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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 2017**

#### **ANNUAL RESULTS HIGHLIGHTS**

- Net profit attributable to owners of the Company was approximately HK\$203.0 million, representing a decrease of approximately 49.49% from approximately HK\$401.9 million for the same period in 2016.
- Excluding the fair value gains on investment properties, net profit attributable to owners of the Company was approximately HK\$120.3 million, representing an increase of approximately 3.05% from approximately HK\$116.7 million for the same period in 2016.
- Net assets as at 31 March 2017 was approximately HK\$2,635.0 million.
- 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 (the “Board”) of directors (the “Directors”) of Grand Ming Group Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2017 together with the comparative figures for the corresponding period in 2016 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

		2017	2016
	Notes	HK\$'000	HK\$'000
<b>Revenue</b>	4	<b>1,055,741</b>	967,579
Direct costs		<u>(873,692)</u>	<u>(798,340)</u>
<b>Gross profit</b>		<b>182,049</b>	169,239
Other income and gain/(loss), net	4	<b>4,936</b>	5,046
General and administrative expenses		<b>(21,047)</b>	(14,136)
Increase in fair value of investment properties		<u><b>82,723</b></u>	<u>285,195</u>
<b>Profit from operations</b>		<b>248,661</b>	445,344
Finance costs	5(a)	<u>(21,343)</u>	<u>(18,234)</u>
<b>Profit before taxation</b>	5	<b>227,318</b>	427,110
Income tax expenses	6	<u>(24,298)</u>	<u>(25,181)</u>
<b>Profit for the year</b>		<u><b>203,020</b></u>	<u>401,929</u>
		<i>HK cents</i>	<i>HK cents</i> (Restated)
<b>Earnings per share</b>			
- Basic and Diluted	8	<u><b>31.5</b></u>	<u>62.3</u>

Details of the dividends payable to owners of the Company attributable to the profit for the year are disclosed in note 7 to the financial statements in this announcement.

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

*For the year ended 31 March 2017*

	<b>2017</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>203,020</b>	401,929
<b>Other comprehensive income for the year</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Available-for-sale securities:		
Change in fair value	–	(1,361)
Reclassification adjustment for impairment loss transferred to profit or loss	–	2,191
	–	830
Cash flow hedges:		
Change in fair value, net of tax	<b>1,175</b>	(3,262)
Realisation of cash flow hedging reserve	<b>6,305</b>	–
Reclassification adjustment for gain on cash flow hedging instrument transferred to profit or loss	–	(3,988)
	<b>7,480</b>	(7,250)
<b>Other comprehensive income for the year, net of tax</b>	<b>7,480</b>	(6,420)
<b>Total comprehensive income for the year</b>	<b>210,500</b>	395,509

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Fixed assets			
- Investment properties	9	3,586,600	3,290,000
- Property, plant and equipment		<u>260,844</u>	<u>128,765</u>
		3,847,444	3,418,765
Deferred tax assets		2,549	45
Derivative financial instruments		571	–
Other financial assets		<u>13,884</u>	<u>12,809</u>
		<u>3,864,448</u>	<u>3,431,619</u>
<b>Current assets</b>			
Properties under development for sales		992,697	–
Gross amount due from customers for contract work		49,397	18,815
Trade and other receivables	10	184,781	206,185
Restricted and pledged deposits		59,158	53,616
Cash and bank balances		<u>390,300</u>	<u>119,565</u>
		<u>1,676,333</u>	<u>398,181</u>
<b>Current liabilities</b>			
Gross amount due to customers for contract work		–	17,292
Trade and other payables	11	218,172	219,795
Bank loans	12	118,016	125,546
Tax payable		6,932	7,815
		<u>343,120</u>	<u>370,448</u>
<b>Net current assets</b>		<u>1,333,213</u>	<u>27,733</u>
<b>Total assets less current liabilities</b>		<u>5,197,661</u>	<u>3,459,352</u>
<b>Non-current liabilities</b>			
Bank loans	12	2,520,010	944,709
Deferred tax liabilities		42,556	32,386
Derivative financial instruments		142	8,530
		<u>2,562,708</u>	<u>985,625</u>
<b>NET ASSETS</b>		<u>2,634,953</u>	<u>2,473,727</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		6,452	5,866
Reserves		<u>2,628,501</u>	<u>2,467,861</u>
<b>TOTAL EQUITY</b>		<u>2,634,953</u>	<u>2,473,727</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 2017 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 amendments to HKFRSs – first effective on 1 April 2016

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA which are relevant to and effective for the Group’s financial statements for annual year beginning on 1 April 2016:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The adoption of these amendments has no material effect on the Group’s financial statements.

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

The following new/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.

Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification to HKFRS 15) <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

### 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.

(a) Segment revenue and results

	Construction		Property leasing		Property development		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	912,789	822,377	142,952	145,202	—	—	1,055,741	967,579
Inter-segment revenue	63,200	127,800	10,189	1,735	—	—	73,389	129,535
Segment revenue	975,989	950,177	153,141	146,937	—	—	1,129,130	1,097,114
Segment results	88,536	72,693	86,679	89,824	(3,484)	(18)	171,731	162,499
Unallocated net income							2,752	3,249
Unallocated expenses							(10,730)	(7,396)
Net gain on derivative financial instruments							1,110	—
Net gain on cash flow hedging instruments reclassified from equity							—	3,988
Reversal of impairment/ (impairment) on available-for-sale securities							1,075	(2,191)
Increase in fair value of investment properties							82,723	285,195
Finance costs							(21,343)	(18,234)
Profit before taxation							227,318	427,110

(b) Other segment information

	Construction		Property leasing		Property development		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to non-current segment assets	618	—	217,789	146,923	—	—	132,800	3,812	351,207	150,735

(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 Group's revenue is as follows:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Customer A	<b>449,514</b>	496,573
Customer B	<b>428,108</b>	108,134
Customer C	<b>15,984</b>	134,095

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

**4. REVENUE AND OTHER INCOME AND GAIN/(LOSS), NET**

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

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Revenue from building construction	<b>912,789</b>	822,377
Rental income	<b>114,844</b>	114,296
Rental related income	<b>28,108</b>	30,906
	<b>1,055,741</b>	967,579
<b>Other income and gain/(loss), net</b>		
Bank interest income	<b>199</b>	574
Dividend income from unlisted securities	<b>875</b>	816
Net gain on derivative financial instruments	<b>1,110</b>	–
Reversal of impairment/(impairment) on available-for-sale securities	<b>1,075</b>	(2,191)
Net foreign exchange gain/(loss)	<b>6</b>	(199)
Net unrealised gain on derivative financial instruments	–	1,559
Net gain on cashflow hedging instrument reclassified from equity	–	3,988
Others	<b>1,671</b>	499
	<b>4,936</b>	5,046



## 5. PROFIT BEFORE TAXATION

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

	2017 <i>HKS'000</i>	2016 <i>HKS'000</i>
<b>(a) Finance costs</b>		
Interest on bank loans wholly repayable:		
- within five years	55,841	37,115
- after five years	7,100	1,223
Other borrowing costs	<u>11,985</u>	<u>2,353</u>
	74,926	40,691
Less: Amount included in construction contracts in progress	(10,193)	(6,801)
Amount capitalised	<u>(43,390)</u>	<u>(15,656)</u>
	<u>21,343</u>	<u>18,234</u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	100,264	78,982
Contributions to defined contribution retirement plans	<u>3,058</u>	<u>2,304</u>
	103,322	81,286
Less: Amount included in construction contracts in progress	(81,844)	(67,837)
Amount capitalised	<u>(9,474)</u>	<u>(6,989)</u>
	<u>12,004</u>	<u>6,460</u>
<b>(c) Other items</b>		
Rental income from investment properties	(114,844)	(114,296)
Less: Direct outgoings	<u>52,593</u>	<u>51,894</u>
	(62,251)	(62,402)
Depreciation	5,248	2,881
Impairment loss/(reversal of impairment loss) for trade receivables	203	(8)
Auditors' remuneration		
- audit services	815	760
- other services	<u>234</u>	<u>577</u>

## 6. INCOME TAX EXPENSES

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the year	22,775	22,539
Over-provision in respect of prior years	<u>(448)</u>	<u>(15)</u>
	22,327	22,524
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>1,971</u>	<u>2,657</u>
	<u><b>24,298</b></u>	<u><b>25,181</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% (2016: 16.5%) of the estimated assessable profits for the year.

## 7. DIVIDENDS

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

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interim dividend declared and paid of		
HK4.0 cents (2016: HK4.0 cents) per ordinary share	25,810	21,330
Final dividend proposed after the end of the reporting period of		
HK4.0 cents (2016: HK4.0 cents) per ordinary share	<u>25,810</u>	<u>23,464</u>
	<u><b>51,620</b></u>	<u><b>44,794</b></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 the previous financial year, approved and paid during the year:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK4.0 cents (2016: HK4.2 cents) per ordinary share	<u><b>23,464</b></u>	<u><b>20,361</b></u>

## 8. 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\$203,020,000 (2016: HK\$401,929,000) and the weighted average number of 645,246,521 shares (2016 (restated): 645,246,521 shares) in issue during the year. Basic and diluted earnings per share for the year ended 31 March 2016 have been restated for the impact of bonus issue of shares.

### (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 2017 and 2016.

## 9. INVESTMENT PROPERTIES

### (a) Revaluation of investment properties

The valuations of investment properties were updated at 31 March 2017 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 31 March 2016 valuations. As a result of the update, a gain of HK\$82,723,000 (2016: HK\$285,195,000) 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 12.

## 10. TRADE AND OTHER RECEIVABLES

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>56,301</b>	125,472
Deposits, prepayments and other receivables	<b>55,050</b>	17,628
Retention receivables	<b>73,430</b>	63,085
	<b><u>184,781</u></b>	<u>206,185</u>

The ageing analysis of the Group's trade receivables (net of allowance for doubtful debts), based on invoice dates, is as follows:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Less than 1 month	<b>53,017</b>	124,040
More than 1 month but less than 3 months	<b>2,432</b>	1,386
More than 3 months but less than 6 months	<b>683</b>	46
More than 6 months but less than 1 year	<b>169</b>	—
	<b><u>56,301</u></b>	<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.

## 11. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	110,190	53,896
Other payables and accrued charges	36,345	101,954
Rental and other deposits	7,435	6,064
Receipts in advance	3,613	3,527
Retention payables	60,589	54,354
	<u>218,172</u>	<u>219,795</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Less than 1 month	74,159	38,633
More than 1 month but less than 3 months	35,740	15,205
More than 3 months but less than 6 months	122	55
More than 6 months but less than 1 year	137	3
More than 1 year	32	—
	<u>110,190</u>	<u>53,896</u>

## 12. BANK LOANS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Bank loans		
- Secured	2,625,972	1,064,331
- Unsecured	12,054	5,924
	<u>2,638,026</u>	<u>1,070,255</u>

The bank loans were repayable as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 year and included in current liabilities	118,016	125,546
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	69,763	534,186
After 2 years but within 5 years	1,929,378	375,523
After 5 years	520,869	35,000
	<u>2,520,010</u>	<u>944,709</u>
	<u>2,638,026</u>	<u>1,070,255</u>

The bank loans were secured by the following assets:

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Investment properties	<b>3,586,600</b>	3,290,000
Property, plant and equipment	<b>253,897</b>	125,095
Pledged deposits	<b>53,094</b>	47,552
Available-for-sale securities	<b>13,884</b>	12,809
Properties under development for sales	<b>992,697</b>	—
Other assets	<b>45,966</b>	39,527
	<b><u>4,946,138</u></b>	<u>3,514,983</u>

### 13. COMMITMENTS

Capital commitments outstanding at 31 March 2017 not provided for in the Group's financial statements were as follows:

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Contracted for	<b>9,203</b>	11,674
Authorised but not contracted for	<b>10,783</b>	64,229
	<b><u>19,986</u></b>	<u>75,903</u>

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

### 14. CONTINGENT LIABILITIES

At 31 March 2017, 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\$29,307,000 (2016: HK\$132,977,000).

## **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 3 August 2017. Subject to approval by the Shareholders in the forthcoming annual general meeting of the Company, the proposed final dividend warrants is expected to be dispatched to Shareholders on 11 August 2017.

Together with the interim dividend of HK4.0 cents per share already paid, the total dividend for FY 2017 will amount to HK8.0 cents per share, representing a payout ratio of approximately 42.9%.

## **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 3 August 2017. 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 11 August 2017.

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 the year ended 31 March 2017. 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 21 July 2017 to 26 July 2017, both days inclusive, during which period no share transfer will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 20 July 2017.

In order to determine Shareholders who qualify for the proposed final dividend and bonus shares, the register of members of the Company will be closed from 1 August 2017 to 3 August 2017, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend and bonus shares, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 31 July 2017.

## **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 10.99% or HK\$90.4 million, from approximately HK\$822.4 million for the year ended 31 March 2016 ("FY 2016") to approximately HK\$912.8 million for the year ended 31 March 2017 ("FY 2017"). 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 31 March 2017, 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, 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 and the first tenant had moved into one of the data centre during the year under review.

The revenue derived from data centre premises leasing business slightly dipped approximately 2.43% or HK\$3.5 million, from approximately HK\$144.3 million for FY 2016 to approximately HK\$140.8 million for FY 2017, mainly due to provision of special fuel rebates by CLP Power Hong Kong Limited in January 2017 and lead to reduction in rental related income.

### **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 ("Tsing Yi land") 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 completed the ground investigation works. The general building plan had also been submitted to the respective government authority for approval. As at the date of this announcement, we do not commence any construction work.

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

## **OUTLOOK**

The local construction business has benefited from the strong momentum of the local estate market, driven by the growth in the population and housing ownership aspiration of the younger generation. While the Group is cautiously optimistic about the construction business in the coming years, there remain challenges in respect of ageing 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 year 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.

Leveraging on our expertise and experience in the building construction and property development sector, the Group is dedicated to property development business. Despite The Hong Kong Monetary Authority has tightened the limit on bank loans to property developers, it may curb the recent aggressive bidding of land and help to cool down the land prices. Hence, based on the Group's financial resources, we will keep on adopting conservative approach in bidding the Hong Kong Government land either on our own or through joint venture with other property developers with a view to enriching the Group's land bank.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's total revenue for FY 2017 was approximately HK\$1,055.7 million, representing an increase of approximately 9.11% or HK\$88.1 million from approximately HK\$967.6 million for FY 2016. The increase in revenue was mainly attributable to the commencement of a new construction project at Kai Tak, Kowloon during the year under review.

### **Gross profit**

The Group's gross profit increased by approximately 7.57% or HK\$12.8 million, from approximately HK\$169.2 million for FY 2016 to approximately HK\$182.0 million for FY 2017. The increase in gross profit is mainly attributed to the recognition of additional works in several construction projects during the year under review.

### **General and administrative expenses**

The Group's general and administrative expenses increased by approximately 48.89% or HK\$6.9 million, from approximately HK\$14.1 million for FY 2016 to approximately HK\$21.0 million for FY



2017, primarily due to (i) stamp duty and related professional fees incurred on the acquisition of two subsidiaries in June 2016 as further described in the paragraph headed “Material Acquisitions and Disposals of Subsidiaries and Associated Companies” below; (ii) increased depreciation on the headquarter properties and leasehold improvements as the Group had relocated and expanded its office premise in September 2015 and October 2016, respectively; and (iii) increase in staff costs as a result of establishment of sales and marketing team for the property development business segment.

### **Revaluation of investment properties**

The Group recorded fair value gains on investment properties of approximately HK\$82.7 million during FY 2017 as compared to the fair value gains of approximately HK\$285.2 million for the corresponding period last year. The revaluation gains mainly arise from iTech Tower 2 based on its stage of completion and an office premise held for rental purpose.

### **Profit for the year**

The Group recorded a net profit of approximately HK\$203.0 million for FY 2017, representing a decrease of approximately 49.49% or HK\$198.9 million when compared with that of approximately HK\$401.9 million for the same period in 2016. Excluding the fair value gains on investment properties, the Group recorded an adjusted profit for the year of approximately HK\$120.3 million in FY 2017, representing an increase of approximately 3.05% or HK\$3.6 million when compared to an adjusted profit for the year of approximately HK\$116.7 million in FY 2016.

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

As at 31 March 2017, the Group’s total cash balances were approximately HK\$449.5 million (31 March 2016: approximately HK\$173.2 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 4.89 times (31 March 2016: 1.07 times). The significant improvement in working capital is mainly attributed to drawdown of a new syndicated loan of approximately HK\$1.9 billion, which was used to replace certain bank loans due within one year and provided the Group with extra working capital. The total facility amount of such loan is HK\$2.4 billion and will mature in 36 to 60 months from the drawdown date.

The Group had total bank borrowings of approximately HK\$2,638.0 million as at 31 March 2017 (31 March 2016: approximately HK\$1,070.3 million). The gearing ratio (defined as total interest-bearing borrowings divided by shareholders’ equity) of the Group was approximately 100.1% (31 March 2016: approximately 43.3%). Substantial increase in gearing is mainly due to drawdown of the abovementioned new syndicated loan, construction financing for the development of Tsing Yi land and the borrowings associated with the acquisition of the two subsidiaries as detailed in the paragraph headed “Material Acquisitions and Disposals of Subsidiaries and Associated Companies” below.

Interest on bank loans is charged at floating rates. The Group had arranged interest rate swaps to mitigate partly the exposure to interest rate fluctuations.

### **CHARGE ON ASSETS**

As at 31 March 2017, bank loans of approximately HK\$2,626.0 million are secured by certain assets of the Group with an aggregate carrying amount of approximately HK\$4,946.1 million.

### **FOREIGN CURRENCY RISK**

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

### **CAPITAL COMMITMENTS**

Save as disclosed in note 13 to the financial statements in this announcement, the Group had no other capital commitments as at 31 March 2017.

### **CONTINGENT LIABILITIES**

Save as disclosed in note 14 to the financial statements in this announcement, the Group had no other contingent liabilities as at 31 March 2017.

### **EVENT AFTER THE REPORTING PERIOD**

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in the paragraph headed "Dividends" and note 7(a) to the financial statements in this announcement.

Save as disclosed above, there was no significant events have taken place subsequent to 31 March 2017 and up to the date of this announcement.

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

In June 2016, a wholly-owned subsidiary of the Company entered into provisional agreements with independent third parties to acquire the entire interests in Eson Development Limited ("Eson") and Easton Development Limited ("Easton") at an aggregate consideration of HK\$261,120,000. Eson and Easton are principally engaged in property investment business and are holding office premises located at 18<sup>th</sup> and 22<sup>nd</sup> Floor, Railway Plaza, No.39 Chatham Road South, Kowloon, Hong Kong, respectively. The acquisitions were completed on 30 September 2016. Details of the 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 FY 2017.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2017, the Group had a total of 226 (31 March 2016: 167) employees. The total remuneration cost incurred by the Group for FY 2017 was approximately HK\$103.3 million (2016: approximately HK\$81.3 million).

The remuneration policy and packages of the Group's employees are periodically reviewed by making reference to the prevailing market conditions. The components of remuneration packages consist of basic salary, benefits-in-kind, fringe benefits and contributions to mandatory provident funds, as well as discretionary bonuses which are determined according to individual performance of employees.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed Shares during FY 2017.

## **CORPORATE GOVERNANCE**

Throughout FY 2017 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 2017.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company for FY 2017 will be held on 26 July 2017. A notice convening the annual general meeting will be issued and dispatched to Shareholders in due course.

## **AUDIT COMMITTEE**

The Company established the audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of the external auditor; to review the financial statements, risk management and internal control systems; and to oversee the

financial reporting and the effectiveness of the internal control procedures. The audit committee comprises 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 financial statements for FY 2017.

## **REVIEW OF THIS RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the FY 2017 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 the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary 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 2017 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, 1 June 2017

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