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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 2014**

#### **INTERIM RESULTS HIGHLIGHTS**

- Net profit attributable to equity shareholders of the Company amounted to approximately HK\$ 238.8 million, representing an increase of 333% as compared with the same period in 2013.
- By excluding the changes in fair value of investment properties, net profit attributable to equity holders of the Company amounted to approximately HK\$60.6 million, representing an increase of 29.1% as compared with the same period in 2013.
- Net assets attributable to equity shareholders of the Company increased from approximately HK\$1,820.4 million as at 31 March 2014 to approximately HK\$2,047.5 million as at 30 September 2014.
- An interim dividend of HK4.2 cents (2013: HK3.6 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 2014 together with the comparative figures for the corresponding period in 2013 as follows:

## CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Turnover</b>	4	<b>333,048</b>	224,398
<b>Direct costs</b>		<b>(247,862)</b>	(136,533)
<b>Gross profit</b>		<b>85,186</b>	87,865
Other revenue	5	<b>1,519</b>	1,315
Other net income	6	<b>1,212</b>	1,868
General and administrative expenses		<b>(5,637)</b>	(21,179)
Changes in fair value of investment properties		<b>178,279</b>	8,235
<b>Profit from operations</b>		<b>260,559</b>	78,104
Finance costs	7(a)	<b>(10,063)</b>	(11,604)
<b>Profit before taxation</b>	7	<b>250,496</b>	66,500
Income tax	8	<b>(11,648)</b>	(11,331)
<b>Profit for the period</b>		<b>238,848</b>	55,169
		<b>HK cents</b>	HK cents (Restated)
<b>Earnings per share (note)</b>			
- Basic and Diluted	10	<b>54.3</b>	15.3

*Note : Basic and diluted earnings per share for the six months ended 30 September 2013 have been restated for the impact of the bonus issue of shares by the Company on 22 September 2014.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2014	2013
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
<b>Profit for the period</b>		<b>238,848</b>	55,169
<b>Other comprehensive income for the period</b>	9		
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale securities:			
net movement in the fair value reserve		(355)	(495)
Cash flow hedges:			
net movement in the hedging reserve		4,194	6,486
		<u>3,839</u>	<u>5,991</u>
		<u>242,687</u>	<u>61,160</u>
<b>Total comprehensive income for the period</b>		<b>242,687</b>	61,160

## CONSOLIDATED BALANCE SHEET

		At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
<b>Non-current assets</b>			
Fixed assets			
— Investment properties	11	2,614,000	2,352,000
— Other property, plant and equipment		1,040	505
		<u>2,615,040</u>	<u>2,352,505</u>
Derivative financial instruments		713	—
Other financial assets		14,612	14,967
		<u>2,630,365</u>	<u>2,367,472</u>
<b>Current assets</b>			
Gross amount due from customers for contract work		35,845	41,654
Trade and other receivables	12	223,970	140,324
Restricted and pledged deposits		49,840	43,149
Cash and bank balances		228,087	208,910
		<u>537,742</u>	<u>434,037</u>
<b>Current liabilities</b>			
Gross amount due to customers for contract work		9,372	—
Trade and other payables	13	145,608	111,259
Bank loans	14	152,939	114,429
Derivative financial instruments		10,458	—
Tax payable		15,179	10,004
		<u>333,556</u>	<u>235,692</u>
<b>Net current assets</b>		<u>204,186</u>	<u>198,345</u>
<b>Total assets less current liabilities</b>		<u>2,834,551</u>	<u>2,565,817</u>
<b>Non-current liabilities</b>			
Bank loans	14	760,318	705,737
Deferred tax liabilities		26,714	23,671
Derivative financial instruments		—	15,980
		<u>787,032</u>	<u>745,388</u>
<b>NET ASSETS</b>		<u>2,047,519</u>	<u>1,820,429</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		4,407	4,000
Reserves		2,043,112	1,816,429
<b>TOTAL EQUITY</b>		<u>2,047,519</u>	<u>1,820,429</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.

Pursuant to a reorganisation of the Group (the “Reorganisation”) which was completed on 19 July 2013 to rationalise the group structure in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 July 2013 (the “Prospectus”). The Company’s shares were listed on the Stock Exchange on 9 August 2013 (“the Listing Date”).

The Group is regarded as a continuing entity resulting from the Reorganisation under common control and the Reorganisation has been accounted for using the principles of merger accounting. The interim financial report of the Group has been prepared as if the current group structure had been in existence throughout both periods presented, or since the respective dates of incorporation of the group companies, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation.

### (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 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013/14 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014/15 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgments, 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 2013/14 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 2014 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements.

## 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:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK (IFRIC) 21, *Levies*

These developments have had no material impact on the Group's financial statements.

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 segment.

- 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 centre 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	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	261,972	156,855	71,076	67,543	333,048	224,398
Inter-segment revenue	<u>75,000</u>	—	—	—	<u>75,000</u>	—
Reportable segment revenue	<u>336,972</u>	<u>156,855</u>	<u>71,076</u>	<u>67,543</u>	<u>408,048</u>	<u>224,398</u>
Reportable segment profit	<u>34,973</u>	<u>35,823</u>	<u>45,443</u>	<u>46,942</u>	<u>80,416</u>	<u>82,765</u>
Interest income	639	389	—	13	639	402
Interest expense	—	—	(10,051)	(11,604)	(10,051)	(11,604)
Dividend income from unlisted securities	405	442	—	—	405	442
Depreciation	(74)	(98)	(254)	(517)	(328)	(615)
Changes in fair value of investment properties	<u>—</u>	<u>—</u>	<u>178,279</u>	<u>8,235</u>	<u>178,279</u>	<u>8,235</u>

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

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Revenue</b>		
Reportable segment revenue	408,048	224,398
Elimination of inter-segment revenue	<u>(75,000)</u>	—
Consolidated turnover	<u>333,048</u>	<u>224,398</u>
<b>Profit</b>		
Reportable segment profit derived from the Group's external customers	80,416	82,765
Other revenue	1,519	1,315
Depreciation	(328)	(615)
Finance costs	(10,063)	(11,604)
Changes in fair value of investment properties	178,279	8,235
Net unrealised gain on financial derivative instruments	1,212	1,868
Unallocated head office and corporate expenses	<u>(539)</u>	<u>(15,464)</u>
Consolidated profit before taxation	<u>250,496</u>	<u>66,500</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 TURNOVER

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue from construction contracts	261,972	156,855
Rental income	56,270	56,270
Rental related income	14,806	11,273
	<u>333,048</u>	<u>224,398</u>

#### 5 OTHER REVENUE

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Bank interest income	836	402
Dividend income from unlisted securities	405	442
Others	278	471
	<u>1,519</u>	<u>1,315</u>

#### 6 OTHER NET INCOME

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net unrealised gain on derivative financial instruments	<u>1,212</u>	<u>1,868</u>

## 7 PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>(a) Finance costs</b>		
Interest on bank loans wholly repayable:		
— within five years	14,947	13,883
— after five years	1,161	3,216
Other borrowing costs	1,365	1,122
	<u>17,473</u>	<u>18,221</u>
Less: Amount included in construction contracts in progress	(4,171)	(6,617)
Amount capitalised into investment properties under development	(3,239)	—
	<u>10,063</u>	<u>11,604</u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	33,402	25,172
Contributions to defined contribution retirement plans	854	800
	<u>34,256</u>	<u>25,972</u>
Less: Amount included in construction contracts in progress	(23,243)	(20,608)
Amount capitalised into investment properties under development	(8,515)	—
	<u>2,498</u>	<u>5,364</u>
<b>(c) Other items</b>		
Rental income from investment properties	(56,270)	(56,270)
Less: Direct outgoings	22,664	19,160
	<u>(33,606)</u>	<u>(37,110)</u>
Depreciation	328	615

## 8 INCOME TAX

Income tax in the consolidated income statements represents:

	Six months ended 30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the period	9,434	9,253
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>2,214</u>	<u>2,078</u>
	<u>11,648</u>	<u>11,331</u>

- (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% (2013: 16.5%) of the estimated assessable profits for the six months ended 30 September 2014.

## 9 OTHER COMPREHENSIVE INCOME

	<b>Six months ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
<b>Available-for-sale securities:</b>		
Changes in fair value and net movement in the fair value reserve during the period recognised in other comprehensive income	<u>(355)</u>	<u>(495)</u>
<b>Cash flow hedges:</b>		
Effective portion of changes in fair value of hedging instruments recognised during the period	<u>5,023</u>	<u>7,767</u>
Net deferred tax charged to other comprehensive income	<u>(829)</u>	<u>(1,281)</u>
Net movement in the hedging reserve during the period recognised in other comprehensive income	<u>4,194</u>	<u>6,486</u>

## 10 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 September 2014 is based on the profit attributable to equity shareholders of the Company of HK\$238,848,000 (2013: HK\$55,169,000) and the weighted average number of 440,035,019 shares (2013 (restated): 361,428,572 shares) in issue during the period.

The weighted average number of shares in issue during the six months ended 30 September 2013 is based on the assumption that 300,000,000 shares of the Company were in issue, comprising 100 shares in issue, 9,900 shares issued under the share split and 299,990,000 shares issued pursuant to the capitalisation issue, as if these shares were outstanding throughout that period, and has been adjusted to reflect the effect of bonus shares issued on 22 September 2014 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 2014 and 2013.

## 11 FIXED ASSETS

### (a) Revaluation of investment properties

The valuations of investment properties and investment properties under development were updated at 30 September 2014 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 2014 valuations. As a result of the update, a gain of HK\$178,279,000 (2013: HK\$8,235,000) has been recognised in profit or loss for the period in respect of investment properties.

- (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.

## 12 TRADE AND OTHER RECEIVABLES

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Trade debtors ( <i>note</i> )	147,988	77,312
Deposits, prepayment and other receivables	14,542	8,513
Retentions receivable	61,440	54,499
	<u>223,970</u>	<u>140,324</u>

*Note:* Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the balance sheet date:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Not yet due	136,047	75,143
Under 1 month overdue	3,013	1,903
More than 1 month overdue and up to 3 months overdue	8,928	86
More than 3 months overdue and up to 6 months overdue	—	180
	<u>147,988</u>	<u>77,312</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 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Creditors and accrued charges ( <i>note</i> )	97,065	65,611
Rental and other deposits	6,064	6,064
Receipts in advance	13	3,116
Retentions payable	42,466	36,468
	<u>145,608</u>	<u>111,259</u>

Note: Included in trade and other payables are trade creditors with the following ageing analysis at the balance sheet date:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Due within 1 month or on demand	79,148	30,769
Due after 1 month but within 3 months	519	207
Due after 3 months but within 6 months	85	174
Due after 6 months	50	126
	<u>79,802</u>	<u>31,276</u>

#### 14 BANK LOANS

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Bank loans		
- Secured	899,270	820,166
- Unsecured	13,987	—
	<u>913,257</u>	<u>820,166</u>

At 30 September 2014, the bank loans are repayable as follows:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Within 1 year and included in current liabilities	<u>152,939</u>	<u>114,429</u>
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	130,776	116,765
After 2 years but within 5 years	521,672	433,159
After 5 years	<u>107,870</u>	<u>155,813</u>
	<u>760,318</u>	<u>705,737</u>
	<u>913,257</u>	<u>820,166</u>

At 30 September 2014, the bank loans were secured by the following assets:

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Investment properties	2,614,000	2,352,000
Pledged deposits	43,776	37,085
Available-for-sale securities	14,612	14,967
Other assets	<u>56,292</u>	<u>48,773</u>
	<u>2,728,680</u>	<u>2,452,825</u>

## 15 DIVIDENDS

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

	<b>Six months ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend declared and paid after the interim period of HK4.2 cents per share (2013: HK3.6 cents per share)	<b>18,510</b>	<b>14,400</b>

The interim dividend has not been recognised as a liability at the balance sheet date.

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

	<b>Six months ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend in respect of the previous financial year, approved and paid during the interim period of HK4.6 cents per share (2013: Nil cents per share)	<b>18,400</b>	<b>—</b>

## 16 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2014 not provided for in this interim report were as follows:

	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2014</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contracted for	<b>56,433</b>	<b>24,735</b>
Authorised but not contracted for	<b>375,680</b>	<b>486,605</b>
	<b>432,113</b>	<b>511,340</b>

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

## 17 CONTINGENT LIABILITIES

At 30 September 2014, 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\$103,670,000 (31 March 2014: HK\$65,700,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Construction Business**

The Group has established solid relationships with local prominent developers, providing them with building construction services, alterations, renovation and fitting-out works. As at the date of this announcement, the Group's construction contracts on hand in progress with a total contract value of approximately HK\$1,649 million. The Group continues to emphasise quality work delivered in order to expand our clientele to more renowned developers.

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

The Group's existing high-tier data centre, namely iTech Tower, in Tsuen Wan, provides approximately 53,200 square feet of raised floor area ("RFA"), and has been fully occupied since 2011. The site for the second high-tier data centre, located in Ta Chuen Ping Street, Kwai Chung, was acquired in November 2012 and superstructure work has been in progress since May 2014. The development work is expected to be completed around the third quarter of 2016 with estimated total development costs, including land cost, of HK\$682 million. The second data centre building is expected to provide approximately 45,000 square feet of RFA with initial operation by the end of 2015.

### **OUTLOOK**

The current economic environment in Hong Kong is expected to remain stable when the global economic environment gradually rebounds. The demand for the local private and public residential housing remains strong and hence the Group's building construction business still has room for growth. The Group's strategy to further expand its quality customer base by reaching out to new renowned property developers is continuously propelled to broaden the income stream. Furthermore, the Group has actively participated in the tenders of sales of Hong Kong Government land with an aim to engage in the property development business by leveraging its experience in building construction and previous property development experience.

Hong Kong is still an international financial centre whilst facing challenges from Southeast Asia to the Western countries. For example, Hong Kong competes with other financial centres to be the main centre for Renminbi offshore settlement and also on attracting securities listing. To retain its international financial centre standing, Hong Kong must continue its unparalleled move in the development of high-tier data centres ("HTDCs"), in support of high frequency stock trading, e-commerce and cloud computing services. Shanghai-Hong Kong Stock Connect is the paramount financial event, being backed up by HTDCs. Leveraging its close relationship with the Mainland, sound protection of data privacy, reliable power supply, comprehensive telecommunications infrastructure and low risk of natural disasters, Hong Kong must take its lead in housing HTDCs for local and multinational corporations ("MNCs"). Self-developing HTDCs for letting to MNCs remains our core strategy. We continue to receive positive responses from the market in leasing our second high-tier data centre. The superstructure works for the second high-tier data centre are expected to be completed by mid-2015. Its development is in good progress and will be expected to be completed

according to our plan. On the other hand, there is an emerging market trend of many MNCs preferring to buy and hold their own blocks of HTDCs. The Group, at the request of interested MNCs, will source suitable land or existing industrial buildings to design and build or convert to HTDCs for such corporations. Our next move is to investigate and explore opportunities in developing HTDCs in Mainland China as the infrastructure in Mainland China becomes more reliable and advanced currently. Besides, the Government of the People's Republic of China is boosting its international standing in financial, like China (Shanghai) Pilot Free Trade Zone and Shenzhen Qianhai special zone, and other aspects, thereby attracting more mega MNCs to set up their Asian headquarters in Mainland China. HTDCs constitute the pillar in international hub development in Mainland China.

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

## **FINANCIAL REVIEW**

### **Turnover**

The Group's total turnover for the six months ended 30 September 2014 ("HY 2014") was approximately HK\$333.0 million, representing an increase of approximately 48.4% or HK\$108.6 million from approximately HK\$224.4 million for the six months ended 30 September 2013 ("HY 2013"). Turnover from the construction business increased by approximately 67.0% or HK\$105.1 million, from approximately HK\$156.9 million for HY 2013 to approximately HK\$262.0 million for HY 2014. Turnover from the data centre premises leasing business increased by approximately 5.3% or HK\$3.6 million, from approximately HK\$67.5 million for HY 2013 to approximately HK\$71.1 million for HY 2014.

The surge in revenue was mainly contributed by the completion of substantial portion of building works of a major construction project which rendered a greater extent of revenue being certified during HY 2014 and increase in the rental related income from data centre premises leasing due to higher electricity consumption by the tenants.

### **Gross profit**

The Group's gross profit dipped slightly by approximately 3.0% or HK\$2.7 million, from approximately HK\$87.9 million for HY 2013 to approximately HK\$85.2 million for HY 2014, mainly due to the absence of comparatively high gross profit contribution from additional works in several construction projects which were completed during HY 2013.

### **General and administrative expenses**

The Group's general and administrative expenses decreased by approximately 73.4% or HK\$15.5 million, from approximately HK\$21.2 million for HY 2013 to approximately HK\$5.6 million for HY 2014, primarily because no listing and listing related expenses were incurred during HY 2014 as the Company was successfully listed on the Main board of the Stock Exchange in 2013.

## Profit for the period

The Group recorded a net profit of approximately HK\$238.8 million for HY 2014, an increase of approximately 333% or HK\$183.7 million when compared with that of approximately HK\$55.2 million for the same period in 2013. Excluding the fair value gains on investment properties, the Group recorded an adjusted profit for the period of approximately HK\$60.6 million in HY 2014, representing an increase of approximately 29.1% or HK\$13.7 million when compared to an adjusted profit for the period of approximately HK\$46.9 million in HY 2013.

## FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through net cash inflows from operating activities, bank borrowings and proceeds received from the public offer and placing of shares (the “IPO”).

As at 30 September 2014, the Group’s total cash balances were approximately HK\$277.9 million (31 March 2014: approximately HK\$252.1 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 1.61 times (31 March 2014: 1.84 times). The gearing ratio (defined as total interest-bearing borrowings divided by shareholders’ equity) of the Group was approximately 44.6% (31 March 2014: approximately 45.1%).

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 swap rates ranging from 0.89% to 1.97% per annum.

## USE OF NET PROCEEDS FROM THE IPO

The Company raised aggregate net proceeds of approximately HK\$85.6 million from the IPO. Up to 30 September 2014, the Group has used up most of the net proceeds in accordance with the proposed usage set out in the prospectus of the Company dated 30 July 2013 (the “Prospectus”):

	Net proceeds (HK\$ million)		
	Available	Utilised	Unutilised
Development of second data centre	55.6	55.6	–
Initial outlay for new construction projects	21.0	21.0	–
Sales and marketing promotion activities	0.4	0.3	0.1
General working capital	8.6	8.6	–
	<u>85.6</u>	<u>85.5</u>	<u>0.1</u>

## 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 save as disclosed in the Prospectus.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2014, the Group had a total of 156 (30 September 2013: 137) employees. The total remuneration cost incurred by the Group for the HY 2014 was approximately HK\$34.3 million (HY 2013: approximately HK\$26.0 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 package consisted 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.

## **DEBTS AND CHARGE ON ASSETS**

The Group had total bank borrowings of approximately HK\$913.3 million as at 30 September 2014 (31 March 2014: approximately HK\$820.2 million). Bank borrowings of approximately HK\$899.3 million are secured by the Group's assets with an aggregate carrying amount of approximately HK\$2,728.7 million and HK\$2,452.8 million as at 30 September 2014 and 31 March 2014 respectively.

## **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 2014.

## **CONTINGENT LIABILITIES**

Save as disclosed in note 17 to this announcement, the Group had no other contingent liabilities as at 30 September 2014.

## **INTERIM DIVIDEND**

The Board declares to pay an interim dividend of HK4.2 cents (HY 2013: HK3.6 cents) per share for the six months ended 30 September 2014 to shareholders whose names appear on the register of members of the Company on 5 December 2014. The interim dividend will be paid to shareholders of the Company ("Shareholders") on or about 18 December 2014.

## **PROPOSED BONUS SHARES ISSUE**

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 December 2014. The relevant resolution will be proposed at an extraordinary general meeting to be held on 17 November 2014, 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 before 18 December 2014.

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 2014. Please refer to the circular in respect of the proposal for bonus shares issue and notice of extraordinary general meeting issued by the Company on 30 October 2014 for further information.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 3 December 2014 to 5 December 2014, 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 2 December 2014.

## **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 2014.

## **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 2014.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30 September 2014, 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 2014.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT**

The interim results announcement of the Company has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.grandming.com.hk](http://www.grandming.com.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 2014

*As at the date of this announcement, the Executive Directors of the Company are Mr Chan Hung Ming, Mr Lau Chi Wah, Mr Yuen Ying Wai and Mr Kwan Wing Wo; and the Independent Non-Executive Directors of the Company are Mr Tsui Ka Wah, Mr Kan Yau Wo, Mr Mok Kwai Pui Bill and Mr Lee Chung Yiu Johnny.*