

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2014

The board of Directors (the “Board”) of Grand Ming Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover	4	484,063	773,700
Direct costs		(311,297)	(633,648)
Gross profit		172,766	140,052
Other revenue	5	3,307	3,231
Other net income	6	3,051	198
General and administrative expenses		(24,640)	(20,832)
Changes in fair value of investment properties		330,938	67,395
Profit from operations		485,422	190,044
Finance costs	7(a)	(22,020)	(24,085)
Profit before taxation	7	463,402	165,959
Income tax	8	(24,920)	(16,978)
Profit for the year		438,482	148,981
Earnings per share (Hong Kong cents) —			
Basic and Diluted	11	120.3	49.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year		438,482	148,981
Other comprehensive income for the year	9		
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale securities:			
net movement in the fair value reserve		(78)	760
Cash flow hedges:			
net movement in the hedging reserve		<u>8,087</u>	<u>3,271</u>
		<u>8,009</u>	<u>4,031</u>
Total comprehensive income for the year		<u>446,491</u>	<u>153,012</u>

CONSOLIDATED BALANCE SHEET

At 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Fixed assets			
— Investment properties	12	2,352,000	1,974,000
— Other property, plant and equipment		505	1,131
		<u>2,352,505</u>	1,975,131
Other financial assets		14,967	15,045
		<u>2,367,472</u>	1,990,176
Current assets			
Gross amount due from customers for contract work		41,654	16,358
Trade and other receivables	13	140,324	186,506
Restricted and pledged deposits		43,149	43,920
Cash and bank balances		208,910	55,467
		<u>434,037</u>	302,251
Current liabilities			
Gross amount due to customers for contract work		—	33,747
Trade and other payables	14	111,259	87,582
Secured bank loans		114,429	67,470
Tax payable		10,004	5,996
		<u>235,692</u>	194,795
Net current assets		<u>198,345</u>	107,456
Total assets less current liabilities		<u>2,565,817</u>	2,097,632
Non-current liabilities			
Secured bank loans		705,737	760,671
Deferred tax liabilities		23,671	17,833
Derivative financial instruments		15,980	28,724
		<u>745,388</u>	807,228
NET ASSETS		<u>1,820,429</u>	1,290,404
CAPITAL AND RESERVES			
Share capital	15	4,000	5,000
Reserves		1,816,429	1,285,404
TOTAL EQUITY		<u>1,820,429</u>	1,290,404

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.

Pursuant to a reorganisation of the Group (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 consolidated financial statements of the Group have been prepared as if the current group structure had been in existence throughout both periods presented, or since the respective dates of incorporation or establishment 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

The consolidated annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 March 2014 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 Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of these new or amended HKFRSs are discussed below:

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in the financial statements has been modified accordingly.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided these disclosures in notes to the financial statements. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

The other developments have had no material impact on the Group's financial statements.

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 segments.

- 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.

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.

	Construction contracts		Property leasing		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue from external customers	348,300	640,112	135,763	133,588	484,063	773,700
Inter-segment revenue	—	—	—	—	—	—
Reportable segment revenue	348,300	640,112	135,763	133,588	484,063	773,700
Reportable segment profit	70,326	35,344	90,285	93,749	160,611	129,093
Interest income	909	354	—	—	909	354
Interest expense	—	—	(22,020)	(24,085)	(22,020)	(24,085)
Dividend income from unlisted securities	847	920	—	—	847	920
Depreciation	(69)	(197)	(683)	(1,193)	(752)	(1,390)
Changes in fair value of investment properties	—	—	330,938	67,395	330,938	67,395

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	484,063	773,700
Elimination of inter-segment revenue	—	—
	<u>484,063</u>	<u>773,700</u>
Consolidated turnover	<u><u>484,063</u></u>	<u><u>773,700</u></u>
Profit		
Reportable segment profit derived from the Group's external customers	160,611	129,093
Other revenue and other net income	3,299	3,255
Depreciation	(752)	(1,390)
Finance costs	(22,020)	(24,085)
Changes in fair value of investment properties	330,938	67,395
Net unrealised gain on financial derivative instruments	3,059	174
Unallocated head office and corporate expenses	(11,733)	(8,483)
	<u>(11,733)</u>	<u>(8,483)</u>
Consolidated profit before taxation	<u><u>463,402</u></u>	<u><u>165,959</u></u>

(c) Geographic information

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

4 TURNOVER

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue from construction contracts	348,300	640,112
Rental income	112,541	113,049
Rental related income	23,222	20,539
	<u>484,063</u>	<u>773,700</u>

5 OTHER REVENUE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank interest income	1,139	354
Dividend income from unlisted securities	847	920
Others	1,321	1,957
	<u>3,307</u>	<u>3,231</u>

6 OTHER NET INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net unrealised gain on derivative financial instruments	3,059	174
Net foreign exchange loss	(8)	(18)
Net realised gain on foreign exchange forward contracts	–	6
Others	–	36
	<u>3,051</u>	<u>198</u>

7 PROFIT BEFORE TAXATION

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans wholly repayable:		
— within five years	30,534	24,030
— after five years	3,437	5,565
Other borrowing costs	2,258	686
	<u>36,229</u>	<u>30,281</u>
Less: Amount included in construction contracts in progress	(10,561)	(6,196)
Amount capitalised into investment properties under development	<u>(3,648)</u>	<u>–</u>
	<u>22,020</u>	<u>24,085</u>
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	60,609	53,755
Contributions to defined contribution retirement plans	1,625	1,652
	<u>62,234</u>	<u>55,407</u>
Less: Amount included in construction contracts in progress	(53,471)	(47,963)
Amount capitalised into investment properties under development	<u>(1,696)</u>	<u>–</u>
	<u>7,067</u>	<u>7,444</u>
(c) Other items		
Rental income from investment properties	(112,541)	(113,049)
Less: Direct outgoings	38,380	34,749
	<u>(74,161)</u>	<u>(78,300)</u>
Depreciation	<u>752</u>	<u>1,390</u>

8 INCOME TAX

Income tax in the consolidated income statements represents:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax		
Provision for Hong Kong Profits Tax for the year	18,905	12,993
Under/(over) provision in respect of prior years	<u>1,775</u>	<u>(322)</u>
	20,680	12,671
Deferred tax		
Origination and reversal of temporary differences	<u>4,240</u>	<u>4,307</u>
	<u>24,920</u>	<u>16,978</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% (2013: 16.5%) of the estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2012-2013 subject to a ceiling of HK\$10,000 allowed by the Government of the Hong Kong Special Administrative Region for each business.

9 OTHER COMPREHENSIVE INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Available-for-sale securities:		
Changes in fair value and net movement in the fair value reserve during the year recognised in other comprehensive income	<u>(78)</u>	<u>760</u>
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	9,685	3,916
Net deferred tax charged to other comprehensive income	<u>(1,598)</u>	<u>(645)</u>
Net movement in the hedging reserve during the year recognised in other comprehensive income	<u>8,087</u>	<u>3,271</u>

10 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend declared and paid of HK3.6 (2013: Nil) cents per ordinary share	14,400	–
Final dividend proposed after the balance sheet date of HK4.6 (2013: Nil) cents per ordinary share	18,400	–
	32,800	–

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

11 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\$438,482,000 (2013: HK\$148,981,000) and the weighted average number of 364,384,000 shares (2013: 300,000,000 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 100,000,000 shares issued under the initial public offering (“IPO”).

The weighted average number of shares in issue during the year ended 31 March 2013 is based on the assumption that 300,000,000 shares of the Company were in issue, and comprising 100 shares in issue, 9,900 shares issued under the share split and 299,990,000 shares issued pursuant to the capitalisation issue, and as if these shares were outstanding throughout that year.

	2014 <i>'000</i>	2013 <i>'000</i>
Weighted average number of shares		
Issued ordinary shares at 1 April	–	–
Effect of share split	10	10
Effect of capitalisation issue	299,990	299,990
Effect of issuance of new shares under the IPO	64,384	–
Weighted average number of shares at 31 March	364,384	300,000

(b) Diluted earnings per share

There were no diluted potential shares in existence during the years ended 31 March 2014 and 2013.

12 FIXED ASSETS

Revaluation of investment properties

The Group's investment properties and investment properties under development were revalued as at 31 March 2014 by an independent firm of surveyors, Colliers International (Hong Kong) Limited ("Colliers"), who have among their staff Members of The Hong Kong Institute of Surveyors, with recent experience in the location and category of the properties being valued. The valuations of the Group's investment properties were carried out by Colliers on a market value basis in their existing states on the basis of capitalisation of discounted cash flow projections based on estimates of future rental income using current market rentals and yields as inputs and, where appropriate, on the basis of capitalisation of the net rental income allowing for revisionary income potential. The investment properties under development were valued on the residual method by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from the amount the estimated costs to complete the construction, finance costs and a reasonable profit margin.

A valuation gain of HK\$330,938,000 (2013: HK\$67,395,000) has been recognised in profit or loss for the year in respect of investment properties.

13 TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade debtors	77,312	135,950
Deposits, prepayments and other receivables	8,513	8,858
Retentions receivable	54,499	41,698
	<u>140,324</u>	<u>186,506</u>

Notes:

- (i) 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Not yet due	75,143	126,148
Under 1 month overdue	1,903	8,824
More than 1 month overdue and up to 3 months overdue	86	902
More than 3 months overdue and up to 6 months overdue	180	49
More than 6 months overdue and up to 1 year overdue	–	27
	<u>77,312</u>	<u>135,950</u>

- (ii) The Group maintains a defined credit policy and the exposures to the credit risks are monitored on an ongoing basis. 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. In respect of rental income

from leasing properties, sufficient 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.

14 TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Creditors and accrued charges (<i>note (i)</i>)	65,611	37,106
Rental and other deposits	6,064	6,064
Receipts in advance	3,116	–
Retentions payable	36,468	35,962
Amounts due to the former holding company (<i>note (ii)</i>)	–	8,450
	<u>111,259</u>	<u>87,582</u>

Notes:

- (i) Included in trade and other payables are trade creditors with the following ageing analysis at the balance sheet date:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Due within 1 month or on demand	30,769	6,843
Due after 1 month but within 3 months	207	10,472
Due after 3 month but within 6 months	174	–
Due after 6 months but within 1 year	126	–
	<u>31,276</u>	<u>17,315</u>

- (ii) The amounts due to the former holding company, Grand Ming Holdings Limited, at 31 March 2013 were unsecured, interest-free and repayable on demand. The amounts were fully settled during the year ended 31 March 2014.

15 SHARE CAPITAL

	2014		2013	
	No. of Shares '000	Amount <i>HK\$'000</i>	No. of Shares '000	Amount <i>HK\$'000</i>
Authorised				
Ordinary shares of HK\$0.01 each (2013: HK\$1 each)	<u>10,000,000</u>	<u>100,000</u>	<u>390</u>	<u>390</u>
Ordinary shares, issued and fully paid				
At 1 April	–#	–*	–#	–*
Share split (<i>note (i)</i>)	10	–	–	–
Capitalisation issue (<i>note (ii)</i>)	299,990	3,000	–	–
Issuance of new shares under the IPO (<i>note (iii)</i>)	<u>100,000</u>	<u>1,000</u>	–	–
At 31 March	<u>400,000</u>	<u>4,000</u>	–#	–*

* Each represents HK\$100

Each represents 100 shares

Notes:

- (i) The Company was incorporated on 14 August 2012 with an authorised share capital of HK\$390,000 divided into 390,000 shares of HK\$1 each. On the same date, the Company allotted and issued an aggregate of 100 shares of HK\$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. The share capital in the consolidated balance sheet as at 31 March 2014 represented the share capital of the Company.

On 23 July 2013, pursuant to a written resolution of the shareholders of the Company, each share of HK\$1 each was split into 100 shares of HK\$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.

- (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 HK\$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 HK\$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 HK\$0.01 each issued at a price of HK\$1.11 per share. Proceeds of HK\$1,000,000 representing the par value of shares issued, were credited to the Company's share capital. The remaining proceeds of HK\$101,934,000, after deducting issuing expenses of \$8,066,000, were credited to the share premium account.

16 CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2014 not provided for in the Group's financial statements were as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Contracted for	24,735	12,756
Authorised but not contracted for	486,605	545,646
	511,340	558,402

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

17 CONTINGENT LIABILITIES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Guarantees given to financial institutions for loans facilities granted to the former holding company	–	5,734

The guarantees given by the Group as at 31 March 2013 as set out above were released upon the Listing Date.

OVERVIEW

The Board is delighted to present the first annual results of the Group for the year ended 31 March 2014 (“FY 2014”) since the listing of the Company’s shares (“Shares”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 August 2013 (the “Listing Date”). 100,000,000 Shares were issued under the public offer and placing of Shares (the “IPO” or “Share Offer”), raising net proceeds of approximately HK\$85.6 million with an oversubscription of 176 times for the public offer under the then adverse stock market condition of Hong Kong. The closing share price of the Company on 31 March 2014 was HK\$3.20, representing an increase of approximately 188% as compared to the final price of the Share Offer of HK\$1.11 which shows continuous support from the shareholders of the Company (the “Shareholders”). Net proceeds are planned to be utilised for the development of a second high-tier data centre building (65%), construction projects (24.5%), sales and marketing (0.5%), and general working capital (10%) as per the Company’s prospectus dated 30 July 2013 (the “Prospectus”).

The Group’s profit attributable to the equity shareholders of the Company for FY 2014 amounted to approximately HK\$438.5 million, representing an increase of approximately HK\$289.5 million or 194% over approximately HK\$149.0 million for the corresponding year ended 31 March 2013 (“FY 2013”). Earnings per share were HK\$1.20. By excluding the changes in fair value of investment properties, the Group recorded net profit for the year for FY 2014 of approximately HK\$107.5 million, representing an increase of approximately HK\$25.9 million or 31.7% over approximately HK\$81.6 million for FY 2013.

To thank the support and trust of the Shareholders, the Board recommends the payment of a final dividend of HK4.6 cents per share to Shareholders whose name appear on the register of members of the Company on 7 August 2014. Together with the interim dividend of HK3.6 cents per share already paid, the total dividend for FY 2014 will amount to HK8.2 cents per share, representing a payout ratio of approximately 30.5%. The proposed final dividend will be payable in cash, with a scrip dividend alternative to allow Shareholders to receive new and fully paid shares in lieu of cash. The Board also proposes to make a bonus issue of one new share credited as fully paid for every 10 shares held to Shareholders whose names appear on the register of members of the Company on 7 August 2014. For details, please refer to paragraphs headed “Final Dividend” and “Bonus Share Issue” in this announcement.

BUSINESS REVIEW

The Group has a long history in the construction sector as a main contractor in residential property development projects for prominent local developers and started to broaden its income stream from a project-based nature to a more balanced one by diversifying into the data centre premises leasing business, which has a relatively higher gross profit margin, since 2007.

Construction Business

During the FY 2014, a slow global economic growth was noted. However, the construction industry in Hong Kong remained strong and improved steadily with the launch of government projects. Optimism grows over the construction market in Hong Kong in terms of new construction projects, employment rate and prospects. The Government of the Hong Kong Special Administrative Region (the “Government”) rescheduled the new housing supply targets by increasing more public housing and providing land for building private residential units. Increasing construction costs triggered by the shortage of human resources in the industry still prevails. As such, the Group continues to adopt a conservative approach in submitting tenders and taking on new construction projects and emphasises quality of work in order to expand our clientele to more renowned developers. In the

year under review, the construction business recorded a turnover of approximately HK\$348.3 million (2013: approximately HK\$640.1 million), representing a decrease of approximately 45.6%. As at the date of this announcement, the Group has construction contracts on hand in progress with total contract value of approximately HK\$961 million.

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 foundation work was completed in May 2014. The 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. The second data centre building is expected to provide approximately 45,000 square feet of RFA with initial operation by the end of 2015. During FY 2014, turnover of the data centre premises leasing business slightly increased by 1.63% to approximately HK\$135.8 million.

OUTLOOK

The current economic environment in Hong Kong is stable in respect of the increases in average salaries, inflation rate and gross domestic product and the demand for private residential housing cannot be curbed in the medium to long term. When the global market gradually recovers and the property pricing is gradually stabilised in Hong Kong, our revenue from building construction business will benefit accordingly. However, threats from rising construction costs due to the shortage of construction professionals and skilled labour still exist. We also work closely with our subcontractors and suppliers, develop construction initiatives in technology and design for better operational efficiency, and reduce the demand for manpower to trim down the overall construction costs. Further expanding our quality customer base other than the current few renowned property developers is another strategy to broaden our revenue base. With the boost of more land pieces for building private residential units to match the new supply targets from the Government, we are still optimistic in our construction business in the foreseeable future. The property development market in Hong Kong is expected to recover soon with the expectation of easing some existing tightening measures by the Government and the demand for private residential housing is expected to gradually soar. This may provide a good opportunity for the Group to reconsider, at a time when the land price is adjusted to a healthy level, to engage in the property development sector again by leveraging its affluent experience in building construction and previous property development experience, effectively managing the property development and construction costs.

According to a discussion paper published by the Commerce and Economic Development Bureau of HKSAR in March 2011, the National Twelfth Five-Year Plan has affirmed the Central People's Government of the PRC's continuous support for Hong Kong to strengthen the development in finance, logistics, information services, and other high value-added service industries. Data centres play a critical role in buttressing all these industries. In sharpening its competitiveness, Hong Kong must move expeditiously in the race to further the development of high-tier data centres ("HTDCs"), especially those in support of high-frequency stock trading, e-commerce, and cloud computing services. Hong Kong is a prime location for data centres, benefiting from its proximity to the Mainland, business-friendly environment, sound protection of data privacy, reliable power supply, comprehensive telecommunications infrastructure and low risk of natural disasters. The Government has continued its support by granting parcels of land in Tseung Kwan O and Taipo Industrial Estate since 2001 for housing HTDCs for local and multinational corporations ("MNCs"). Self-developing HTDCs for renting to MNCs remains our core strategy. We have received positive responses from the market interested in leasing our second high-tier data centre. In addition we note

that there is an emerging market trend of many MNCs preferring to buy and hold own blocks of HTDCs. As such, we will consider sourcing suitable land or existing building to design and build or convert it to high tier data centre for these corporations.

FINANCIAL REVIEW

Turnover

The Group's total turnover for FY 2014 was approximately HK\$484.1 million, representing a decrease of approximately 37.4% or HK\$289.6 million from approximately HK\$773.7 million for FY 2013. The decrease in turnover was mainly attributable to substantial completion of several sizable construction projects in the second half of FY 2013 as compared to a much smaller extent of works being certified on these projects in the FY 2014.

Gross profit

The Group's gross profit increased by approximately 23.4% or HK\$32.7 million, from approximately HK\$140.1 million for FY 2013 to approximately HK\$172.8 million for FY 2014. The increase in gross profit was attributable to the increasing gross profit contribution from additional works in several construction projects which were completed during the FY 2014.

Other revenue

The Group's other revenue increased by approximately 2.4% or HK\$0.1 million, from approximately HK\$3.2 million for FY 2013 to approximately HK\$3.3 million for FY 2014. The increase in other revenue was mainly attributable to increase in bank interest income.

Other net income

The Group's other net income increased by approximately 1,441% or HK\$2.9 million, from approximately HK\$0.2 million for FY 2013 to approximately HK\$3.1 million for FY 2014. The increase in other net income primarily resulted from the increase in net unrealised gain on the interest rate swaps.

General and administrative expenses

The Group's general and administrative expenses increased by approximately 18.3% or HK\$3.8 million, from approximately HK\$20.8 million for FY 2013 to approximately HK\$24.6 million for FY 2014. This was mainly attributable to the increase in the professional fees after listing and the one-off listing related expenses incurred during FY 2014.

Change in fair value of investment properties

The Group recorded fair value gains on investment properties of approximately HK\$330.9 million during FY 2014 as compared to the fair value gains of approximately HK\$67.4 million for the corresponding period last year. The significant increase mainly arises from the development progress of our second high-tier data centre located at Ta Chuen Ping Street, Kwai Chung, Hong Kong.

Profit for the year

By excluding the fair value gains on investment properties, the Group recorded an adjusted profit of approximately HK\$107.5 million for this year, representing an increase of approximately 31.7% as compared to the adjusted profit of approximately HK\$81.6 million for the corresponding period last year.

FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities, bank borrowings and proceeds received from the IPO.

As at 31 March 2014, the Group's total cash balances were approximately HK\$252.1 million (31 March 2013: approximately HK\$99.4 million), most of which are held in Hong Kong dollars. The current ratio (defined as current assets divided by current liabilities) of the Group increased from 1.55 times as at 31 March 2013 to 1.84 times as at 31 March 2014. The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group declined from approximately 64.2% as at 31 March 2013 to approximately 45.1% as at 31 March 2014. This was mainly attributable to the proceeds received from the IPO.

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 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 31 March 2014, the Group has used part of the net proceeds in accordance with the proposed usage as set out in the Prospectus:

	Net proceeds (HK\$million)		
	Available	Utilised	Unutilised
Development of second data centre	55.6	24.3	31.3
Initial outlay for new construction projects	21.0	0.2	20.8
Sales and marketing promotion activities	0.4	–	0.4
General working capital	8.6	8.6	–
	<u>85.6</u>	<u>33.1</u>	<u>52.5</u>

The unutilised net proceeds are held in reputable banks in Hong Kong as short-term deposits and time deposits.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During FY 2014, there was no acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group had a total of 135 (2013: 147) employees. The total remuneration costs incurred by the Group for the FY 2014 were approximately HK\$62.2 million (2013: approximately HK\$55.4 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\$820.2 million as at 31 March 2014, while that as at 31 March 2013 was approximately HK\$828.1 million. These bank borrowings are secured by the Group's assets with an aggregate carrying amount of approximately HK\$2,452.8 million and HK\$1,920.3 million as at 31 March 2014 and 31 March 2013 respectively.

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENTS

Save as disclosed in note 16 to this announcement, the Group had no other capital commitments as at 31 March 2014 and 31 March 2013.

CONTINGENT LIABILITIES

Save as disclosed in note 17 to this announcement, the Group had no other contingent liabilities as at 31 March 2014 and 31 March 2013.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK4.6 cents per share to Shareholders whose names appear on the register of members on 7 August 2014 and is subject to approval by the Shareholders of the Company in the forthcoming annual general meeting.

The proposed final dividend will be payable in cash, with an alternative to shareholders to receive new and fully paid shares in lieu of cash in respect of part or all of such dividend under the scrip dividend scheme ("Scrip Dividend Scheme"). The new shares will, on issue, not be entitled to the proposed final dividend and bonus shares, but will rank *pari passu* in all other respects with the existing shares.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the forthcoming annual general meeting of the Company and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme. If these conditions are met, the final dividend will be distributed, and the share certificates to be issued under the Scrip Dividend Scheme are expected to be despatched to Shareholders on or before 22 September 2014.

A circular containing detail of the Scrip Dividend Scheme together with an election form will be sent to Shareholders in due course.

BONUS SHARE ISSUE

The Board proposes to make a bonus issue of one new share credited as fully paid for every 10 shares held to Shareholders whose names appear on the register of members on 7 August 2014. The relevant resolution will be proposed at the forthcoming annual general meeting, and if passed 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 despatched to Shareholders on or before 22 September 2014.

The bonus shares will, on issue, not be entitled to the final dividend in respect of the financial year ended 31 March 2014, but will rank pari passu in all other respects with the existing shares. 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.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 March 2014 will be held on 31 July 2014. A notice convening the annual general meeting will be issued and despatched to Shareholders in due course.

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 28 July 2014 to 31 July 2014, 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 25 July 2014.

In order to determine shareholders who qualify for the proposed final dividend and proposed issue of bonus shares, the register of members of the Company will be closed from 6 August 2014 to 7 August 2014, 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 5 August 2014.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 23 July 2013 with terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchanges of Hong Kong Limited (the “Listing Rules”) for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the internal control procedures of the Group. The Audit Committee now 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 has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters.

The Group’s annual results for the year ended 31 March 2014 have been reviewed by the Audit Committee.

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 from the Listing Date up to 31 March 2014.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the CG Code as contained in Appendix 14 to the Listing Rules from the Listing Date to 31 March 2014.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. Following specific enquiry by the Company to the Directors, all Directors have confirmed their compliance with the required standard set out in the Model Code from the Listing Date to 31 March 2014.

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 Listing 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) and the Company's website (www.grandming.com.hk). The annual report for the year ended 31 March 2014 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 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, 3 June 2014

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.