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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 2016

INTERIM RESULTS HIGHLIGHTS

- Net profit for the period was HK\$ 125.5 million, representing a decrease of 48.2% from HK\$242.2 million for the same period in 2015.
- Excluding the fair value gains on investment properties, net profit for the period was HK\$65.2 million, representing an increase of 3.9% from HK\$62.7 million for the same period in 2015.
- Net assets as at 30 September 2016 was HK\$2,574.4 million.
- An interim dividend of HK4.0 cents per share is declared.

The board (the “Board”) of directors (the “Directors”) of Grand Ming Group Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Revenue	5	514,583	489,470
Direct costs		<u>(420,699)</u>	<u>(399,920)</u>
Gross profit		93,884	89,550
Other income	6	1,123	4,427
General and administrative expenses		(9,830)	(8,275)
Increase in fair value of investment properties	10(a)	<u>60,350</u>	<u>179,448</u>
Profit from operations		145,527	265,150
Finance costs	6	<u>(8,408)</u>	<u>(9,879)</u>
Profit before taxation	6	137,119	255,271
Income tax	7	<u>(11,597)</u>	<u>(13,074)</u>
Profit for the period		<u>125,522</u>	<u>242,197</u>
		HK cents	HK cents
			(Restated)
Earnings per share			
- Basic and Diluted (note)	9	<u>19.5</u>	<u>37.5</u>

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

Note: Basic and diluted earnings per share for the six months ended 30 September 2015 have been restated for the impact of the bonus issue of shares on 17 December 2015 and 16 August 2016.

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

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	125,522	242,197
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale securities:		
Change in fair value	356	(1,083)
Reclassification adjustment for impairment loss transferred to profit or loss	—	1,913
	<u>356</u>	<u>830</u>
Cash flow hedges:		
Change in fair value	(2,110)	2,599
Net deferred tax credited	348	229
Reclassification adjustment for gain on cash flow hedging instrument transferred to profit or loss	—	(3,988)
	<u>(1,762)</u>	<u>(1,160)</u>
Other comprehensive income for the period, net of tax	(1,406)	(330)
Total comprehensive income for the period	124,116	241,867

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

		At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Fixed assets			
— Investment properties	10	3,520,551	3,290,000
— Property, plant and equipment		<u>259,758</u>	<u>128,765</u>
		3,780,309	3,418,765
Deferred tax assets		109	45
Other financial assets		<u>13,164</u>	<u>12,809</u>
		<u>3,793,582</u>	<u>3,431,619</u>
Current assets			
Properties under development for sale		949,762	—
Gross amount due from customers for contract work		31,289	18,815
Trade and other receivables	11	260,814	206,185
Restricted and pledged deposits		21,595	53,616
Cash and bank balances		<u>88,179</u>	<u>119,565</u>
		<u>1,351,639</u>	<u>398,181</u>
Current liabilities			
Gross amount due to customers for contract work		1,758	17,292
Trade and other payables	12	259,832	219,795
Bank loans	13	1,647,855	125,546
Tax payable		<u>13,575</u>	<u>7,815</u>
		<u>1,923,020</u>	<u>370,448</u>
Net current (liabilities)/assets		<u>(571,381)</u>	<u>27,733</u>
Total assets less current liabilities		<u>3,222,201</u>	<u>3,459,352</u>
Non-current liabilities			
Bank loans	13	599,881	944,709
Deferred tax liabilities		37,301	32,386
Derivative financial instruments		<u>10,640</u>	<u>8,530</u>
		<u>647,822</u>	<u>985,625</u>
NET ASSETS		<u>2,574,379</u>	<u>2,473,727</u>
CAPITAL AND RESERVES			
Share capital		6,452	5,866
Reserves		<u>2,567,927</u>	<u>2,467,861</u>
TOTAL EQUITY		<u>2,574,379</u>	<u>2,473,727</u>

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

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

As at 30 September 2016, the Group recorded a net current liabilities of approximately HK\$571.4 million, primarily due to the drawdown of a HK\$650 million bridging loan (the “Bridging Loan”) during June 2016 to finance the acquisition of the land situated at Sai Shan Road, Tsing Yi, New Territories, Hong Kong (the “Land”). In October 2016, the Group entered into a facility agreement with a syndicate of financial institutions in respect of a secured 5.5-year term loan facility of approximately HK\$2,469 million, which is divided into two tranches, Tranche A and Tranche B, in the respective amount of approximately HK\$469 million and HK\$2,000 million. The proceeds of Tranche A were used to finance the repayment of the Bridging Loan on 24 October 2016. The proceeds of Tranche B will be used to finance the construction costs for the development of the Land. Furthermore, one principal banker of the Group had agreed to grant a 15-year term loan of HK\$252 million to the Group for its general corporate funding requirements. Hence the Board is of the view that the Group will have adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, the Group has continued to adopt the going concern basis in preparing the interim financial statements.

The interim financial statements has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2016, except for the adoption of the new standards and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, HKAS and Interpretations issued by the HKICPA, as disclosed in note 3 to this interim financial statements.

This interim financial statements do not include all the information and disclosures required for full set of financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2016.

The financial information relating to the financial year ended 31 March 2016 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. The auditors have expressed an unqualified opinion on those financial statements in their report dated 2 June 2016.

3. ADOPTION OF HKFRSs

In the current period, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA which are relevant to and effective for the Group's interim financial statements:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative

The adoption of the new or amended HKFRSs had no material impact on the Group's interim financial statements.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Construction: contracting of construction of residential buildings, commercial buildings and data centres for external customers and for group companies
- Property leasing: leasing of data centres and office premises
- Property development: development and sale of properties

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

During the year ended 31 March 2016, the Group performed a review on its businesses and rationalized the classifications for certain segment results allocated to the respective reporting segments. Accordingly, certain comparative amounts have been reclassified to conform to the current period's presentation.

(a) Segment revenue and results

	Six months ended 30 September (Unaudited)							
	Construction		Property leasing		Property development		Total	
	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000
Revenue from external customers	440,810	417,156	73,773	72,314	—	—	514,583	489,470
Inter-segment revenue	98,200	51,000	2,154	—	—	—	100,354	51,000
Segment revenue	<u>539,010</u>	<u>468,156</u>	<u>75,927</u>	<u>72,314</u>	<u>—</u>	<u>—</u>	<u>614,937</u>	<u>540,470</u>
Segment results	<u>45,912</u>	<u>40,096</u>	<u>44,477</u>	<u>45,390</u>	<u>(444)</u>	<u>(18)</u>	<u>89,945</u>	<u>85,468</u>
Unallocated other income							1,123	2,352
Unallocated expenses							(5,891)	(4,193)
Net gain on cash flow hedging instruments							—	3,988
Impairment of available-for-sale investment							—	(1,913)
Increase in fair value of investment properties							60,350	179,448
Finance costs							(8,408)	(9,879)
Profit before taxation							<u>137,119</u>	<u>255,271</u>

(b) Other segment information

	Six months ended 30 September (Unaudited)									
	Construction		Property leasing		Property development		Unallocated		Total	
	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000	2016 (Restated) HK\$'000	2015 (Restated) HK\$'000
Additions to non-current segment assets	168	—	315,925	61,552	—	—	132,566	5	448,659	61,557

(c) Geographic information

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

5. REVENUE

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

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from building construction	440,810	417,156
Rental income	58,583	57,159
Rental related income	15,190	15,155
	<u>514,583</u>	<u>489,470</u>

6. PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank loans	25,338	20,494
Other borrowing costs	2,835	1,496
	<u>28,173</u>	<u>21,990</u>
Less: Amount included in construction contracts in progress	(2,295)	(4,990)
Amount capitalised	(17,470)	(7,121)
	<u>8,408</u>	<u>9,879</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	45,155	38,007
Contributions to defined contribution retirement plans	1,390	1,087
	<u>46,545</u>	<u>39,094</u>
Less: Amount included in construction contracts in progress	(33,602)	(26,199)
Amount capitalised	(8,221)	(8,607)
	<u>4,722</u>	<u>4,288</u>
(c) Other items:		
Rental income from investment properties	(58,583)	(57,159)
Less: Direct outgoings	27,497	24,929
	<u>(31,086)</u>	<u>(32,230)</u>
Dividend income from unlisted securities	(438)	(405)
Net unrealized gain on derivative financial instruments	–	(1,559)
Net gain on cash flow hedging instruments reclassified from equity	–	(3,988)
Impairment of available-for-sale securities	–	1,913
Depreciation	1,810	762
	<u>1,810</u>	<u>762</u>

7. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
Provision for Hong Kong Profits Tax for the period	10,380	11,205
Deferred tax		
Origination and reversal of temporary differences	1,217	1,869
	11,597	13,074

- (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% (2015: 16.5%) of the estimated assessable profits for the period.

8. DIVIDENDS

- (a) Dividends payable to owners of the Company attributable to profit for the interim period:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend declared and paid after the interim period of HK4.0 cents per share (2015: HK4.0 cents per share)	25,810	21,330

The interim dividend 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 the previous financial year, approved and paid during the interim period:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period of HK4.0 cents per share (2015: HK4.0 cents per share)	23,464	20,361

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\$125,522,000 (2015: HK\$242,197,000) and the weighted average number of 645,246,521 shares (2015 (restated): 645,246,521 shares) in issue during the period, calculated as follows:

	Six months ended 30 September	
	2016 (Unaudited) '000	2015 (Unaudited) (Restated) '000
Issued ordinary shares at 1 April	586,588	484,783
Effect of bonus issue of shares	58,659	160,464
Weighted average number of shares at 30 September	<u>645,247</u>	<u>645,247</u>

(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 six months ended 30 September 2016 and 2015.

10. INVESTMENT PROPERTIES

(a) Revaluation of investment properties

The valuations of investment properties were updated at 30 September 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 31 March 2016 valuations. As a result of the update, a gain of HK\$60,350,000 (2015: HK\$179,448,000) in respect of investment properties has been recognised in the consolidated statement of profit and loss for the period.

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

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Trade receivables	157,949	125,510
Less: allowance for doubtful debts	(54)	(38)
	<u>157,895</u>	<u>125,472</u>
Deposits, prepayments and other receivables	17,771	17,628
Retentions receivable	<u>85,148</u>	<u>63,085</u>
	<u>260,814</u>	<u>206,185</u>

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

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Not yet due	154,112	124,040
Under 1 month overdue	3,427	1,386
More than 1 month overdue and up to 3 months overdue	1	33
More than 3 months overdue and up to 6 months overdue	338	13
More than 6 months overdue and up to 1 year overdue	17	—
	<u>157,895</u>	<u>125,472</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

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Trade payables	84,983	53,896
Other payables and accrued charges	99,426	101,954
Rental and other deposits	7,356	6,064
Receipts in advance	3,613	3,527
Retentions payable	64,454	54,354
	<u>259,832</u>	<u>219,795</u>

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

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Due within 1 month or on demand	84,499	53,819
Due after 1 month but within 3 months	43	74
Due after 3 months but within 6 months	406	—
Due after 6 months	35	3
	<u>84,983</u>	<u>53,896</u>

13. BANK LOANS

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Bank loans		
- Secured	2,218,756	1,064,331
- Unsecured	28,980	5,924
	<u>2,247,736</u>	<u>1,070,255</u>

At 30 September 2016, the bank loans are repayable as follows:

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Within 1 year and included in current liabilities	<u>1,647,855</u>	<u>125,546</u>
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	81,526	534,186
After 2 years but within 5 years	472,141	375,523
After 5 years	46,214	35,000
	<u>599,881</u>	<u>944,709</u>
	<u>2,247,736</u>	<u>1,070,255</u>

The bank loans were secured by the following assets:

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Investment properties	3,520,551	3,290,000
Property, plant and equipment	256,377	125,095
Pledged deposits	15,531	47,552
Available-for-sale securities	13,164	12,809
Other assets	39,183	39,527
	<u>3,844,806</u>	<u>3,514,983</u>

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2016 not provided for in the interim financial statement were as follows:

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Contracted for	2,109	11,674
Authorised but not contracted for	<u>38,519</u>	<u>64,229</u>
	<u><u>40,628</u></u>	<u><u>75,903</u></u>

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

15. CONTINGENT LIABILITIES

As at 30 September 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\$67,277,000 (31 March 2016: HK\$132,977,000).

INTERIM DIVIDEND

The Board declares to pay an interim dividend of HK4.0 cents per share to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on 2 December 2016. The interim dividend will be paid to Shareholders on or before 15 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 November 2016 to 2 December 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share 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 29 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Construction

The Group’s construction business primarily consists of provision of building services as a main contractor in property development projects for prominent local developers, as well as existing building alterations, renovation and fitting-out works services. The revenue derived from the construction business increased by approximately 5.7% or HK\$23.6 million, from approximately HK\$417.2 million for the six months ended 30 September 2015 (“HY 2015”) to approximately HK\$440.8 million for the six months ended 30 September 2016 (“HY 2016”). Increase in revenue is mainly derived from a new construction project at Kai Tak, Kowloon for which construction works commenced in June 2016.

As at 30 September 2016, the gross contract value of the construction projects in progress amounted to approximately HK\$2.85 billion.

Data Centre Premises Leasing

The Group owned, developed and leased out raised floor space of two high-tier data centre buildings which are purposely built for data centre use and feature high level of reliability, redundancy and security. The first high-tier data centre, namely iTech Tower 1, continued to operate well and contributed a stable rental income inflow to the Group. The second high-tier data centre, namely iTech Tower 2, had been put into operation in December 2015 and the first tenant had moved into one of the data centre during the period under review.

The revenue derived from data centre premises leasing business increased by approximately 3.3% or HK\$2.4 million, from approximately HK\$71.4 million for HY 2015 to approximately HK\$73.8 million for HY 2016, mainly driven by rental adjustment of the existing tenant.

Property Development

On 31 May 2016, the Group had successfully tendered for a land situated at Tsing Yi Town Lot No. 190, Sai Shan Road, Tsing Yi, New Territories from the Hong Kong Government at a premium of HK\$938.88 million. The land parcel is planned for residential development with an estimated gross floor area of approximately 400,000 square feet. We are progressing well and have started the ground investigation works.

During the period under review, there was no revenue recorded for this business segment.

OUTLOOK

To cope with the robust demand for public and private housing driven by the growth in population and housing ownership aspirations of the local younger generation, the Hong Kong Government had been continually increasing the supply of land via public sales of the government land and regeneration of the older urban areas. These supported the growth of the construction industry in Hong Kong. Meanwhile, the industry participants face the challenges of aging workforce, chronic shortage of skilled workers and escalating wages. In view of this, the Group would maintain a prudent strategy in tendering new construction projects to ensure that all existing and upcoming construction projects would be completed and delivered on time to our customers and in accordance with their specifications, and we could attain a reasonable profit margin from the construction projects at the same time.

As one of the established market players with proven track record as a wholesale co-location provider in the data centre industry, we will continue to invest our data centre infrastructure to strength our market position and meet the changing needs of the customers. During the period under review, the first tenant of iTech Tower 2 had moved into the premise and operated the data centre smoothly. We continued our endeavours in securing new tenants to occupy the data centre spaces of iTech Tower 2.

The acquisition of the government land in Sai Shan Road, Tsing Yi signifies our first step of diversifying the Group's business into the property development business, and allows us to leverage our experience and expertise in the building construction and property development sector into this new business. 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 with a view of enriching the Group's land bank.

FINANCIAL REVIEW

Revenue

The Group's total revenue increased by approximately 5.1% or HK\$25.1 million from approximately HK\$489.5 million for HY 2015 to approximately HK\$514.6 million for HY 2016. The increase in revenue was mainly attributable to the commencement of a new construction project at Kai Tak, Kowloon and rental adjustment of the existing tenants of the data centre.

Gross profit

The Group's gross profit increased by approximately 4.8% or HK\$4.3 million, from approximately HK\$89.6 million for HY 2015 to approximately HK\$93.9 million for HY 2016. The increase in gross profit is mainly attributed to completion of additional works of a construction project during the period under review.

General and administrative expenses

The Group's general and administrative expenses increased by approximately 18.8% or HK\$1.5 million, from approximately HK\$8.3 million for HY 2015 to approximately HK\$9.8 million for HY 2016, primarily due to the stamp duty and related professional fees incurred on acquisition of two subsidiaries on 30 September 2016. These two companies are holding two office premises which will be used by the Group for business development and investment purpose.

Revaluation of investment properties

The Group recognised an increase in fair value on its investment properties of approximately HK\$60.4 million for HY 2016, as compared to the fair value increase of approximately HK\$179.4 million for HY 2015. The revaluation gain primarily arises from the high-tier data centres and is derived according to its stage of completion.

Profit for the period

The Group's net profit for the period was approximately HK\$125.5 million, representing a decrease of approximately 48.2% or HK\$116.7 million when compared with that of approximately HK\$242.2 million for the same period in 2015. Excluding the fair value gains on investment properties, the Group recorded an adjusted profit for the period of approximately HK\$65.2 million in HY 2016, representing an increase of approximately 3.9% or HK\$2.5 million when compared to an adjusted profit for the period of approximately HK\$62.7 million in HY 2015.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2016, the Group's total cash balances were approximately HK\$109.8 million (31 March 2016: approximately HK\$173.2 million), most of which are held in Hong Kong dollars. The Group had a total bank borrowings of approximately HK\$2,247.7 million (31 March 2016: approximately HK\$1,070.2 million), which render the gearing ratio to rise significantly to 87.3% (31 March 2016: 43.3%). Meanwhile, the Group recorded net current liabilities amounting to approximately HK\$571.4 million as at 30 September 2016. Substantial increase in the bank borrowings is mainly contributed to the drawdown of the Bridging Loan and other bank borrowings by the Group during the period under review to finance the acquisition of government land in Sai Shan Road, Tsing Yi and the two subsidiaries.

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 1.8% per annum.

CHARGE ON ASSETS

As at 30 September 2016, bank loans of approximately HK\$2,218.8 million are secured by certain assets of the Group with an aggregate carrying amount of approximately HK\$3,844.8 million.

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 14 to the financial statements in this announcement, the Group had no other capital commitments as at 30 September 2016.

CONTINGENT LIABILITIES

Save as disclosed in note 15 to the financial statements in this announcement, the Group had no other contingent liabilities as at 30 September 2016.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 7 June 2016, a wholly-owned subsidiary of the Company entered into a provisional agreement to acquire the entire interest in Eson Development Limited ("Eson") and the shareholder's loan due by Eson at a consideration of HK\$130,560,000. Eson is principally engaged in property investment business and is holding a property located at 18th Floor, Railway Plaza, No.39 Chatham Road South, Kowloon, Hong Kong. The acquisition was completed on 30 September 2016.

On 7 June 2016, a wholly-owned subsidiary of the Company entered into a provisional agreement to acquire the entire interest in Easton Development Limited ("Easton") and the shareholder's loan due by Easton at a consideration of HK\$130,560,000. Easton is principally engaged in property investment business and is holding a property located at 22nd Floor, Railway Plaza, No.39 Chatham Road South, Kowloon, Hong Kong. The acquisition was completed on 30 September 2016.

Details of the above acquisitions were set out in the Company's announcement dated 7 June 2016.

Save as disclosed above, there was no acquisition or disposal of subsidiaries and associated companies by the Company during HY 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had a total of 213 (30 September 2015: 162) employees. The total remuneration cost incurred by the Group for the HY 2016 was approximately HK\$46.5 million (HY 2015: approximately HK\$39.1 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 of employees.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of the external auditors; to review the financial statements, risk management and internal control systems; and to oversee the financial reporting and the effectiveness of the internal control procedures. The audit committee consists of four independent non-executive directors of the Company, and the chairman of the committee is Mr. Mok Kwai Pui Bill.

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2016.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2016, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

DIRECTOR'S 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 2016.

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 the 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, 8 November 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