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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016**

#### **ANNUAL RESULTS HIGHLIGHTS**

- Net profit attributable to owners of the Company amounted to approximately HK\$401.9 million, representing an increase of 22.6% as compared with the same period in 2015.
- By excluding the changes in fair value of investment properties, net profit attributable to owners of the Company slightly increased 0.55% to approximately HK\$116.7 million.
- Net assets attributable to owners of the Company increased to approximately HK\$2,473.7 million as at 31 March 2016.
- A final dividend of HK4.0 cents per share is recommended.
- 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”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2016 (“FY 2016”) together with the comparative figures for the corresponding period in 2015 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>	4	<b>967,579</b>	846,174
Direct costs		<u>(798,340)</u>	<u>(679,398)</u>
<b>Gross profit</b>		<b>169,239</b>	166,776
Other revenue	5	<b>1,889</b>	3,619
Other net income	6	<b>3,157</b>	3,053
General and administrative expenses		<b>(14,136)</b>	(13,427)
Increase in fair value of investment properties		<u><b>285,195</b></u>	<u>211,723</u>
<b>Profit from operations</b>		<b>445,344</b>	371,744
Finance costs	7(a)	<u><b>(18,234)</b></u>	<u>(19,595)</u>
<b>Profit before taxation</b>	7	<b>427,110</b>	352,149
Income tax expense	8	<u><b>(25,181)</b></u>	<u>(24,336)</u>
<b>Profit for the year</b>		<u><b>401,929</b></u>	<u>327,813</u>
		<i>HK cents</i>	<i>HK cents</i> (Restated)
<b>Earnings per share (note)</b>			
- Basic and Diluted	9	<u><b>68.5</b></u>	<u>55.9</u>

Details of the dividends are disclosed in note 14.

*Note : Basic and diluted earnings per share for the year ended 31 March 2015 have been restated for the impact of the bonus issue of shares by the Company on 12 August 2015 and 17 December 2015.*

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

*For the year ended 31 March 2016*

	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>401,929</b>	327,813
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale securities:		
Change in fair value	(1,361)	(797)
Reclassification adjustment for impairment loss transferred to profit or loss	<u>2,191</u>	<u>-</u>
	<u>830</u>	<u>(797)</u>
Cash flow hedges:		
Change in fair value, net of tax	(3,262)	6,571
Reclassification adjustment for gain on cash flow hedging instrument transferred to profit or loss	<u>(3,988)</u>	<u>-</u>
	<u>(7,250)</u>	<u>6,571</u>
Other comprehensive income for the year, net of tax	<u>(6,420)</u>	<u>5,774</u>
<b>Total comprehensive income for the year</b>	<b><u>395,509</u></b>	<b><u>333,587</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
<b>Non-current assets</b>			
Fixed assets			
- Investment properties	10	3,290,000	2,985,000
- Other property, plant and equipment		<u>128,765</u>	<u>716</u>
		3,418,765	2,985,716
Deferred tax assets		45	-
Other financial assets		<u>12,809</u>	<u>14,170</u>
		<u>3,431,619</u>	<u>2,999,886</u>
<b>Current assets</b>			
Gross amount due from customers for contract work		18,815	72,574
Trade and other receivables	11	206,185	232,632
Restricted and pledged deposits		53,616	45,984
Cash and bank balances		<u>119,565</u>	<u>131,562</u>
		<u>398,181</u>	<u>482,752</u>
<b>Current liabilities</b>			
Gross amount due to customers for contract work		17,292	7,616
Trade and other payables	12	219,795	237,599
Bank loans	13	125,546	147,880
Derivative financial instruments		-	5,236
Tax payable		<u>7,815</u>	<u>6,150</u>
		<u>370,448</u>	<u>404,481</u>
<b>Net current assets</b>		<u>27,733</u>	<u>78,271</u>
<b>Total assets less current liabilities</b>		<u>3,459,352</u>	<u>3,078,157</u>
<b>Non-current liabilities</b>			
Bank loans	13	944,709	926,973
Deferred tax liabilities		32,386	31,117
Derivative financial instruments		<u>8,530</u>	<u>158</u>
		<u>985,625</u>	<u>958,248</u>
<b>NET ASSETS</b>		<u>2,473,727</u>	<u>2,119,909</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		5,866	4,848
Reserves		<u>2,467,861</u>	<u>2,115,061</u>
<b>TOTAL EQUITY</b>		<u>2,473,727</u>	<u>2,119,909</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 August 2012. The registered office and principal place of business are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 19/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 2016 but are extracted from these financial statements.

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

## 2. ADOPTION OF HKFRSs

### (a) Adoption of new or revised HKFRSs effective on 1 January 2015

The HKICPA had issued the following amendments to HKFRSs that are first effect for the current accounting period and relevant to the Group:

HKFRS (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRS (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The application of the above new or revised HKFRSs has no material effect on the Group’s financial statements.

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

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

HKFRS (Amendments)	Annual Improvements 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2016  
<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018  
<sup>3</sup> Mandatory effective date is yet determined but early application is permitted

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The directors of the Company have so far concluded that on the application of these new pronouncements will have no material impact on the Group's financial statements.

**(c) New Hong Kong Companies Ordinance provisions relating to the disclosure requirements for financial statements**

The provisions of the new Companies Ordinance, Cap. 622, in relation to the disclosure requirements for financial statements apply to the Company in this financial year.

The directors of the Company consider that there is no impact on the Group's financial position or performance, however, the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

### **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 for group companies
- Property leasing: leasing of data centres and office premises
- Property development: development and sale of properties

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

During the year, the Group performed a review on its businesses and rationalised the classifications for certain segment results allocated to the respective reporting segments. Accordingly, certain comparative amounts have been reclassified to conform to the current year's presentation.

(a) Business segments

	Construction		Property leasing		Property development		Total	
	2016	2015 (Restated)	2016	2015 (Restated)	2016	2015 (Restated)	2016	2015 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	822,377	704,126	145,202	142,048	—	—	967,579	846,174
Inter-segment revenue	127,800	228,800	1,735	—	—	—	129,535	228,800
Segment revenue	<u>950,177</u>	<u>932,926</u>	<u>146,937</u>	<u>142,048</u>	<u>—</u>	<u>—</u>	<u>1,097,114</u>	<u>1,074,974</u>
Segment results	<u>72,693</u>	<u>66,142</u>	<u>89,824</u>	<u>92,264</u>	<u>(18)</u>	<u>(35)</u>	<u>162,499</u>	<u>158,371</u>
Unallocated net income							3,249	6,672
Unallocated expenses							(7,396)	(5,022)
Net gain on cash flow hedging instruments							3,988	—
Impairment of available-for-sale investment							(2,191)	—
Increase in fair value of investment properties							285,195	211,723
Finance costs							<u>(18,234)</u>	<u>(19,595)</u>
Profit before taxation							<u>427,110</u>	<u>352,149</u>

(b) Other segment information

	Construction		Property leasing		Property development		Unallocated		Total	
	2016	2015 (Restated)	2016	2015 (Restated)	2016	2015 (Restated)	2016	2015 (Restated)	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Additions to non-current segment assets	—	144	146,923	421,707	—	—	3,812	289	150,735	422,140

(c) Geographic information

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

**(d) Information about major customers**

Revenue from customers contributing over 10% of the total turnover of the Group is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	<b>496,573</b>	130,241
Customer B	<b>134,095</b>	344,707
Customer C	<b>108,134</b>	—
Customer D	<b>54,147</b>	204,415

Revenue from all of the above customers are generated from building construction.

**4. REVENUE**

Revenue which is derived from the Group's principal activities and recognized during the year is analysed as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue from building construction	<b>822,377</b>	704,126
Rental income	<b>114,296</b>	112,704
Rental related income	<b>30,906</b>	29,344
	<b>967,579</b>	846,174

**5. OTHER REVENUE**

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank interest income	<b>574</b>	1,449
Dividend income from unlisted securities	<b>816</b>	810
Others	<b>499</b>	1,360
	<b>1,889</b>	3,619

**6. OTHER NET INCOME**

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net unrealised gain on derivative financial instruments	<b>1,559</b>	2,716
Net gain on cash flow hedging instruments reclassified from equity	<b>3,988</b>	—
Impairment of available-for-sale securities	<b>(2,191)</b>	—
Net foreign exchange (loss)/gain	<b>(199)</b>	114
Gain on a bargain purchase in relation to the acquisition of a subsidiary	—	223
	<b>3,157</b>	3,053

## 7. PROFIT BEFORE TAXATION

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on bank loans wholly repayable:		
- within five years	37,115	35,075
- after five years	1,223	—
Other borrowing costs	<u>2,353</u>	<u>2,696</u>
	<b>40,691</b>	<b>37,771</b>
Less: Amount included in construction contracts in progress	<b>(6,801)</b>	<b>(8,623)</b>
Amount capitalised into investment properties and investment properties under development	<u><b>(15,656)</b></u>	<u><b>(9,553)</b></u>
	<u><b>18,234</b></u>	<u><b>19,595</b></u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	78,982	69,508
Contributions to defined contribution retirement plans	<u>2,304</u>	<u>2,076</u>
	<b>81,286</b>	<b>71,584</b>
Less: Amount included in construction contracts in progress	<b>(67,837)</b>	<b>(62,032)</b>
Amount capitalised into investment properties and investment properties under development	<u><b>(6,989)</b></u>	<u><b>(4,353)</b></u>
	<u><b>6,460</b></u>	<u><b>5,199</b></u>
<b>(c) Other items</b>		
Rental income from investment properties	<b>(114,296)</b>	<b>(112,704)</b>
Less: Direct outgoings	<u><b>51,894</b></u>	<u><b>46,211</b></u>
	<b>(62,402)</b>	<b>(66,493)</b>
Depreciation	<u><b>2,881</b></u>	<u><b>652</b></u>

## 8. INCOME TAX

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the year	22,539	20,154
Over-provision in respect of prior years	<u>(15)</u>	<u>(188)</u>
	<b>22,524</b>	<b>19,966</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>2,657</u>	<u>4,370</u>
	<u><b>25,181</b></u>	<u><b>24,336</b></u>

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

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year.

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$401,929,000 (2015: HK\$327,813,000) and the weighted average number of 586,587,747 shares (2015 (restated): 586,135,945 shares) in issue during the year, calculated as follows:

	<b>2016</b>	2015 (Restated)
	<b>'000</b>	<b>'000</b>
Issued ordinary shares at 1 April	<b>484,783</b>	400,000
Effect of bonus issue of shares	<b>101,805</b>	185,763
Weighted average number of shares issued under the scrip dividend scheme	—	373
Weighted average number of shares at 31 March	<b><u>586,588</u></b>	<b><u>586,136</u></b>

### (b) Diluted earnings per share

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 2016 and 2015.

## 10. INVESTMENT PROPERTIES

### (a) Revaluation of investment properties

The valuations of investment properties were updated at 31 March 2016 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 March 2015 valuations. As a result of the update, a gain of HK\$285,195,000 (2015: HK\$211,723,000) in respect of investment properties has been recognised in the consolidated statement of profit or loss for the year.

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

### (c) During the year, 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.

## 11. TRADE AND OTHER RECEIVABLES

	<b>2016</b>	2015
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables	<b>125,472</b>	130,543
Deposits, prepayment and other receivables	<b>17,628</b>	16,119
Retentions receivables	<b>63,085</b>	85,970
	<b><u>206,185</u></b>	<b><u>232,632</u></b>

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

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Not yet due	<b>124,040</b>	119,391
Under 1 month overdue	<b>1,386</b>	10,236
More than 1 month overdue and up to 3 months overdue	<b>33</b>	908
More than 3 months overdue and up to 6 months overdue	<b>13</b>	—
More than 6 months overdue and up to 1 year overdue	—	8
	<b><u>125,472</u></b>	<u>130,543</u>

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>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>53,896</b>	103,310
Other payables and accrued charges	<b>101,954</b>	64,894
Rental and other deposits	<b>6,064</b>	7,214
Receipts in advance	<b>3,527</b>	3,232
Retentions payable	<b>54,354</b>	58,949
	<b><u>219,795</u></b>	<u>237,599</u>

The ageing analysis of the Group's trade payables is as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Due within 1 month or on demand	<b>53,819</b>	103,181
Due after 1 month but within 3 months	<b>74</b>	122
Due after 3 months but within 6 months	—	4
Due after 6 months	<b>3</b>	3
	<b><u>53,896</u></b>	<u>103,310</u>

## 13. BANK LOANS

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Bank loans		
- Secured	<b>1,064,331</b>	1,067,506
- Unsecured	<b>5,924</b>	7,347
	<b><u>1,070,255</u></b>	<u>1,074,853</u>

At 31 March 2016, the bank loans were repayable as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 year and included in current liabilities	<u>125,546</u>	<u>147,880</u>
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	534,186	143,276
After 2 years but within 5 years	375,523	746,197
After 5 years	<u>35,000</u>	<u>37,500</u>
	<u>944,709</u>	<u>926,973</u>
	<u><b>1,070,255</b></u>	<u>1,074,853</u>

The bank loans for the year were secured by the following assets:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Investment properties	3,290,000	2,985,000
Property, plant and equipment	125,095	—
Pledged deposits	47,552	39,920
Available-for-sale securities	12,809	14,170
Other assets	<u>39,527</u>	<u>58,871</u>
	<u><b>3,514,983</b></u>	<u>3,097,961</u>

#### 14. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to profit for the year:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interim dividend declared and paid of HK4.0 (2015: 4.2) cents per share	21,330	18,510
Final dividend proposed after the balance sheet date of HK4.0 (2015: 4.2) cents per share	<u>23,464</u>	<u>20,361</u>
	<u><b>44,794</b></u>	<u>38,871</u>

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

(b) Dividends payable to owners of the Company attributable to profit for previous financial year, approved and paid during the year:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK4.2 (2015: 4.6) cents per share	<u>20,361</u>	<u>18,400</u>

## 15. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2016 not provided for in the Group's financial statements were as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Contracted for	<b>11,674</b>	26,043
Authorised but not contracted for	<b>64,229</b>	195,515
	<b>75,903</b>	221,558

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

## 16. CONTINGENT LIABILITIES

At 31 March 2016, 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 (2015: HK\$103,670,000).

## **DIVIDENDS**

The Board recommends payment of a final dividend of HK4.0 cents per share to shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on 5 August 2016. Subject to approval by the Shareholders in the forthcoming annual general meeting of the Company, the dividend warrants will be dispatched to Shareholders on or before 16 August 2016.

Together with the interim dividend of HK4.0 cents per share already paid, the total dividend for FY 2016 will amount to HK8.0 cents per share, representing a payout ratio of approximately 38.4%.

## **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 5 August 2016. The relevant resolution will be proposed in the forthcoming annual general meeting of the Company and, if passed and upon The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in such new shares, shares certificates for the bonus shares will be dispatched to Shareholders on or before 16 August 2016.

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 final dividend for FY 2016. No fractional shares arising from the bonus issue shall be allotted, and fractional entitlements will be aggregated and sold at such time or times as the Directors shall think fit for the benefit of the Company.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine entitlement of Shareholders to the right to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 26 July 2016 to 28 July 2016, both days inclusive, during which period no share transfer will be effected. 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 25 July 2016.

In order to determine Shareholders who qualify for the proposed final dividend and bonus issue of shares, the register of members of the Company will be closed from 3 August 2016 to 5 August 2016, both days inclusive, during which period no share transfer will be effected. 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 2 August 2016.

## **BUSINESS REVIEW**

### **Construction**

The Group has established solid relationships with prominent local developers, providing them with building construction services, alterations, renovation and fitting-out works. During FY 2016, the Group had secured two new construction contracts of proposed residential development in Kau To Shan, Shatin and Kai Tak, Kowloon with an aggregate contract sum of approximately HK\$2.16 billion. As at 31 March 2016, the Group's gross contract value on hand was approximately HK\$2.85 billion.

### **Data Centre Premises Leasing**

The Group's first high-tier data centre, namely iTech Tower, is located in Tsuen Wan and has been fully leased out since 2011.

The Group's second high-tier data centre, namely iTech Tower 2, is situated in Kwai Chung which provides raised floor area of approximately 45,000 square feet. The occupation permit of the premise had been issued by the Buildings Department of the Hong Kong Government. Same as iTech Tower, iTech Tower 2 is also designed and built for the requirement of high tier data centre and is capable of customization based on customer's specific requirement. Currently we are responding to specification request from potential customers and negotiating with them on the detail terms of the lease arrangement.

### **Property Development**

During the past two years, the Group had actively participated in the tenders of sales of Hong Kong Government land with an aim to engage in the property development business. On 31 May 2016, the Group had successfully tendered for a government land situated at Tsing Yi Town Lot No. 190, Sai Shan Road, Tsing Yi, New Territories at a premium of HK\$938.88 million. The land parcel will be used for residential and commercial development and the total investment cost is estimated to be HK\$3.30 billion.

## **OUTLOOK**

The construction industry is expected to remain steady in the medium term amid the increase in supply of land by the Hong Kong Government and rollout of new development districts such as Kai Tak and West Kowloon. Yet, following the delay in the government-led infrastructure projects, recent property market consolidation, together with slowdown of Mainland China's economy, supply of the workforce and materials for construction industry are forecasted to rise. This will drive down the construction cost but the gross margin of construction contracts may simultaneously be eroded. Although this does not pose any adverse effect on the Group's existing order books as the contract sums have been confirmed, the Group will pursue prudently when bidding the upcoming construction contracts to ensure the construction business of the Group maintaining a reasonable gross margin.

On the other side, the current sluggish economy in Hong Kong and interest rate hike concern would provide opportunity for the Group to acquire land from the Hong Kong Government at a more reasonable price. The recent acquisition of the government land at Sai Shan Road, Tsing Yi signifies the first property project undertaken by the Group and the first step to diversify the Group's business into the property development business by leveraging its expertise in the building construction and property development knowledge. We believe that property development activity will bring the Group to an enhanced revenue generating portfolio. As a result, the Group will keep on participating in the tendering of sales of Hong Kong Government land either on our own or through joint venture with other property developers.

As a major international financial centre and proximity to Mainland China, the Hong Kong data centre operators have traditionally enjoyed tremendous businesses from the multinational financial, securities and telecommunication conglomerate. The recent demand for high-tier data centre is driven by cloud, digital media and content. On the other hand, the challenges we encounter arise from increase in data centre space in the coming two years in particular from Tseung Kwan O. These supply additions will take time to be absorbed by the new customer demand. The Group will closely monitor the market condition and cautiously consider development of the third high tier data centre either in Hong Kong or Mainland China.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's total revenue for FY 2016 was approximately HK\$967.6 million, representing an increase of approximately 14.3% or HK\$121.4 million from approximately HK\$846.2 million for the year ended 31 March 2015 ("FY 2015"). Revenue from building construction increased by approximately 16.8% or HK\$118.3 million, from approximately HK\$704.1 million for FY 2015 to approximately HK\$822.4 million for FY 2016. Revenue from the data centre premises leasing business slightly increased by approximately 1.7% or HK\$2.4 million, from approximately HK\$141.9 million for FY 2015 to approximately HK\$144.3 million for FY 2016.

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

### **Gross profit**

The Group's gross profit increased by approximately 1.4% or HK\$2.4 million, from approximately HK\$166.8 million for FY 2015 to approximately HK\$169.2 million for FY 2016. Despite the gross profit increased, the profit margin declined due to decrease in the proportion of revenue recognised during the year from a construction project which had relatively higher gross profit margin as compared with the corresponding period of last year, and increase of operating cost following the commencement of operation of iTech Tower 2 since December 2015.

## **Increase in fair value of investment properties**

The Group recorded fair value gains on investment properties of approximately HK\$285.2 million during FY 2016 as compared to the fair value gains of approximately HK\$211.7 million for the corresponding period last year. The revaluation gains primarily arise from iTech Tower 2 based on its state of completion.

## **Profit for the year**

The Group recorded a net profit of approximately HK\$401.9 million for FY 2016, an increase of approximately 22.6% or HK\$74.1 million when compared with that of approximately HK\$327.8 million for the same period in 2015. Excluding the increase in fair value of investment properties, the Group recorded an adjusted profit for the year of approximately HK\$116.7 million in FY 2016, representing an increase of approximately 0.55% or HK\$0.6 million when compared to an adjusted profit for the year of approximately HK\$116.1 million in FY 2015.

## **FINANCIAL POSITION**

The Group financed its operations and capital expenditure with internal resources and bank borrowings.

As at 31 March 2016, the Group's total cash balances were approximately HK\$173.2 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 1.07 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 43.3% (31 March 2015: approximately 50.7%).

Interest on bank loans is charged at floating rates. The Group had in place treasury policy by which the exposure to floating interest rate risk is mitigated by the use of interest rate swaps. The swaps had fixed swap rates ranging from 0.89% to 1.8% per annum.

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

There was no acquisition or disposal of subsidiaries and associated companies by the Company during FY 2016.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2016, the Group had a total of 167 (31 March 2015: 166) employees. The total remuneration cost incurred by the Group for FY 2016 was approximately HK\$81.3 million (2015: approximately HK\$71.6 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.

## **DEBTS AND CHARGE ON ASSETS**

The Group had total bank borrowings of approximately HK\$1,070.3 million as at 31 March 2016 (31 March 2015: approximately HK\$1,074.9 million). Bank borrowings of approximately HK\$1,064.3 million are secured by the Group's assets with an aggregate carrying amount of approximately HK\$3,515.0 million as at 31 March 2016.

## **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 15 to the financial statements in this announcement, the Group had no other capital commitments as at 31 March 2016.

## **CONTINGENT LIABILITIES**

Save as disclosed in note 16 to the financial statements in this announcement, the Group had no other contingent liabilities as at 31 March 2016.

## **EVENT AFTER THE REPORTING PERIOD**

On 31 May 2016, a subsidiary of the Group has successfully tendered for a land situated at Tsing Yi Town Lot No. 190, Sai Shan Road, Tsing Yi, New Territories, Hong Kong from Hong Kong Government on a 50-year land grant at a premium of HK\$938.88 million. On 27 May 2016, the Group paid HK\$25.0 million as the deposit for the tender (which has been applied as in part payment of the premium). The memorandum of agreement will be signed between Hong Kong Government and the Group within 14 days after 31 May 2016. The balance of the premium will be payable within 28 days after 31 May 2016, upon which completion of the transaction will take place.

Details of the acquisition were set out in the Company's announcement dated 31 May 2016.

Save as disclosed above, there was no significant events have taken place subsequent to 31 March 2016 and up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company for FY2016 will be held on 28 July 2016. A notice convening the annual general meeting will be issued and dispatched to Shareholders in due course.

## **SCOPE OF WORK OF BDO LIMITED**

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 the FY 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for FY 2016. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **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, oversee and review the internal control procedures and systems of the Group. The audit committee comprises four independent non-executive Directors, and the chairman of the committee is Mr. Mok Kwai Pui Bill.

The audit committee has reviewed the Group's consolidated financial statements for FY 2016.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed Shares during FY 2016.

## **CORPORATE GOVERNANCE**

Throughout FY 2016, the Company had complied with all of 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 FY 2016.

## **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 since the latest practicable date up to the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Company ([www.grandming.com.hk](http://www.grandming.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report for FY 2016 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 staffs 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, 2 June 2016

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