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)

(Unless otherwise specified, "$" in this announcement shall mean Hong Kong dollar and "cent(s)" shall mean Hong Kong cent(s).)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

HIGHLIGHTS

- Underlying profit* decreased by 22.4% to $52.4 million (2017: $67.5 million). Underlying earnings per share* was 7.4 cents (2017: 9.5 cents)
- Profit for the period amounted to $51.3 million (2017: $71.4 million), inclusive of the decrease in fair value of investment properties of $1.1 million (2017: increase of $3.9 million). Earnings per share was 7.2 cents (2017: 10.1 cents)
- Interim dividend of 4.0 cents per share (2017: 4.0 cents per share) is declared
- Net assets as at 30 September 2018 amounted to $2,786 million

* *Underlying profit and underlying earnings per share are arrived at by excluding the effect of changes in fair value of investment properties from the profit for the period and earnings per share respectively*

The board (the "Board") of directors (the "Directors") of Grand Ming Group Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***$'000***	*$'000*
Revenue	*5*	**272,032**	815,032
Direct costs		**(158,940)**	(706,954)
Gross profit		**113,092**	108,078
Other income and gains	*5*	**8,695**	2,327
Selling expenses		**(12,233)**	—
General and administrative expenses		**(17,656)**	(14,497)
(Decrease)/increase in fair value of investment properties	*10(a)*	**(1,102)**	3,928
Profit from operations		**90,796**	99,836
Finance costs	*6(a)*	**(27,915)**	(15,380)
Profit before taxation	*6*	**62,881**	84,456
Income tax expenses	*7*	**(11,595)**	(13,059)
Profit for the period		**51,286**	71,397
		Cents	*Cents*
Earnings per share (reported earnings per share)			
- Basic and Diluted	*9(a)*	**7.2**	10.1
Earnings per share(underlying earnings per share)			
- Basic and Diluted	*9(b)*	**7.4**	9.5

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Profit for the period	**51,286**	71,397
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets at fair value through other comprehensive income – net movement in fair value reserve	**(568)**	–
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges – net movement in hedging reserve	**11,019**	(7,248)
Other comprehensive income for the period, net of tax	**10,451**	(7,248)
Total comprehensive income for the period	**61,737**	64,149

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	**30 September 2018 (Unaudited) *$'000***	31 March 2018 (Audited) *$'000*
Non-current assets			
Fixed assets			
- Investment properties	*10*	**3,710,300**	3,627,300
- Property, plant and equipment		**674,883**	253,858
		4,385,183	3,881,158
Deposit for acquisition of subsidiaries		–	42,000
Deferred tax assets		**8,471**	6,425
Derivative financial instruments		**28,674**	15,821
Intangible assets		**500**	500
Financial assets at fair value through other comprehensive income		**12,972**	–
Financial assets at fair value through profit or loss		**9,854**	–
Other financial assets		–	13,540
		4,445,654	3,959,444
Current assets			
Inventories of properties		**2,052,662**	1,994,145
Gross amount due from customers for contract work		–	32,861
Contract assets		**212,975**	–
Trade and other receivables	*11*	**83,104**	360,608
Tax recoverable		**107**	92
Restricted and pledged deposits		**89,900**	66,144
Cash and bank balances		**59,512**	312,063
		2,498,260	2,765,913
Current liabilities			
Gross amount due to customers for contract work		–	1,187
Trade and other payables	*12*	**217,358**	308,302
Bank loans	*13*	**312,702**	403,703
Tax payable		**23,336**	16,565
		553,396	729,757
Net current assets		**1,944,864**	2,036,156
Total assets less current liabilities		**6,390,518**	5,995,600

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Notes	**30 September 2018 (Unaudited) *$'000***	31 March 2018 (Audited) *$'000*
Non-current liabilities			
Bank loans	*13*	**3,552,614**	3,181,642
Deferred tax liabilities		**52,230**	48,510
Derivative financial instruments		–	344
		3,604,844	3,230,496
NET ASSETS		**2,785,674**	2,765,104
CAPITAL AND RESERVES			
Share capital		**7,098**	7,098
Reserves		**2,778,576**	2,758,006
TOTAL EQUITY		**2,785,674**	2,765,104

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 August 2012. The registered office and principal place of business are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 19/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

The Company is an investment holding company and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 August 2013.

The Group is principally engaged in the business of building construction, property leasing and property development.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2018 (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Interim Financial Statements are unaudited but have been reviewed by the Company's audit committee.

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2018, except for the adoption of the amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, HKAS and Interpretations issued by the HKICPA, as disclosed in note 3 to the condensed financial statements.

The Interim Financial Statements do not include all the information and disclosures required for full set of financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2018.

The financial information relating to the financial year ended 31 March 2018 that is included in the Interim Financial Statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor had expressed an unqualified opinion on those financial statements in their report dated 11 June 2018.

3. ADOPTION OF HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Considerations
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfer of Investment Property
Annual improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The impact of the adoption of HKFRS 9 Financial Instruments (see note 3A below) and HKFRS 15 Revenue from Contracts with Customers (see note 3B below) have been summarised below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

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

A. HKFRS 9 - Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the Interim Financial Statements.

(i) Classification and measurement of financial instruments

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain receivables (that the receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) financial assets designated at FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The following accounting policies are applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit and loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (equity investments)	Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39**	**Carrying amount as at 1 April 2018 under HKFRS 9**
			$'000	*$'000*
Investment funds	Available-for-sale (at FVOCI)	FVOCI	13,540	13,540
Trade receivables	Loans and receivable	Amortised cost	200,331	200,331
Deposits and other receivables	Loans and receivable	Amortised cost	53,691	53,691
Restricted and pledged deposits	Loans and receivable	Amortised cost	66,144	66,144
Cash and bank balances	Loans and receivable	Amortised cost	312,063	312,063

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognised ECL for financial assets at amortised costs, and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables and contract assets, the Group has elected to apply HKFRS 9's simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors, current creditworthiness of the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECLs model

The Group established expected credit losses model based on historical settlement records, past experience and available forward-looking information. The Group had concluded that the impact of expected credit losses on financial assets is insignificant as at 1 April 2018.

(iii) Hedge accounting

The Group elect for the accounting policy choice to continue with the adoption of HKAS 39 on hedge accounting.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018.

B. HKFRS 15 - Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 “Construction Contracts”, HKAS 18 “Revenue” and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated.

The Group has reviewed the impact of HKFRS 15 and considered that HKFRS 15 has no significant financial effect on the Interim Financial Statements except for the presentation of contract assets and liabilities. Previously, contract balances relating to construction contracts in progress were presented in the consolidated statement of financial position under “gross amounts due from customers for contract work” or “gross amounts due to customers for contract work” respectively. Receivables for which the Group’s entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of the retention period were presented in the consolidated statement of financial position as “retentions receivable” under “trade and other receivables”.

To reflect these changes in presentation, the Group has made the following adjustment at 1 April 2018, as a result of the adoption of HKFRS 15:

	As at 1 April 2018		
	As previously stated	**Reclassifications under HKFRS 15**	**Restated**
	$’000	*$’000*	*$’000*
Consolidated statement of financial position (extract)			
Gross amount due from customers for contract work	32,861	(32,861)	–
Trade and other receivables	360,608	(106,586)	254,022
Contract assets	–	139,447	139,447
Gross amount due to customers for contract work	1,187	(1,187)	–
Contract liabilities	–	1,187	1,187

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Products/ Services	Nature of the goods or services, satisfaction of performance obligations	Nature of change in accounting policy and impact on 1 April 2018
Building construction	The Group determined that for contracts with customers under building construction, there is one performance obligation, which is the construction of buildings. The Group determined that the customers simultaneously receive and consume the benefits of the Group's performance. Furthermore, the work in progress is being enhanced during the terms of the contracts. Thus the Group concluded that the revenue from these contracts are recognised over time	HKFRS 15 did not have significant impact on how the Group recognises revenue from building construction. However, upon the adoption of HKFRS 15, the Group has to made reclassification from trade and other receivables to contract assets since under HKFRS 15, if there is any satisfied performance obligation but where the entity does not have an unconditional right to consideration, an entity should recognise a contract asset.
Rental income	Rental income from investment properties are recognised in profit or loss on a straight-line basis over the term of the lease	Revenue from leasing of properties continues to be accounted for in accordance with HKAS 17 *Leases*.
Rental related income	Rental related income from investment properties are recognised over time as customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs	Under HKAS 18, rental related income was recognised on an accrual basis. As of 1 April 2018, HKFRS 15 did not have significant impact on how the Group recognises revenue from rental related income from investment properties.
Sale of properties	The Group determined that, depending on the terms of the contract and the laws that apply to the contract associated with the sale of properties, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.	Not applicable as the Group did not derive any revenue from sale of properties prior to 1 April 2018.

4. SEGMENT REPORTING

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

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

— Construction: contracting of construction of residential buildings, commercial buildings and data centres for external customers and for group companies

— Property leasing: leasing of data centres and office premises

— Property development: development and sale of properties

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

(a) Segment revenue and results

	Six months ended 30 September (Unaudited)							
	Construction		**Property leasing**		**Property development**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**149,450**	740,605	**79,549**	74,427	**43,033**	–	**272,032**	815,032
Inter-segment revenue	**58,873**	–	**17,558**	6,466	–	–	**76,431**	6,466
Segment revenue	**208,323**	740,605	**97,107**	80,893	**43,033**	–	**348,463**	821,498
Segment results	**56,470**	61,463	**44,895**	43,511	**(3,753)**	(3,267)	**97,612**	101,707
Unallocated net income							**7,144**	2,315
Unallocated expenses							**(12,858)**	(8,126)
Reversal of impairment of available-for-sale securities							–	12
(Decrease)/increase in fair value of investment properties							**(1,102)**	3,928
Finance costs							**(27,915)**	(15,380)
Profit before taxation							**62,881**	84,456

(b) Other segment information

	Six months ended 30 September (Unaudited)									
	Construction		Property leasing		Property development		Unallocated		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Additions to non-current segment assets	**–**	20	**97,019**	14,061	**–**	–	**427,420**	–	**524,439**	14,081

(c) Geographic information

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

(d) Timing of revenue recognition

	Six months ended 30 September (Unaudited)							
	Construction		Property leasing		Property development		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Point in time	**–**	–	**–**	–	**43,033**	–	**43,033**	–
Over time	**149,450**	740,605	**79,549**	74,427	**–**	–	**228,999**	815,032
	149,450	740,605	**79,549**	74,427	**43,033**	–	**272,032**	815,032

5. REVENUE AND OTHER INCOME AND GAINS

Revenue which is derived from the Group's principal activities, and other income and gains, are anlaysed as follows:

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Type of revenue		
Revenue from building construction	**149,450**	740,605
Rental income	**66,719**	60,279
Rental related income	**12,830**	14,148
Sale of properties	**43,033**	–
	272,032	815,032
Other income and gains		
Bank interest income	**765**	1,640
Dividend income from unlisted securities	**425**	425
Reversal of impairment of available-for-sale securities	**–**	12
Net foreign exchange gain	**71**	77
Others	**7,434**	173
	8,695	2,327

6. PROFIT BEFORE TAXATION

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

		Six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
		$'000	*$'000*
(a)	**Finance costs**		
	Interest on bank loans wholly repayable:		
	- within five years	**61,434**	36,048
	- after five years	**2,751**	6,837
	Other borrowing costs	**6,352**	6,151
		70,537	49,036
	Less: Amount included in construction contracts in progress	**(1,453)**	(8,286)
	Amount capitalised	**(41,169)**	(25,370)
		27,915	15,380
(b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	**59,305**	50,314
	Contributions to defined contribution retirement plans	**1,547**	1,652
		60,852	51,966
	Less: Amount included in construction contracts in progress	**(28,294)**	(37,818)
	Amount capitalised	**(19,084)**	(6,773)
		13,474	7,375
(c)	**Other items**		
	Rental income from investment properties	**(66,719)**	(60,279)
	Less: Direct outgoings	**33,946**	29,216
		(32,773)	(31,063)
	Depreciation	**7,090**	3,538

7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Current tax		
Provision for Hong Kong Profits Tax for the period	**12,098**	12,400
Deferred tax		
Origination and reversal of temporary differences	**(503)**	659
	11,595	13,059

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% (2017: 16.5%) of the estimated assessable profits for the period.

8. DIVIDENDS

(a) Dividends attributable to the interim period:

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Interim dividend declared after the interim period of 4.0 cents per share (2017: 4.0 cents per share)	**28,391**	28,391

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

(b) Dividends attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period of 5.8 cents per share (2017: 4.0 cents per share)	**41,167**	25,810

9. EARNINGS PER SHARE

(a) Reported earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $51,286,000 (2017: $71,397,000) and the weighted average number of 709,771,173 shares (2017: 709,771,173 shares) in issue during the period.

Diluted earnings per share are the same as the basic earnings per share as the Company had no dilutive potential shares in existence during the six months ended 30 September 2018 and 2017.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are also presented based on the underlying profit attributable to equity shareholders of the Company of $52,388,000 (2017: $67,469,000), which excludes the effects of changes in fair value of investment properties. A reconciliation of profit is as follows:

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	$'000	*$'000*
Profit for the period	**51,286**	71,397
Change in fair value of investment properties	**1,102**	(3,928)
Underlying profit for the period	**52,388**	67,469

10. INVESTMENT PROPERTIES

(a) Revaluation of investment properties

The Group's investment properties were revalued as at 30 September 2018. The fair value of investment properties - data centres were updated by an independent firm of surveyors, Colliers International (Hong Kong) Limited, using the same valuation techniques as were used by the valuers when carrying out the 31 March 2018 valuations. As a result of the update, a revaluation loss of $1,102,000 (2017: revaluation gain of $3,928,000) in respect of investment properties - data centres has been recognised in the consolidated statement of profit and loss for the period.

The fair value of investment properties - office premises were determined by the Directors using the same basis that was adopted by the independent valuers when carrying out the 31 March 2018 valuation. As a result of the update, nil gain (2017: $1,700,000) in respect of investment properties – office premises has been recognised in the consolidated statement of profit and loss for the period.

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

11. TRADE AND OTHER RECEIVABLES

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Trade receivables	**33,811**	200,737
Less: allowance for doubtful debts	**(96)**	(406)
	33,715	200,331
Deposits, prepayments and other receivables	**49,389**	53,691
Retention receivables (*note*)	–	106,586
	83,104	360,608

Note: Upon adoption of HKFRS 15, retention receivables are included in contract assets.

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

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Less than 1 month	**30,962**	191,098
More than 1 month but less than 3 months	**2,476**	8,895
More than 3 months but less than 6 months	**107**	279
More than 6 months but less than1 year	**170**	59
	33,715	200,331

The Group generally grants trade customers with a credit term of 30 days. Normally, the Group does not obtain collateral from customers.

12. TRADE AND OTHER PAYABLES

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Trade payables	**14,468**	144,450
Other payables and accrued charges	**93,206**	56,402
Rental and other deposits	**7,826**	8,295
Receipts in advance	**6,510**	2,465
Retention payables	**95,348**	96,690
	217,358	308,302

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

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Less than 1 month	**8,234**	133,812
More than 1 month but less than 3 months	**6,172**	9,739
More than 3 months but less than 6 months	**62**	858
More than 6 months but less than1 year	–	41
	14,468	144,450

13. BANK LOANS

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Bank loans		
- Secured	**3,865,316**	3,564,766
- Unsecured	–	20,579
	3,865,316	3,585,345

The bank loans were repayable as follows:

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Within 1 year and included in current liabilities	**312,702**	403,703
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	**734,523**	752,283
After 2 years but within 5 years	**2,696,768**	2,397,573
After 5 years	**121,323**	31,786
	3,552,614	3,181,642
	3,865,316	3,585,345

The bank loans were secured by the following assets:

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Investment properties	**3,710,300**	3,627,300
Property, plant and equipment	**669,939**	248,704
Available-for-sale securities	**12,972**	13,540
Inventories of properties	**2,052,662**	1,994,145
Pledged deposits	**83,836**	60,080
Other assets	**42,929**	60,941
	6,572,638	6,004,710

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 September 2018 not provided for in the Group's financial statements were as follows:

	30 September 2018 (Unaudited) *$'000*	31 March 2018 (Audited) *$'000*
Commitments for:		
Development of investment property	**5,300**	72,628
Acquisition of subsidiaries	—	378,000
	5,300	450,628

15. CONTINGENT LIABILITIES

At 30 September 2018 and 31 March 2018, the Company did not have material contingent liabilities.

INTERIM DIVIDEND

The Board declares to pay an interim dividend of 4.0 cents per share to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 28 November 2018. The interim dividend will be paid to Shareholders on 12 December 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 November 2018 to 28 November 2018, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share 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 23 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Construction

The Group's construction business primarily consists of provision of building services as a main contractor in property development projects for prominent local developers, as well as existing building alterations, renovation and fitting-out works services. The revenue derived from the construction business decreased by approximately 79.8% or $591.1 million, from approximately $740.6 million for the six months ended 30 September 2017 ("FH 2017/18") to approximately $149.5 million for the six months ended 30 September 2018 ("FH 2018/19"). Decrease in revenue was mainly because the construction project at Kai Tak were substantially completed in the previous financial year, resulting in much lower percentage of revenue being certified during FH 2018/19.

As at 30 September 2018, the gross contract value of the construction projects in progress amounted to approximately $1.48 billion.

Data Centre Premises Leasing

The Group owned, developed and leased out raised floor space of two high-tier data centre buildings which were purposely built for data centre use and feature high level of reliability, redundancy and security. The first high-tier data centre, namely iTech Tower 1, maintained a high customer utilisation and contributed a stable rental income inflow to the Group. The second high-tier data centre, namely iTech Tower 2, also operated well and contributed revenue stream to the Group progressively.

The revenue derived from data centre premises leasing business slightly increased by approximately 3.5% or $2.5 million, from approximately $72.2 million for FH 2017/18 to approximately $74.7 million for FH 2018/19, primarily due to the increasing utilization and revenue contribution from the tenants in iTech Tower 2.

Property Development

Tsing Yi Sai Shan Road project

The Group's first property development project is situated at Sai Shan Road, Tsing Yi, New Territories with a gross floor area of approximately 400,000 square feet for private residential purposes. The development will consist of two blocks of 30-storey residential buildings together with club-house facilities and car parks. The site formation and foundation works are now progressing. The development shall be completed and made fit for completion on or before 30 September 2024.

Cristallo

The en-bloc residential building situated at No. 279 Prince Edward Road West, Kowloon, with a saleable area of approximately 32,000 square feet, was acquired by the Group in October 2017 through the acquisition of the entire interests of Market Rise Limited together with its wholly-owned subsidiary, Able Business Development Limited and the shareholder's loan at an adjusted consideration of approximately $814 million. The property is a newly completed luxurious low-density residential building located in the traditional luxury district of Kowloon and is named "Cristallo" by the Group. It offers 18 residential apartments in which each unit sizes from about 1,300 to 2,700 square feet. This development project is well received by the market since its launch for sales by tender in April 2018.

During the period under review, sales and delivery of 1 apartment had been completed. Revenue of approximately $43.0 million was recognised in this period accordingly. In October 2018, the Group had entered 5 provisional sales and purchase agreements in respect of sales of 5 apartments with aggregate contract sales of approximately $187.5 million. Completions are scheduled to take place in December 2020 to October 2021.

OUTLOOK

The continued interest rate hikes and emergence of US-China trade frictions over tariff had posed uncertainties to the global business environment. Yet we are cautiously optimistic about the Hong Kong property market due to the prolonged imbalance between supply and demand of private residential units. In particular, the supply of new residential units in the local traditional luxurious area is very limited. Thus, we are positive that the Cristallo project will bring satisfactory return to the Group. Meanwhile we have commenced preparatory work for the pre-sale of Tsing Yi Sai Shan Road project.

Although the residential property price remains at a high level, we believe that the hot property price had halted the rising trend and it starts to consolidate. This may offer opportunity for the Group to expand its land bank. Apart from participating in public tender of government land either on our own or through joint venture with other property developers, we are also exploring other acquisition options like acquisition of en-bloc completed properties or properties with fully consolidated ownership.

For the data centre leasing business, we continue to invest and upgrade our data centre infrastructure to strengthen our market position and meet the changing needs of the customers. Meanwhile we still consider very cautiously the opportunity in investing our third high-tier data centre, either locally or elsewhere outside Hong Kong.

Uprising labour wages and shortage of skilled labours persist in the construction sector. Worse still, the tender contract sum and profit margin on new construction project had deteriorated because of keen competition among rival companies. Therefore we would maintain our prudent approach in bidding new construction projects and will act only when a reasonable profit margin is attained from the new project tender.

FINANCIAL REVIEW

In the FH 2018/19, the Group's consolidated revenue amounted to approximately $272.0 million (2017: $815.0 million), representing a decrease of approximately 66.6% as compared to the corresponding period of last year. The decrease was largely due to a 79.8% decrease in revenue from the building construction segment, offset partially the impact of revenue recognised on sales of a residential unit of Cristallo in the property development segment.

Consolidated gross profit increased by 4.6% from last corresponding period to approximately $113.1 million (2017: $108.1 million), despite a reduction in revenue. The gross profit margin was also significantly improved. These were mainly attributable to the sales of Cristallo properties and recognition of additional work done in a construction project.

Operating expenses (inclusive of selling and general and administrative expenses) for the period increased by 106.2% to approximately $29.9 million (2017: $14.5 million), primarily due to marketing expenses and sale commission incurred in respect of the sale of Cristallo project and increased depreciation charge arising from the own use properties of basement, ground floor and first floor shops at No. 39 Chatham Road South, Kowloon which were acquired in April 2018.

Finance costs for the period increased by approximately 81.5% to approximately $27.9 million (2017: $15.4 million), which was due to (i) continued interest rate hike since 2017 which pushed the Group's average interest rates on variable rate borrowings to about 4.2% (2017: 2.7%) and (ii) the Group's bank borrowings increased by approximately $280 million over the end of previous financial year.

Net profit for FH 2018/19 was approximately $51.3 million (2017: $71.4 million), representing a decrease of approximately 28.2% when compared to that of FH 2017/18. Excluding the change in fair value of investment properties, the Group recorded an underlying profit of approximately $52.4 million in FH 2018/19, representing a decrease of approximately 22.4% as compared to an underlying profit of approximately $67.5 million in FH 2017/18.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations and capital expenditure with its shareholders' fund and bank borrowings. A variety of credit facilities are maintained which had contracted repayment terms ranging from repayable on demand to 16.5 years. As at 30 September 2018, the Group had outstanding bank borrowings of approximately $3,865.3 million (31 March 2018: approximately $3,585.3 million). The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group was approximately 138.8% (31 March 2018: approximately 129.7%). Increase in the bank borrowings and gearing ratio was mainly contributed by drawdown of new bank loans for the Group's general working capital and financing the acquisition of Excel One Global Limited together with its wholly-owned subsidiary, Marvellous Investments Limited (collectively referred as to "Excel One Group").

The Group adopts a conservative approach in managing its cash balances, which are mainly placed in bank accounts and short-term deposits with reputable banks in Hong Kong. The total cash balances of the Group as at 30 September 2018 were approximately $149.4 million (31 March 2018: approximately $378.2 million), most of which were held in Hong Kong dollars. The current ratio (defined as current assets divided by current liabilities) of the Group was 4.51 times (31 March 2018: 3.79 times). Taking into account the cash at banks and credit facilities available, the Directors considered that the Group has sufficient working capital for its present operation and future business expansion.

INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank borrowings, which bear interest 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. As at 30 September 2018, the Group had interest rate swaps with the notional amount of approximately $75.2 million. These swaps have fixed interest rates ranging from 1.3% to 1.8% and will mature in 2020 and 2021. In addition, the Group had entered into forward starting swaps with notional amount of approximately $1.57 billion to lock in fixed rates of 2.10% to 2.63% for 3 years. These interest rate swaps will be effective in 2019 and 2020.

FOREIGN CURRENCY RISK

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

CHARGE ON ASSETS

As at 30 September 2018, bank loans of approximately $3,865.3 million were secured by certain assets of the Group with an aggregate carrying amount of approximately $6,572.6 million.

CAPITAL COMMITMENTS

Save as disclosed in note 14 to the condensed financial statements, the Group had no other capital commitments as at 30 September 2018.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 13 April 2018, a wholly-owned subsidiary of the Company had completed the acquisition of the entire interests of Excel One Group. Since then, Excel One Group become indirect wholly-owned subsidiaries of the Company and their financial results are consolidated into the Group's consolidated financial statement. Details of the acquisition had been set out in the Company's announcement dated 15 December 2017, annual result announcement for the year ended 31 March 2018 dated 11 June 2018 and 2017/18 annual report.

Save as disclosed above, there was no other material acquisition or disposal of subsidiaries and associated companies by the Company during FH 2018/19.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 181 employees as at 30 September 2018. Total remuneration of employees for FH 2018/19 was approximately $60.9 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 comprise basic salary, benefits-in-kind, fringe benefits and contributions to mandatory provident funds, as well as discretionary bonuses which are determined according to individual performance of employees.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of the external auditors; to review the financial statements, risk management and internal control systems; and to oversee the financial reporting and the effectiveness of the internal control procedures. The audit committee comprises all four independent non-executive directors of the Company, namely Mr. Mok Kwai Pui Bill (committee chairman), Mr. Tsui Ka Wah, Mr. Kan Yau Wo and Mr. Lee Chun Yiu Johnny.

The audit committee has reviewed the Group's unaudited consolidated interim financial statements for FH 2018/19.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2018.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors by the Company, all Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2018.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

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

By Order of the Board
Grand Ming Group Holdings Limited

Chan Hung Ming
Chairman and Executive Director

Hong Kong, 9 November 2018

As at the date of this announcement, the Board comprises:

Executive Directors:	*Independent Non-Executive Directors:*
Mr. Chan Hung Ming	Mr. Tsui Ka Wah
Mr. Lau Chi Wah	Mr. Kan Yau Wo
Mr. Yuen Ying Wai	Mr. Mok Kwai Pui Bill
Mr. Kwan Wing Wo	Mr. Lee Chung Yiu Johnny