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## **GRAND MING GROUP HOLDINGS LIMITED**

**佳明集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1271)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015**

#### **ANNUAL RESULTS HIGHLIGHTS**

- Net profit attributable to shareholders decreased by 25.2% to approximately HK\$327.8 million, primarily due to a lower increment in the fair values of investment properties under development during the year.
- By excluding the changes in fair value of investment properties, net profit attributable to shareholders increased 7.95% to approximately HK\$116.1 million.
- Net assets attributable to shareholders increased to approximately HK\$2,119.9 million as at 31 March 2015.
- A final dividend of HK4.2 cents per share is recommended.
- A bonus issue of one new share credited as fully paid for every ten shares held is proposed.

The board of directors (the “Board”) of Grand Ming Group Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2015 (“FY 2015”) together with the comparative figures for the corresponding period in 2014 as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

		2015	2014
	Note	HK\$'000	HK\$'000
<b>Turnover</b>	4	<b>846,174</b>	484,063
<b>Direct costs</b>		<b>(679,398)</b>	(311,297)
<b>Gross profit</b>		<b>166,776</b>	172,766
Other revenue	5	<b>3,619</b>	3,307
Other net income	6	<b>3,053</b>	3,051
General and administrative expenses		<b>(13,427)</b>	(24,640)
Changes in fair value of investment properties		<b>211,723</b>	330,938
<b>Profit from operations</b>		<b>371,744</b>	485,422
Finance costs	7(a)	<b>(19,595)</b>	(22,020)
<b>Profit before taxation</b>	7	<b>352,149</b>	463,402
Income tax	8	<b>(24,336)</b>	(24,920)
<b>Profit for the year</b>		<b>327,813</b>	438,482
		<b>HK cents</b>	HK cents (Restated)
<b>Earnings per share (note)</b>			
- Basic and Diluted	10	<b>67.7</b>	99.5

Details of the dividends are disclosed in note 15.

*Note : Basic and diluted earnings per share for the year ended 31 March 2014 have been restated for the impact of the bonus issue of shares by the Company on 22 September 2014 and 18 December 2014.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Profit for the year</b>		<b>327,813</b>	438,482
<b>Other comprehensive income for the year</b>	9		
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale securities: net movement in the fair value reserve		(797)	(78)
Cash flow hedges: net movement in the hedging reserve		<u>6,571</u>	<u>8,087</u>
		<u>5,774</u>	<u>8,009</u>
<b>Total comprehensive income for the year</b>		<b><u>333,587</u></b>	<b><u>446,491</u></b>

## CONSOLIDATED BALANCE SHEET

At 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Fixed assets			
— Investment properties	11	2,985,000	2,352,000
— Other property, plant and equipment		716	505
		<u>2,985,716</u>	<u>2,352,505</u>
Other financial assets		<u>14,170</u>	<u>14,967</u>
		<u>2,999,886</u>	<u>2,367,472</u>
<b>Current assets</b>			
Gross amount due from customers for contract work		72,574	41,654
Trade and other receivables	12	232,632	140,324
Restricted and pledged deposits		45,984	43,149
Cash and bank balances		<u>131,562</u>	<u>208,910</u>
		<u>482,752</u>	<u>434,037</u>
<b>Current liabilities</b>			
Gross amount due to customers for contract work		7,616	—
Trade and other payables	13	237,599	111,259
Bank loans	14	147,880	114,429
Derivative financial instruments		5,236	—
Tax payable		<u>6,150</u>	<u>10,004</u>
		<u>404,481</u>	<u>235,692</u>
<b>Net current assets</b>		<u>78,271</u>	<u>198,345</u>
<b>Total assets less current liabilities</b>		<u>3,078,157</u>	<u>2,565,817</u>
<b>Non-current liabilities</b>			
Bank loans	14	926,973	705,737
Deferred tax liabilities		31,117	23,671
Derivative financial instruments		<u>158</u>	<u>15,980</u>
		<u>958,248</u>	<u>745,388</u>
<b>NET ASSETS</b>		<u>2,119,909</u>	<u>1,820,429</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		4,848	4,000
Reserves		<u>2,115,061</u>	<u>1,816,429</u>
<b>TOTAL EQUITY</b>		<u>2,119,909</u>	<u>1,820,429</u>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

### (a) General information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 August 2012 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 August 2013 (the "Listing Date").

### (b) Basis of preparation

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2015 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), continue to be those of the predecessor Companies Ordinance (Cap. 32). The financial statements also comply with the applicable disclosure provisions of the Listing Rules.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group:

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

These developments have had no material impact on the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segment.

- Construction contracts: this segment constructs residential buildings, shopping arcades, commercial buildings and data centres for external customers and for group companies.
- Property leasing: this segment leases data centres and office premises to generate rental income.

**(a) Segment results**

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	Construction Contracts		Property leasing		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue from external customers	704,126	348,300	142,048	135,763	846,174	484,063
Inter-segment revenue	<u>228,800</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>228,800</u>	<u>—</u>
Reportable segment revenue	<u>932,926</u>	<u>348,300</u>	<u>142,048</u>	<u>135,763</u>	<u>1,074,974</u>	<u>484,063</u>
Reportable segment profit	<u>66,107</u>	<u>70,326</u>	<u>89,375</u>	<u>90,285</u>	<u>155,482</u>	<u>160,611</u>
Interest income	1,200	909	—	—	1,200	909
Interest expense	—	—	(19,541)	(22,020)	(19,451)	(22,020)
Dividend income from unlisted securities	810	847	—	—	810	847
Depreciation	(147)	(69)	(505)	(683)	(652)	(752)
Changes in fair value of investment properties	<u>—</u>	<u>—</u>	<u>211,723</u>	<u>330,938</u>	<u>211,723</u>	<u>330,938</u>

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	<b>1,074,974</b>	484,063
Elimination of inter-segment revenue	<b>(228,800)</b>	—
Consolidated turnover	<b>846,174</b>	484,063
<b>Profit</b>		
Reportable segment profit derived from the Group's external customers	<b>155,482</b>	160,611
Other revenue and other net income	<b>3,956</b>	3,299
Depreciation	<b>(652)</b>	(752)
Finance costs	<b>(19,595)</b>	(22,020)
Changes in fair value of investment properties	<b>211,723</b>	330,938
Net unrealised gain on financial derivative instruments	<b>2,716</b>	3,059
Unallocated head office and corporate expenses	<b>(1,481)</b>	(11,733)
Consolidated profit before taxation	<b>352,149</b>	463,402

**(c) Geographic information**

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

**(d) Information about major customers**

Revenue from customers contributing over 10% of the total turnover of the Group is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A (note (i))	<b>344,707</b>	199,598
Customer B (note (i))	<b>130,241</b>	133,270
Customer C (note (ii))	<b>83,288</b>	80,682
Customer D (note (i))	<b>204,415</b>	-

Notes:

- (i) Revenue from customers A, B and D is generated from provision of construction services.
- (ii) Revenue from customer C is generated from property leasing.

#### 4. TURNOVER

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue from construction contracts	704,126	348,300
Rental income	112,704	112,541
Rental related income	29,344	23,222
	<u>846,174</u>	<u>484,063</u>

#### 5. OTHER REVENUE

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank interest income	1,449	1,139
Dividend income from unlisted securities	810	847
Others	1,360	1,321
	<u>3,619</u>	<u>3,307</u>

#### 6. OTHER NET INCOME

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net unrealised gain on derivative financial instruments	2,716	3,059
Gain on a bargain purchase in relation to the acquisition of a subsidiary	223	—
Net foreign exchange gain/(loss)	114	(8)
	<u>3,053</u>	<u>3,051</u>

## 7. PROFIT BEFORE TAXATION

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on bank loans wholly repayable:		
— within five years	35,075	30,534
— after five years	—	3,437
Other borrowing costs	2,696	2,258
	<u>37,771</u>	<u>36,229</u>
Less: Amount included in construction contracts in progress	(8,623)	(10,561)
Amount capitalised into investment properties under development	(9,553)	(3,648)
	<u>19,595</u>	<u>22,020</u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	69,508	60,609
Contributions to defined contribution retirement plans	2,076	1,625
	<u>71,584</u>	<u>62,234</u>
Less: Amount included in construction contracts in progress	(62,032)	(53,471)
Amount capitalised into investment properties under development	(4,353)	(1,696)
	<u>5,199</u>	<u>7,067</u>
<b>(c) Other items</b>		
Rental income from investment properties	(112,704)	(112,541)
Less: Direct outgoings	46,211	38,380
	<u>(66,493)</u>	<u>(74,161)</u>
Depreciation	652	752

## 8. INCOME TAX

Income tax in the consolidated income statements represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the year	20,154	18,905
(Over)/under provision in respect of prior years	<u>(188)</u>	<u>1,775</u>
	19,966	20,680
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>4,370</u>	<u>4,240</u>
	<u><u>24,336</u></u>	<u><u>24,920</u></u>

- (i) Pursuant to the rules and regulations of the British Virgin Islands (“BVI”) and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.
- (ii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

## 9. OTHER COMPREHENSIVE INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Available-for-sale securities:</b>		
Changes in fair value and net movement in the fair value reserve during the year recognised in other comprehensive income	<u>(797)</u>	<u>(78)</u>
<b>Cash flow hedges:</b>		
Effective portion of changes in fair value of hedging instruments recognised during the year	7,870	9,685
Net deferred tax charged to other comprehensive income	<u>(1,299)</u>	<u>(1,598)</u>
Net movement in the hedging reserve during the year recognised in other comprehensive income	<u><u>6,571</u></u>	<u><u>8,087</u></u>

## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$327,813,000 (2014: HK\$438,482,000) and the weighted average number of 484,409,872 shares (2014 (restated): 440,904,110 shares) in issue during the year.

The weighted average number of shares in issue during the year ended 31 March 2014 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 the period from 1 April 2013 to the Listing Date, and has been adjusted to reflect the effect of the issue of bonus shares on 22 September 2014 and 18 December 2014 on the basis of one bonus share for every ten shares held.

### (b) Diluted earnings per share

There were no potential dilutive shares in existence during the years ended 31 March 2015 and 2014.

## 11. FIXED ASSETS

### (a) Revaluation of investment properties

The valuations of investment properties and investment properties under development were updated at 31 March 2015 by an independent firm of surveyors, Colliers International (Hong Kong) Limited, using the same valuation techniques as were used by the valuers when carrying out the March 2014 valuations. As a result of the update, a gain of HK\$211,723,000 (2014: HK\$330,938,000) has been recognised in profit or loss for the year in respect of investment properties.

During the year ended 31 March 2015, investment properties of HK\$127,000,000 were acquired through the acquisition of a subsidiary, Swift Millions Limited.

(b) The Group's investment properties and investment properties under development were pledged against bank loans, details of which are set out in note 14.

## 12. TRADE AND OTHER RECEIVABLES

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Trade debtors ( <i>note</i> )	<b>130,543</b>	77,312
Deposits, prepayment and other receivables	<b>16,119</b>	8,513
Retentions receivable	<b>85,970</b>	54,499
	<b>232,632</b>	140,324

*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:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Not yet due	<b>119,391</b>	75,143
Under 1 month overdue	<b>10,236</b>	1,903
More than 1 month overdue and up to 3 months overdue	<b>908</b>	86
More than 3 months overdue and up to 6 months overdue	—	180
More than 6 months overdue and up to 1 year overdue	<b>8</b>	—
	<b>130,543</b>	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.

### 13. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Creditors and accrued charges ( <i>note</i> )	168,204	65,611
Rental and other deposits	7,214	6,064
Receipts in advance	3,232	3,116
Retentions payable	58,949	36,468
	<u>237,599</u>	<u>111,259</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Due within 1 month or on demand	103,181	30,769
Due after 1 month but within 3 months	122	207
Due after 3 months but within 6 months	4	174
Due after 6 months	3	126
	<u>103,310</u>	<u>31,276</u>

### 14. BANK LOANS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loans		
- Secured	1,067,506	820,166
- Unsecured	7,347	—
	<u>1,074,853</u>	<u>820,166</u>

At 31 March 2015, the bank loans were repayable as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 1 year and included in current liabilities	147,880	114,429
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	143,276	116,765
After 2 years but within 5 years	746,197	433,159
After 5 years	37,500	155,813
	<u>926,973</u>	<u>705,737</u>
	<u>1,074,853</u>	<u>820,166</u>

The bank loans for the year were secured by the following assets:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Investment properties	2,985,000	2,352,000
Pledged deposits	39,920	37,085
Available-for-sale securities	14,170	14,967
Other assets	58,871	48,773
	<u>3,097,961</u>	<u>2,452,825</u>

## 15. DIVIDENDS

- (a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interim dividend declared and paid of		
HK4.2 (2014: 3.6) cents per ordinary share	<b>18,510</b>	14,400
Final dividend proposed after the balance sheet date of		
HK4.2 (2014: 4.6) cents per ordinary share	<b>20,361</b>	18,400
	<b><u>38,871</u></b>	<u>32,800</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK4.6 cents per ordinary share (2014: Nil)	<b>18,400</b>	—

## 16. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2015 not provided for in the Group's financial statements were as follows:

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Contracted for	<b>26,043</b>	24,735
Authorised but not contracted for	<b>195,515</b>	486,605
	<b><u>221,558</u></b>	<u>511,340</u>

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

## 17. CONTINGENT LIABILITIES

At 31 March 2015, the Company had contingent liabilities in respect of performance bonds to guarantee for the due and proper performance of the obligations undertaken by one of the Group's subsidiaries amounting to HK\$103,670,000 (2014: HK\$65,700,000).

## **DIVIDENDS**

The Board recommends payment of a final dividend of HK4.2 cents per share to shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company on 31 July 2015. Subject to approval by the Shareholders in the forthcoming annual general meeting of the Company, the dividend warrants will be dispatched to Shareholders on or around 12 August 2015.

Together with the interim dividend of HK4.2 cents per share already paid, the total dividend for FY 2015 will amount to HK8.4 cents per share, representing a payout ratio of approximately 33.5%.

## **PROPOSED BONUS SHARES ISSUE**

The Board proposes a bonus issue of shares on the basis of one bonus share for every ten existing shares held by Shareholders whose names appear on the register of members of the Company on 31 July 2015. The relevant resolution will be proposed in the forthcoming annual general meeting of the Company and, if passed and upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in such new shares, shares certificates for the bonus shares will be dispatched to Shareholders on or around 12 August 2015.

The bonus shares will rank pari passu in all respects with the existing shares in issue from the date of issue except that they will not rank for the final dividend for the FY 2015. No fractional shares arising from the bonus issue shall be allotted, and fractional entitlements will be aggregated and sold at such time or times as the Directors shall think fit for the benefit of the Company.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine entitlement of shareholders to the right to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 21 July 2015 to 23 July 2015, both days inclusive, during which period no share transfer will be effected. 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 20 July 2015.

In order to determine shareholders who qualify for the proposed final dividend and proposed bonus issue of shares, the register of members of the Company will be closed from 29 July 2015 to 31 July 2015, both days inclusive, during which period no share transfer will be effected. 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 28 July 2015.

## **BUSINESS REVIEW**

The Group has a long history in the construction sector as a main contractor in residential and commercial property development projects for prominent local developers since 1997. With the aim of broadening the income stream from a project-based nature to a more balanced one and procuring a higher gross profit margin, the Group tapped into data centre premises leasing business in 2007.

### **Construction Business**

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

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

The Group's existing high-tier data centre, namely iTech Tower, in Tsuen Wan, provides approximately 53,200 square feet of raised floor area ("RFA"), and has been fully occupied since 2011.

The site for the second high-tier data centre, located in Ta Chuen Ping Street, Kwai Chung, was acquired in November 2012 and the superstructure works were completed in January 2015. This second data centre will provide RFA of approximately 45,000 square feet with initial operation by the end of 2015. The whole development work is expected to be completed around the third quarter of 2016 with estimated total development costs, including land cost, of approximately HK\$682 million.

## **OUTLOOK**

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

Hong Kong is still an international financial centre amidst the rising challenges spanning across 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 securities listing. To retain its international financial centre standing, Hong Kong must continue its unparalleled move in the development of high-tier data centres ("HTDCs"), in support of high frequency stock trading, e-commerce and cloud computing services. Shanghai-Hong Kong Stock Connect is the paramount financial event, being backed up by HTDCs. Leveraging its close relationship with Mainland China, 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 development of the second high-tier data centre is in good progress and is 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 into 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 arena, such as establishing China (Shanghai) Pilot Free Trade Zone and the Shenzhen Qianhai Special Zone, 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 ample banking facilities from banks, the Directors believe the Group has sufficient working capital for the Group’s operations and expansion in the near future.

## **FINANCIAL REVIEW**

### **Turnover**

The Group’s total turnover for FY 2015 was approximately HK\$846.2 million, representing an increase of approximately 74.8% or HK\$362.1 million from approximately HK\$484.1 million for the year ended 31 March 2014 (“FY 2014”). Turnover from the construction business increased by approximately 102.2% or HK\$355.8 million, from approximately HK\$348.3 million for FY 2014 to approximately HK\$704.1 million for FY 2015. Turnover from the data centre premises leasing business increased by approximately 4.5% or HK\$6.1 million, from approximately HK\$135.8 million for FY 2014 to approximately HK\$141.9 million for FY 2015.

The increase in revenue was mainly contributed by recognition of revenue from two construction projects which commenced works at the beginning and mid of FY 2015 respectively and completion of substantial portion of building works of a major construction project during FY 2015 which rendered a greater extent of revenue being certified. In addition, there was 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 3.5% or HK\$6.0 million, from approximately HK\$172.8 million for FY 2014 to approximately HK\$166.8 million for FY 2015, mainly due to the absence of comparatively high gross profit contribution from additional works in several construction projects which were completed during FY2014.

## **General and administrative expenses**

The Group's general and administrative expenses decreased by approximately 45.5% or HK\$11.2 million, from approximately HK\$24.6 million for FY 2014 to approximately HK\$13.4 million for FY 2015, primarily because no listing and listing related expenses were incurred during FY 2015 as the Company was successfully listed on the Main Board of the Stock Exchange in August 2013.

## **Change in fair value of investment properties**

The Group recorded fair value gains on investment properties of approximately HK\$211.7 million during FY 2015 as compared to the fair value gains of approximately HK\$330.9 million for the corresponding period last year. The revaluation gains primarily arise from our second high-tier data centre located at Ta Chuen Ping Street, Kwai Chung, Hong Kong based on its state of completion.

## **Profit for the year**

The Group recorded a net profit of approximately HK\$327.8 million for FY 2015, a decrease of approximately 25.2% or HK\$110.7 million when compared with that of approximately HK\$438.5 million for the same period in 2014. Excluding the fair value gains on investment properties, the Group recorded an adjusted profit for the year of approximately HK\$116.1 million in FY 2015, representing an increase of approximately 7.9% or HK\$8.6 million when compared to an adjusted profit for the year of approximately HK\$107.5 million in FY 2014.

## **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") in 2013.

As at 31 March 2015, the Group's total cash balances were approximately HK\$177.5 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 1.19 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 50.7% (31 March 2014: approximately 45.1%).

Interest on bank loans is charged at floating rates. The Group had in place treasury policy in which the exposure to floating interest rate risk is 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 31 March 2015, the Group has used up all the net proceeds in accordance with the proposed usage set out in 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	0.4	–
General working capital	8.6	8.6	–
	<u>85.6</u>	<u>85.6</u>	<u>–</u>

## MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 21 January 2015, a wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement to acquire the entire equity interest in Swift Millions Limited (“Swift Millions”) and the shareholder’s loan due by Swift Millions at a consideration of HK\$125 million. Swift Millions is principally engaged in property investment business and is holding a property located at 19<sup>th</sup> Floor, No. 39 Chatham Road South, Kowloon, Hong Kong. The acquisition was completed on 16 March 2015.

Details of the acquisition were set out in the Company’s announcement dated 21 January 2015.

Save as disclosed above, there was no acquisition or disposal of subsidiaries and associated companies by the Company during FY 2015.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had a total of 166 (31 March 2014: 135) employees. The total remuneration cost incurred by the Group for the FY 2015 was approximately HK\$71.6 million (2014: approximately HK\$62.2 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 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\$1,074.9 million as at 31 March 2015 (31 March 2014: approximately HK\$820.2 million). Bank borrowings of approximately HK\$ 1,067.5 million are secured by the Group's assets with an aggregate carrying amount of approximately HK\$3,098.0 million as at 31 March 2015.

## **FOREIGN CURRENCY RISK**

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

## **CAPITAL COMMITMENTS**

Save as disclosed in note 16 to this announcement, the Group had no other capital commitments as at 31 March 2015.

## **CONTINGENT LIABILITIES**

Save as disclosed in note 17 to this announcement, the Group had no other contingent liabilities as at 31 March 2015.

## **EVENT AFTER THE REPORTING PERIOD**

No significant events have taken place subsequent to 31 March 2015 and up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company for the year ended 31 March 2015 will be held on 23 July 2015. A notice convening the annual general meeting will be issued and dispatched to Shareholders in due course.

## **SCOPE OF WORK OF KPMG**

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **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 Group's consolidated financial statements for the year ended 31 March 2015.

## **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 year ended 31 March 2015.

## **CORPORATE GOVERNANCE**

Throughout the year ended 31 March 2015, the Company had complied with all of the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors by the Company, all Directors confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2015.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.grandming.com.hk](http://www.grandming.com.hk)). The annual report for the FY 2015 containing all relevant information required by the Listing Rules will be disseminated to the Shareholders and available on the above websites in due course.

## **APPRECIATION**

The Board would like to thank the management of the Group and all the staffs for their hard work and dedication, as well as Shareholders, the Group's business partners and associates, bankers and auditors for their support to the Group.

By Order of the Board  
**Grand Ming Group Holdings Limited**

**Chan Hung Ming**  
Chairman and Executive Director

Hong Kong, 2 June 2015

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