	—
Impairment of available-for-sale securities (note 9)	(1,913)	—
Net foreign exchange loss	(213)	—
	<u>3,421</u>	<u>1,212</u>

7. PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank loans	20,494	16,108
Other borrowing costs	1,496	1,365
	<u>21,990</u>	<u>17,473</u>
Less: Amount included in construction contracts in progress	(4,990)	(4,171)
Amount capitalised into investment properties under development	(7,121)	(3,239)
	<u>9,879</u>	<u>10,063</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	38,007	33,402
Contributions to defined contribution retirement plans	1,087	854
	<u>39,094</u>	<u>34,256</u>
Less: Amount included in construction contracts in progress	(26,199)	(23,243)
Amount capitalised into investment properties under development	(8,607)	(8,515)
	<u>4,288</u>	<u>2,498</u>
(c) Other items:		
Rental income from investment properties	(57,159)	(56,270)
Less: Direct outgoings	24,929	22,664
	<u>(32,230)</u>	<u>(33,606)</u>
Depreciation	762	328

8. INCOME TAX

Income tax in the consolidated income statement represents:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
Provision for Hong Kong Profits Tax for the period	11,205	9,434
Deferred tax		
Origination and reversal of temporary differences	1,869	2,214
	13,074	11,648

(i) 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.

(ii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the six months ended 30 September 2015.

9. OTHER COMPREHENSIVE INCOME

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Available-for-sale securities:		
Changes in fair value and net movement in the fair value reserve during the period recognised in other comprehensive income	(1,083)	(355)
Reclassification adjustment transferred to profit or loss - impairment loss (note 6)	1,913	—
Net movement in fair value reserve during the period recognised in other comprehensive income	830	(355)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	2,599	5,023
Net deferred tax credited/(charged) to other comprehensive income	229	(829)
Reclassification adjustment transferred to profit or loss - net gain on cash flow hedging instruments (note 6)	(3,988)	—
Net movement in the hedging reserve during the period recognised in other comprehensive income	(1,160)	4,194

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2015 is based on the profit attributable to equity shareholders of the Company of HK\$242,197,000 (2014: HK\$238,848,000) and the weighted average number of 533,261,000 shares (2014 (restated): 532,449,000 shares) in issue during the period, calculated as follows:

	Six months ended 30 September	
	2015 (Unaudited) '000	2014 (Unaudited) '000
Issued ordinary shares at 1 April	484,783	400,000
Shares issued under the scrip dividend scheme	—	35
Effect of bonus issue of shares	48,478	132,414
Weighted average number of shares at 30 September	<u>533,261</u>	<u>532,449</u>

The weighted average number of shares in issue during the six month ended 30 September 2014 has been adjusted to reflect the effect of the issue of bonus shares on 18 December 2014 and 12 August 2015 on the basis of one bonus share for every ten shares held.

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the six months ended 30 September 2015 and 2014.

11. INVESTMENT PROPERTIES

(a) Revaluation of investment properties

The valuations of investment properties and investment properties under development were updated at 30 September 2015 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 2015 valuations. As a result of the update, a gain of HK\$179,448,000 (2014: HK\$178,279,000) in respect of investment properties has been recognised in the consolidated income statement for the period.

(b) The Group's investment properties and investment properties under development were pledged against bank loans, details of which are set out in note 14.

(c) During the period, certain investment property with a carrying amount of HK\$127,000,000 was transferred from "Investment properties" to "Property, plant and equipment" due to a change in use.

12. TRADE AND OTHER RECEIVABLES

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Trade debtors (<i>note</i>)	101,744	130,589
Less: allowance for doubtful debts	<u>(38)</u>	<u>(46)</u>
	101,706	130,543
Deposits, prepayments and other receivables	17,225	16,119
Retentions receivable	<u>76,182</u>	<u>85,970</u>
	<u>195,113</u>	<u>232,632</u>

Note: Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the end of reporting period:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Not yet due	92,686	119,391
Under 1 month overdue	8,521	10,236
More than 1 month overdue and up to 3 months overdue	—	908
More than 3 months overdue and up to 6 months overdue	499	—
More than 6 months overdue and up to 1 year overdue	—	8
	<u>101,706</u>	<u>130,543</u>

The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis. Before entering into construction contracts, assessment of the potential customers is carried out as part of the acceptance procedures for the new contracts. In respect of rental income from leasing properties, rental deposits are held to cover potential exposure to credit risk.

An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

Regular review and follow-up actions are carried out on overdue amounts of trade receivables from customers which enable management to assess their recoverability and to minimise the exposure to credit risk. Trade receivables are due within 0-45 days from the date of billing. Normally, the Group does not obtain collateral from customers.

13. TRADE AND OTHER PAYABLES

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Creditors and accrued charges (<i>note</i>)	140,293	168,204
Rental and other deposits	6,064	7,214
Receipts in advance	—	3,232
Retentions payable	62,766	58,949
	<u>209,123</u>	<u>237,599</u>

Note: Included in trade and other payables are trade creditors with the following ageing analysis at the end of reporting period:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Due within 1 month or on demand	66,772	103,181
Due after 1 month but within 3 months	—	122
Due after 3 months but within 6 months	—	4
Due after 6 months	7	3
	<u>66,779</u>	<u>103,310</u>

14. BANK LOANS

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Bank loans		
- Secured	1,087,064	1,067,506
- Unsecured	8,687	7,347
	<u>1,095,751</u>	<u>1,074,853</u>

At 30 September 2015, the bank loans are repayable as follows:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Within 1 year and included in current liabilities	<u>159,874</u>	147,880
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	566,673	143,276
After 2 years but within 5 years	332,954	746,197
After 5 years	36,250	37,500
	<u>935,877</u>	<u>926,973</u>
	<u>1,095,751</u>	<u>1,074,853</u>

At 30 September 2015, the bank loans were secured by the following assets:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Investment properties	3,099,000	2,985,000
Property, plant and equipment	126,606	—
Pledged deposits	39,757	39,920
Available-for-sale securities	13,087	14,170
Other assets	49,857	58,871
	<u>3,328,307</u>	<u>3,097,961</u>

15. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 September 2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interim dividend declared and paid after the interim period of HK4.0 cents per share (2014: HK4.2 cents per share)	<u>21,330</u>	<u>18,510</u>

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

- (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period of HK4.2 cents per share (2014: HK4.6 cents per share)	20,361	18,400

16. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2015 not provided for in the interim financial report were as follows:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Contracted for	20,922	26,043
Authorised but not contracted for	140,233	195,515
	161,155	221,558

The capital commitments solely related to development expenditure for a data centre building.

17. CONTINGENT LIABILITIES

At 30 September 2015, the Company had contingent liabilities in respect of performance bonds to guarantee for the due and proper performance of the obligations undertaken by one of the Group's subsidiaries amounting to HK\$132,977,000 (31 March 2015: HK\$103,670,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Construction Business

The Group has established solid relationships with prominent local developers, providing them with building construction services, alterations, renovation and fitting-out works. During the period under review, the Group won the bid for a construction contract of a proposed residential development in Kau To, Shatin at a contract sum of HK\$677 million.

As at the date of this announcement, the Group has four construction contracts on hand in progress with a total contract value of approximately HK\$2,326 million.

Data Centre Premises Leasing Business

The Group's first high-tier data centre that is located in Tsuen Wan, namely iTech Tower, has been fully leased out since 2011. The Group's second high-tier data centre, namely iTech Tower 2, is situated in Kwai Chung, and it will provide raised floor space of approximately 45,000 square feet. Its superstructure work has been completed and the mechanical and electrical systems, including diesel generators, chillers and uninterruptible power supply systems are now being installed in the premises. Thereafter works on testing and commissioning of individual systems will commence, with a view to get ready for occupation at the beginning of 2016. We continue to receive enquiries and positive feedback in leasing iTech Tower 2.

OUTLOOK

Due to a shortage of land in Hong Kong in the past few years, the rising property prices, especially in residential sector, cannot be curbed easily in a short to medium term. Although the Government of the Hong Kong Special Administrative Region ("the Government") has tried its best to increase the land supply in the past few years, the increase in land supply is still not very satisfactory due to some uncertainties in political and environmental aspects. The demand for the local private and public residential housing remains fierce, especially as the population continues to increase. Hence this provides room for the growth of the Group's construction business. The Group continues to broaden its clientele by reaching out to new renowned property developers. In addition, the Group continues to participate in the tendering of sales of the Government land either on our own or through joint venture with other property developers.

The data centre industry in Hong Kong has been thriving in the last few years due to the rapid adoption of cloud computing, big data and mobility which are all data-driven technologies. Exposed to a variety of challenges, Hong Kong still maintains as one of the prime international financial centres, especially in Renminbi offshore settlement, securities trading and fund raising activities via initial public offerings. Hong Kong must enhance its competitiveness by developing high-tier data centres ("HTDCs"), to (i) cater for the massive securities trading volumes, especially after the implementation of Shanghai-Hong Kong Stock Connect and upcoming Shenzhen-Hong Kong Stock Connect, and (ii) synchronize in the new era of "Internet +", as promoted by the Premier of the People's Republic of China, Mr Li Ke-qiang, and put in a National Policy paper in July 2015 by the State Council on Guidance on Promoting Internet Plus (<<關於積極推進「互聯網+」行動的指導意見>>) (Guo Fa [2015] No.40). This new era of "Internet +" requires a deep integration of traditional industries with the internet adoption, leveraging cloud computing, big data and the Internet of Things. To cope with this Chinese National Policy, Hong Kong, as an international bridge between China and the West, must

equip in advance to develop sophisticated HTDCs in this new era. As such, our strategies to develop HTDCs in Hong Kong and explore the opportunities in developing HTDCs in Mainland China will certainly put us in an advantageous position.

With adequate internal financial resources and ample banking facilities, the Directors believe the Group has sufficient working capital for the Group's operations and expansion in the near future.

FINANCIAL REVIEW

Revenue

The Group's total revenue for the six months ended 30 September 2015 ("HY 2015") was approximately HK\$489.5 million, representing an increase of approximately 47.0% or HK\$156.5 million from approximately HK\$333.0 million for the six months ended 30 September 2014 ("HY 2014"). Revenue from the construction business increased by approximately 59.2% or HK\$155.2 million, from approximately HK\$262.0 million for HY 2014 to approximately HK\$417.2 million for HY 2015. Revenue from the data centre premises leasing business slightly increased by approximately 0.4% or HK\$0.3 million, from approximately HK\$71.1 million for HY 2014 to approximately HK\$71.4 million for HY 2015.

The increase in revenue was mainly attributable to a construction project at Tseung Kwan O for which construction work commenced in August 2014 and was in full swing during the period under review.

Gross profit

The Group's gross profit increased by approximately 5.1% or HK\$4.4 million, from approximately HK\$85.2 million for HY 2014 to approximately HK\$89.6 million for HY 2015. Despite the gross profit increasing, the profit margin declined due to a decrease in the proportion of revenue recognised during the period under review from a construction project which has relatively higher gross profit margin as compared with the corresponding period of last year.

General and administrative expenses

The Group's general and administrative expenses increased by approximately 46.8% or HK\$2.7 million, from approximately HK\$5.6 million for HY 2014 to approximately HK\$8.3 million for HY 2015, primarily due to an increase in headcount and salaries of our employees to cope with our business development and the depreciation charge on the new headquarter premises.

Profit for the period

The Group recorded a net profit of approximately HK\$242.2 million for HY 2015, an increase of approximately 1.4% or HK\$3.4 million when compared with that of approximately HK\$238.8 million for the same period in 2014. Excluding the fair value gains on investment properties, the Group recorded an adjusted profit for the period of approximately HK\$62.7 million in HY 2015, representing an increase of approximately 3.5% or HK\$2.1 million when compared to an adjusted profit for the period of approximately HK\$60.6 million in HY 2014.

FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through net cash inflows from operating activities and bank borrowings.

As at 30 September 2015, the Group's total cash balances were approximately HK\$196.6 million (31 March 2015: approximately HK\$177.5 million), most of which are held in Hong Kong dollars. The current ratio (defined as current assets divided by current liabilities) of the Group was 1.18 times (31 March 2015: 1.19 times). The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group was approximately 46.8% (31 March 2015: approximately 50.7%).

Interest on bank loans is charged 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. The swaps had fixed interest rates ranging from 0.89% to 1.97% per annum.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period under review, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group had a total of 162 (30 September 2014: 156) employees. The total remuneration cost incurred by the Group for the HY 2015 was approximately HK\$39.1 million (HY 2014: approximately HK\$34.3 million).

The remuneration policy and package of the Group's employees are periodically reviewed by making 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.

DEBTS AND CHARGE ON ASSETS

The Group had total bank borrowings of approximately HK\$1,095.8 million as at 30 September 2015 (31 March 2015: approximately HK\$1,074.9 million). Bank borrowings of approximately HK\$1,087.1 million are secured by the Group's assets with an aggregate carrying amount of approximately HK\$3,328.3 million as at 30 September 2015.

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENTS

Save as disclosed in note 16 to this announcement, the Group had no other capital commitments as at 30 September 2015.

CONTINGENT LIABILITIES

Save as disclosed in note 17 to this announcement, the Group had no other contingent liabilities as at 30 September 2015.

INTERIM DIVIDEND

The Board declares to pay an interim dividend of HK4.0 cents (HY 2014: HK4.2 cents) per share for the six months ended 30 September 2015 to shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company on 8 December 2015. The interim dividend will be paid to Shareholders on or about 17 December 2015.

PROPOSED BONUS ISSUE OF SHARES

The Board proposes a bonus issue of shares on the basis of one bonus share for every ten existing shares held by Shareholders whose names appear on the register of members of the Company on 8 December 2015. The relevant resolution will be proposed at an extraordinary general meeting to be held on 17 November 2015, and if passed and upon the listing committee of the Stock Exchange granting the listing of and permission to deal in such new shares, shares certificates of the bonus shares are expected to be dispatched to Shareholders on or about 17 December 2015.

The bonus shares will rank *pari passu* in all respects with the existing shares in issue from the date of issue except that they will not rank for the interim dividend for the six months ended 30 September 2015. Please refer to the circular in respect of the proposed bonus issue of shares issue and notice of extraordinary general meeting dated 2 November 2015 for further information.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 December 2015 to 8 December 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement of the interim dividend and proposed bonus shares, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrars and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 3 December 2015.

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 and removal of the external auditor, review the financial statements and related materials, provide advice in respect of the financial reporting process and oversee the internal control procedures of the Group. The audit committee comprises four members, all being independent non-executive Directors, namely, Mr. Mok Kwai Pui Bill (Chairman), Mr. Tsui Ka Wah, Mr. Kan Yau Wo and Mr. Lee Chung Yiu Johnny.

The audit committee of the Company has reviewed unaudited consolidated financial statements of the Group for the six months ended 30 September 2015.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2015.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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 2015.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

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

APPRECIATION

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

By Order of the Board
Grand Ming Group Holdings Limited

Chan Hung Ming
Chairman and Executive Director

Hong Kong, 17 November 2015

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