



佳明
GRAND MING

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 REPORT **2014**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr Chan Hung Ming (*Chairman*)
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

COMPANY SECRETARY

Mr Leung Wai Chuen, *HKICPA, FCCA, ACS, ACIS*

COMMITTEES OF THE BOARD

Audit Committee

Mr Mok Kwai Pui Bill (*Chairman*)
Mr Tsui Ka Wah
Mr Kan Yau Wo
Mr Lee Chung Yiu Johnny

Remuneration Committee

Mr Tsui Ka Wah (*Chairman*)
Mr Kan Yau Wo
Mr Mok Kwai Pui Bill
Mr Lee Chung Yiu Johnny

Nomination Committee

Mr Kan Yau Wo (*Chairman*)
Mr Tsui Ka Wah
Mr Mok Kwai Pui Bill
Mr Lee Chung Yiu Johnny

AUTHORISED REPRESENTATIVES

Mr Chan Hung Ming
Mr Lau Chi Wah

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F., Eastern Commercial Centre
No. 395–399 Hennessy Road, Hong Kong

HONG KONG LEGAL ADVISER

Li & Partners
22/F., World-wide House
19 Des Voeux Road Central, Hong Kong

COMPLIANCE ADVISER

Cinda International Capital Limited
45/F., COSCO Tower
183 Queen's Road Central, Hong Kong

AUDITORS

KPMG
8/F., Prince's Building
10 Chater Road, Central, Hong Kong

CORPORATE INFORMATION *(Continued)*

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

1271

COMPANY WEBSITE

www.grandming.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of Grand Ming Group Holdings Limited (the “Company”) is delighted to present the interim results of the Company and its subsidiaries (collectively the “Group”) for the period from 1 April 2014 to 30 September 2014.

BUSINESS REVIEW

Construction Business

The Group has established solid relationships with prominent local developers, providing them with building construction services, alterations, renovation and fitting-out works. As at the date of this report, the Group has 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 its 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 cost, 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 newly renowned property developers is continuously propelled to broaden the income stream. Furthermore, the Group has actively participated in the tenders of sale of the 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 listings. 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. Besides, the Government of the People’s Republic of China is boosting its international standing in the financial markets, 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 of the Company 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 a substantial portion of building works of a major construction project which rendered a greater extent of revenue being certified during HY 2014 and an 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 the HY 2014 as the Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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	–
	85.6	85.5	0.1

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 19 to the interim financial report, the Group had no other capital commitments as at 30 September 2014.

CONTINGENT LIABILITIES

Save as disclosed in note 20 to the interim financial report, 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 member 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 SHARE ISSUE

The Board proposed 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 was proposed and passed at an extraordinary general meeting held on 17 November 2014, 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 the bonus shares issue and notice of extraordinary general meeting issued by the Company on 30 October 2014 and the announcement of poll results of the extraordinary general meeting issued by the Company on 17 November 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.

REVIEW REPORT



Review report to the board of directors of Grand Ming Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 12 to 37 which comprises the consolidated balance sheet of Grand Ming Group Holdings Limited as of 30 September 2014 and the related consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REVIEW REPORT *(Continued)*

**Review report to the board of directors of
Grand Ming Group Holdings Limited** *(Continued)*
(Incorporated in the Cayman Islands with limited liability)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2014 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

17 November 2014

CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the six months ended 30 September 2014

	<i>Note</i>	Six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000
Turnover	4	333,048	224,398
Direct costs		(247,862)	(136,533)
Gross profit		85,186	87,865
Other revenue	5	1,519	1,315
Other net income	6	1,212	1,868
General and administrative expenses		(5,637)	(21,179)
Changes in fair value of investment properties		178,279	8,235
Profit from operations		260,559	78,104
Finance costs	7(a)	(10,063)	(11,604)
Profit before taxation	7	250,496	66,500
Income tax	8	(11,648)	(11,331)
Profit for the period		238,848	55,169
Earnings per share <i>(note)</i>		HK cents	HK cents (Restated)
– Basic and Diluted	10	54.3	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 as explained in note 17(a)(v).

The notes on pages 18 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30 September 2014

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

The notes on pages 18 to 37 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30 September 2014

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
<i>Note</i>		
Non-current assets		
Fixed assets	11	
— Investment properties	2,614,000	2,352,000
— Other property, plant and equipment	1,040	505
	2,615,040	2,352,505
Derivative financial instruments	713	–
Other financial assets	14,612	14,967
	2,630,365	2,367,472
Current assets		
Gross amount due from customers for contract work	35,845	41,654
Trade and other receivables	12	223,970
Restricted and pledged deposits	13	49,840
Cash and bank balances	14	228,087
	537,742	434,037
Current liabilities		
Gross amount due to customers for contract work	9,372	–
Trade and other payables	15	145,608
Bank loans	16	152,939
Derivative financial instruments		10,458
Tax payable		15,179
	333,556	235,692
Net current assets	204,186	198,345
Total assets less current liabilities	2,834,551	2,565,817

CONSOLIDATED BALANCE SHEET *(Continued)*

At 30 September 2014

		At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
	<i>Note</i>		
Non-current liabilities			
Bank loans	16	760,318	705,737
Deferred tax liabilities		26,714	23,671
Derivative financial instruments		–	15,980
		787,032	745,388
NET ASSETS			
		2,047,519	1,820,429
CAPITAL AND RESERVES			
	17		
Share capital		4,407	4,000
Reserves		2,043,112	1,816,429
TOTAL EQUITY			
		2,047,519	1,820,429

The note on pages 18 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30 September 2014

	Note	Share capital HK\$'000	Share premium HK\$'000	Fair value reserve HK\$'000	Hedging reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 April 2013		5,000	–	45	(14,530)	1,299,889	1,290,404
Changes in equity for the six months ended 30 September 2013:							
Profit for the period		–	–	–	–	55,169	55,169
Other comprehensive income		–	–	(495)	6,486	–	5,991
Total comprehensive income for the period		–	–	(495)	6,486	55,169	61,160
Arising from reorganisation	17(a)(i)	(5,000)	–	–	–	–	(5,000)
Issue of new shares under the initial public offering ("IPO"), net of issuing expenses	17(a)(iii)	1,000	101,934	–	–	–	102,934
Capitalisation issue	17(a)(ii)	3,000	(3,000)	–	–	–	–
At 30 September 2013		4,000	98,934	(450)	(8,044)	1,355,058	1,449,498
At 1 April 2014		4,000	98,934	(33)	(6,443)	1,723,971	1,820,429
Changes in equity for the six months ended 30 September 2014:							
Profit for the period		–	–	–	–	238,848	238,848
Other comprehensive income		–	–	(355)	4,194	–	3,839
Total comprehensive income for the period		–	–	(355)	4,194	238,848	242,687
Issuance of new shares under bonus issue	17(a)(v)	400	(400)	–	–	–	–
Shares issued under scrip dividend scheme	17(a)(iv)	7	2,796	–	–	–	2,803
Dividends approved in respect of the previous year	17(b)(iii)	–	–	–	–	(18,400)	(18,400)
At 30 September 2014		4,407	101,330	(388)	(2,249)	1,944,419	2,047,519

The notes on pages 18 to 37 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the six months ended 30 September 2014

	Note	Six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000
Cash generated from operations		47,999	75,418
Tax paid		(4,259)	(2,126)
Net cash generated from operating activities		43,740	73,292
Investing activities			
Payment for the purchase of fixed assets		(863)	(179)
Expenditure on investment properties		(78,863)	(8,962)
Other cash generated from investing activities		1,212	844
Net cash used in investing activities		(78,514)	(8,297)
Financing activities			
Proceeds from bank loans		219,620	109,138
Repayment of bank loans		(127,181)	(73,677)
Proceeds from issue of shares		–	111,000
Share issue expenses		–	(8,066)
Interest and other borrowing costs paid		(16,227)	(21,834)
Dividends paid		(15,597)	–
Other cash used in financing activities		(6,693)	(7,126)
Net cash generated from financing activities		53,922	109,435
Net increase in cash and cash equivalents		19,148	174,430
Cash and cash equivalents at 1 April		204,448	55,467
Cash and cash equivalents at 30 September	14	223,596	229,897

The notes on pages 18 to 37 form part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1 GENERAL INFORMATION AND BASIS OF PREPARATION

(a) General information

Grand Ming Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the businesses of data centre premises leasing and construction in Hong Kong. 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 Company and its subsidiaries (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

This 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.

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

1 GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

(b) Basis of preparation *(Continued)*

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

This 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. KPMG’s independent review report to the Board of Directors is included on pages 10 and 11.

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. Statutory financial statements for the year ended 31 March 2014 are available from the company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 3 June 2014.

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*

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

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.

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

3 SEGMENT REPORTING *(Continued)*

(a) Segment results *(Continued)*

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
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Revenue from external customers	261,972	156,855	71,076	67,543	333,048	224,398
Inter-segment revenue	75,000	-	-	-	75,000	-
Reportable segment revenue	336,972	156,855	71,076	67,543	408,048	224,398
Reportable segment profit	34,973	35,823	45,443	46,942	80,416	82,765
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	-	-	178,279	8,235	178,279	8,235

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

3 SEGMENT REPORTING *(Continued)*

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

	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	408,048	224,398
Elimination of inter-segment revenue	(75,000)	–
Consolidated turnover	333,048	224,398
Profit		
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 derivative financial instruments	1,212	1,868
Unallocated head office and corporate expenses	(539)	(15,464)
Consolidated profit before taxation	250,496	66,500

(c) Geographic information

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

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

4 TURNOVER

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

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

5 OTHER REVENUE

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

6 OTHER NET INCOME

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

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

7 PROFIT BEFORE TAXATION

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

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

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

8 INCOME TAX

Income tax in the consolidated income statement represents:

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

- (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.

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

9 OTHER COMPREHENSIVE INCOME

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

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

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 \$238,848,000 (2013: \$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.

	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	'000	'000
		(restated)
Weighted average number of shares		
Issued ordinary shares at 1 April	400,000	–
Effect of share split (<i>note 17(a)(i)</i>)	–	10
Effect of capitalisation issue (<i>note 17(a)(ii)</i>)	–	299,990
Effect of issuance of new shares under the IPO (<i>note 17(a)(iii)</i>)	–	28,571
Effect of bonus issue of shares (<i>note 17(a)(v)</i>)	40,000	32,857
Weighted average number of shares issued in respect of scrip dividends (<i>note 17(a)(iv)</i>)	35	–
Weighted average number of shares at 30 September	440,035	361,428

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the six months ended 30 September 2014 and 2013.

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

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 \$178,279,000 (2013: \$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 16.

12 TRADE AND OTHER RECEIVABLES

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Trade debtors <i>(note)</i>	148,026	77,350
Less: allowance for doubtful debts	(38)	(38)
	147,988	77,312
Deposits, prepayment and other receivables	14,542	8,513
Retentions receivable	61,440	54,499
	223,970	140,324

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

12 TRADE AND OTHER RECEIVABLES *(Continued)*

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
	147,988	77,312

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.

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

13 RESTRICTED AND PLEDGED DEPOSITS

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Pledged deposits <i>(note (i))</i>	43,776	37,085
Restricted deposits <i>(note (ii))</i>	6,064	6,064
	49,840	43,149

Notes:

- (i) The balances represent bank deposits pledged to secure banks loans of the Group (note 16).
- (ii) The balances represent security deposits placed in a bank according to the terms of the tenancy agreement entered into with a tenant by the Group. The Group has no absolute right and control over the bank balance as the usage of the bank balance is specifically restricted by the tenant under the tenancy agreement. The Group can deduct the balance upon the breach of the tenancy agreement by the tenant. If the Group makes a deduction from the deposit, the tenant shall make up the difference within 14 days of demand.

14 CASH AND BANK BALANCES

	At 30 September 2014 (Unaudited) HK\$'000	At 31 March 2014 (Audited) HK\$'000
Cash at banks and in hand	223,596	204,448
Cash and cash equivalents in the condensed consolidated cash flow statement	223,596	204,448
Deposits with original maturity over three months at acquisition	4,491	4,462
Cash and bank balances in the consolidated balance sheet	228,087	208,910

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

15 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
	145,608	111,259

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
	79,802	31,276

16 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	—
	913,257	820,166

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

16 BANK LOANS *(Continued)*

At 30 September 2014, the bank loans were 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	152,939	114,429
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	107,870	155,813
	760,318	705,737
	913,257	820,166

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	56,292	48,773
	2,728,680	2,452,825

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 September 2014 (Unaudited)		At 31 March 2014 (Audited)	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of \$0.01 each	10,000,000	100,000	10,000,000	100,000
Ordinary Shares, issued and fully paid:				
At 1 April 2014/2013	400,000	4,000	– [#]	– [*]
Share split <i>(note (ii))</i>	–	–	10	–
Capitalisation issue <i>(note (iii))</i>	–	–	299,990	3,000
Issuance of new shares under the IPO <i>(note (iii))</i>	–	–	100,000	1,000
Shares issued in respect of scrip dividends <i>(note (iv))</i>	712	7	–	–
Issuance of new shares under bonus issue <i>(note (v))</i>	40,000	400	–	–
At 30 September/31 March	440,712	4,407	400,000	4,000

* Each represents \$100

Each represents 100 shares

Notes:

- (i) The Company was incorporated on 14 August 2012 with an authorised share capital of \$390,000 divided into 390,000 shares of \$1 each. On the same date, the Company allotted and issued an aggregate of 100 shares of \$1 each to its then shareholders.

Upon the completion of the Reorganisation on 19 July 2013, the Company became the holding company of the Group.

Since the Reorganisation was not completed on 31 March 2013, the share capital in the consolidated balance sheet as at 31 March 2013 represented the aggregate share capital of the Company and companies comprising the Group.

On 23 July 2013, pursuant to a written resolution of the shareholders of the Company, each share of \$1 each was split into 100 shares of \$0.01 each and, accordingly, the authorised share capital and issued shares were increased from 390,000 shares to 39,000,000 shares and from 100 shares to 10,000 shares respectively. The authorised share capital (after the share split) was increased from 39,000,000 shares to 10,000,000,000 shares by the creation of 9,961,000,000 new shares, ranking pari passu in all respects with the shares in issue as at the date of passing of the written resolution.

NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

(Expressed in Hong Kong dollars)

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Share capital (Continued)

Notes: (Continued)

- (ii) On 23 July 2013, pursuant to a written resolution of the shareholders of the Company, the Company allotted and issued 299,990,000 shares of \$0.01 each to the then existing shareholders of the Company. This resolution was conditional on the share premium account being credited as a result of the Company's IPO and pursuant to this resolution, a sum of \$2,999,900 standing to the credit of the share premium account was subsequently applied in paying up this capitalisation in full upon the Listing Date.
- (iii) On 9 August 2013, the Company was successfully listed on the Stock Exchange following the completion of its IPO of 100,000,000 shares of \$0.01 each issued at a price of \$1.11 per share. Proceeds of \$1,000,000, representing the par value of the shares issued, were credited to the Company's share capital. The remaining proceeds of \$101,934,000, after deducting issuing expenses of \$8,066,000, were credited to the share premium account.
- (iv) On 22 September 2014, the Company issued and allotted 712,058 shares at an issue price of \$3.936 per share in respect of the final dividend for the year ended 31 March 2014 under the scrip dividend scheme. Except for the entitlement to the said final dividend and bonus shares issue (note 17(a)(v)), the 712,058 issued shares rank *pari passu* in all respects with the then existing shares.
- (v) Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 31 July 2014, bonus shares were issued to shareholders whose names appeared on the register of members of the Company on 7 August 2014, the record date, on the basis of one new share credited as fully paid for every ten shares held.

On 22 September 2014 an amount of \$400,000 standing to the credit of the share premium account was applied in paying up in full 40,000,000 ordinary shares of \$0.01 each which were allotted and issued as fully paid to the shareholders who were entitled to those bonus shares.

(b) Dividends

- (i) Dividends payable to equity shareholders attributable to the interim period:

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

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

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

17 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends *(Continued)*

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

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

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

- (i) Fair value hierarchy

	Fair value measurement As at 30 September 2014 using			
	Fair value at 30 September 2014 HK\$'000	Quoted prices in active market for identical assets (Level 1) HK\$'000	Significant other observable input (Level 2) HK\$'000	Significant unobservable input (Level 3) HK\$'000
Recurring fair value measurement				
<i>Financial assets:</i>				
Available-for-sale securities	14,612	–	14,612	–
Derivative financial instruments:				
— Interest rate swaps	713	–	713	–
<i>Financial liabilities:</i>				
Derivative financial instruments:				
— Interest rate swaps	10,458	–	10,458	–

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

(a) Financial assets and liabilities measured at fair value

(Continued)

(i) Fair value hierarchy *(Continued)*

Fair value at 31 March 2014 HK\$'000	Fair value measurement As at 31 March 2014 using			Significant unobservable input (Level 3) HK\$'000
	Quoted prices in active market for identical assets (Level 1) HK\$'000	Significant other observable input (Level 2) HK\$'000		

Recurring fair value measurement

Financial assets:

Available-for-sale securities	14,967	-	14,967	-
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Financial liabilities:

Derivative financial instruments:				
— Interest rate swaps	15,980	-	15,980	-

During the six months ended 30 September 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of available-for-sale securities is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 30 September 2014 and 31 March 2014.

NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

(Expressed in Hong Kong dollars)

19 CAPITAL COMMITMENTS

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

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

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

20 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 \$103,670,000 (31 March 2014: \$65,700,000).

21 RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions during the period:

	Six months ended 30 September 2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Rental paid to related companies <i>(note)</i>	690	690

The directors consider that all related party transactions during the period were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

Note: On 17 April 2013, the Group entered into tenancy agreements ("Agreements") with two related companies, namely Grand Tech Enterprise Company Limited ("Grand Tech Enterprise") and Grand Regal Holdings Limited ("Grand Regal") to lease their office units for three years at a monthly rental charge of \$115,000 commencing on 1 April 2013. On 21 November 2013, Grand Tech Enterprise and Grand Regal entered into assignment agreements with two related companies, namely Perfect Top Development Limited ("Perfect Top") and Gain Glory Development Limited ("Gain Glory"), respectively. The ownership of the office units was transferred from Grand Tech Enterprise and Grand Regal to Perfect Top and Gain Glory respectively, and Perfect Top and Gain Glory agreed to assume all rights and obligations under the Agreements.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2014, the interests and short positions of the Company's Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to Section 352 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/ Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr Chan Hung Ming	The Company	Interest of a controlled corporation (Note 2)	297,000,000 (L)	67.39%
	Chan HM Company Limited	Beneficial owner	1	100%
Mr Lau Chi Wah	The Company	Interest of a controlled corporation (Note 3)	33,000,000 (L)	7.49%

Notes:

1. The letter "L" denotes the Directors' long position in the Shares of the Company or the relevant associated corporation.
2. Mr Chan Hung Ming holds 100% of the issued share capital of Chan HM Company Limited, which owns 297,000,000 shares out of the issued share capital of the Company. Therefore, Mr Chan Hung Ming is deemed to have the same interest in the Company.
3. Mr Lau Chi Wah holds 100% of the issued share capital of Lau CW Company Limited, which owns 33,000,000 shares out of the issued share capital of the Company. Therefore, Mr Lau Chi Wah is deemed to have the same interest in the Company.

Save as disclosed above, none of the Directors or chief executive of the Company has or is deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2014.

OTHER INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2014, so far as the Directors were aware, the following persons/entity (not being the Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company or any of its associated corporations which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding
Chan HM Company Limited	Beneficial owner	297,000,000 (L)	67.39%
Lau CW Company Limited	Beneficial owner	33,000,000 (L)	7.49%
Ms Cheung Shuk Fong	Family <i>(Note 2)</i>	33,000,000 (L)	7.49%

Notes:

1. The letter "L" denotes the person's long position in the Shares of our Company or the relevant Group member.
2. Ms Cheung Shuk Fong, spouse of Mr Lau Chi Wah, is deemed to be interested in Mr Lau Chi Wah's interest in our Company by virtue of the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2014 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME AND SHARE AWARD PLAN

(a) Share Option Scheme

The Company adopted a share option scheme (the “Share Option Scheme”) on 23 July 2013.

Details of the terms of the Share Option Scheme were disclosed in the Prospectus of the Company.

The purpose of the Share Option Scheme is to attract and retain the best quality personnel and to provide additional incentives to them to promote the long term success to the Group.

During the six months ended 30 September 2014, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

(b) Share Award Plan

The Company adopted a share award plan (the “Share Award Plan”) on 23 July 2013 pursuant to which the Board may, subject to and in accordance with the rules of the Share Award Plan, make an award of shares to certain classes of eligible participants as specified in the Share Award Plan, as determined by the Board from time to time on the basis of the Board’s opinion as to the proposed awardee’s contribution and/or future contribution to the development and growth of the Group.

A summary of the terms of the Share Award Plan were disclosed in the Prospectus of the Company.

During the six months ended 30 September 2014, no shares had been awarded under the Share Award Plan.

OTHER INFORMATION *(Continued)*

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 the 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 as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as 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 AND INTERIM REPORT

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

OTHER INFORMATION *(Continued)*

APPRECIATION

The Board would like to thank the management of the Group and all the staff 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, 17 November 2014

As at the date of this report, 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.