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

2014
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Hung Ming *(Chairman)*
Mr. Lau Chi Wah
Mr. Yuen Ying Wai
Mr. Kwan Wing Wo

Independent Non-Executive Directors

Mr. Tsui Ka Wah
Mr. Kan Yau Wo
Mr. Mok Kwai Pui Bill
Mr. Lee Chung Yiu Johnny

COMPANY SECRETARY

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

COMMITTEES OF THE BOARD

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

AUTHORISED REPRESENTATIVES

Mr. Chan Hung Ming
Mr. Lau Chi Wah

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F., Eastern Commercial Centre
395–399 Hennessy Road, Hong Kong

HONG KONG LEGAL ADVISER

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

COMPLIANCE ADVISER

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

AUDITORS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

1271

COMPANY WEBSITE

www.grandming.com.hk

FINANCIAL HIGHLIGHTS

	2014	2013	2012	2011
Turnover (HK$'000)				
a. Construction	**348,300**	640,112	926,844	349,780
b. Data centre premises leasing	**135,763**	133,588	131,218	108,181
	484,063	773,700	1,058,062	457,961
Segment profit (HK$'000)				
a. Construction	**70,326**	35,344	17,264	8,757
b. Data centre premises leasing	**90,285**	93,749	94,212	79,849
	160,611	129,093	111,476	88,606
Adjusted operating profit for the year (HK$'000) *(Note (i))*	**107,544**	81,586	58,936	45,781
Current ratio	**1.84**	1.55	0.41	0.35
Gearing ratio *(Note (ii))*	**45.1%**	64.8%	61.2%	77.4%
Net gearing ratio *(Note (iii))*	**31.2%**	57.1%	50.7%	71.5%
Return on equity	**24.1%**	12.2%	9.1%	25.6%

Notes:

(i) Adjusted operating profit for the year is calculated based on the profit for the year adjusted by excluding the changes in fair value of investment properties

(ii) Gearing ratio represents total interest-bearing borrowings divided by shareholders' equity and multiplied by 100%.

(iii) Net gearing ratio represents total interest-bearing borrowings net of cash and bank balances, divided by shareholders' equity and multiplied by 100%.

FOUR-YEAR FINANCIAL SUMMARY

	2014 **HK$'000**	2013 HK$'000	2012 HK$'000	2011 HK$'000
RESULTS				
For the year ended 31 March				
Turnover	**484,063**	773,700	1,058,062	457,961
Profit before taxation	**463,402**	165,959	113,429	256,891
Profit for the year	**438,482**	148,981	101,936	247,703
ASSETS AND LIABILITIES				
As at 31 March				
Total assets	**2,801,509**	2,292,427	2,211,858	2,103,247
Total liabilities	**981,080**	1,002,023	1,054,466	1,012,775
Total equity	**1,820,429**	1,290,404	1,157,392	1,090,472

CHAIRMAN'S STATEMENT

Chan Hung Ming
Chairman

On behalf of the board (the "Board") of directors (the "Directors") of Grand Ming Group Holdings Limited (the "Company"), I am delighted to present the first annual report of the Company and its subsidiaries (collectively 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").

INITIAL PUBLIC OFFER

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 IPO 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 at HK$1.11 which showed continuous support from the shareholders of the Company ("Shareholders").

RESULTS

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 HK120.3 cents. By excluding the changes in fair value of investment properties, the Group recorded a net profit 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.

DIVIDEND PAYMENT

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 names 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 dividends for FY 2014 will amount to HK8.2 cents per share, representing a payout ratio of approximately 30.5% (based on the total dividend for FY 2014 and the Group's profit for the year excluding the gains from changes in fair value of investment properties).

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 (as detailed below), 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. 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 the details of the Scrip Dividend Scheme together with an election form will be sent to Shareholders in due course.

ISSUE OF BONUS SHARE

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 dispatched 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.

REVIEW OF OPERATIONS

The Group has a long history in the construction sector as a main contractor in residential property development projects for prominent local developers and has 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.

1. Construction Business

During the FY 2014, 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") adjusted the new housing supply targets by increasing public housing and providing land for building private residential units. Increasing construction costs triggered by the shortage of human resources in the industry still prevail. 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), and representing a decrease of approximately 45.6%. As at 3 June 2014, the Group's construction contracts on hand in progress have a total contract value of approximately HK$961 million.

2. 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 to start by the end of 2015. During the 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 in Hong Kong is gradually stabilised, our revenue from the 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 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 of 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 its 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 Estates since 2001 for housing HTDCs for local and multinational corporations ("MNCs"). Self-developing HTDCs for renting to MNCs remain our core strategy. We have received positive responses from the market 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 their own blocks of HTDCs. As such, we will consider sourcing suitable land or existing buildings to design and build or convert to high tier data centres for these corporations.

APPRECIATION

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the Shareholders for their strong support, and to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts.

Chan Hung Ming
Chairman

Hong Kong, 3 June 2014

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 the substantial completion of several sizable construction projects in the second half of FY 2013 as compared to 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 an increase in the 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 the net unrealised gains on 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 the FY 2014 as compared to fair value gains of approximately HK$67.4 million for the corresponding period last year. The significant increase arose 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 has adopted a treasury policy whereby 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 from the IPO of approximately HK$85.6 million after deducting underwriting fees and commissions and related expenses. 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 of the Company dated 30 July 2013 (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	–
	85.6	33.1	52.5

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 the FY 2014, there was no acquisitions and 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 consist of basic salary, benefits-in-kind, fringe benefits and contributions to mandatory provident funds, as well as discretionary bonuses which are determined according to individual performance.

DEBTS AND CHARGES 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 because almost all of the Group's transactions are denominated in Hong Kong dollars.

CAPITAL COMMITMENTS

Save as disclosed in note 27 to the financial statements, the Group had no other capital commitments as at 31 March 2014 and 31 March 2013.

CONTINGENT LIABILITIES

Save as disclosed in note 28 to the financial statements, the Group had no other contingent liabilities as at 31 March 2014 and 31 March 2013.

REPORT OF THE DIRECTORS

The Directors are pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the business of data centre premises leasing and construction in Hong Kong. Details of the principal activities of the principal subsidiaries are set out in note 16 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 March 2014.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated income statement on page 36 of this annual report. An interim dividend of HK3.6 cents per share was paid on 20 December 2013. The Board has recommended the payment of a final dividend of HK4.6 cents per share (with scrip option) and 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.

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.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 25(c) to the financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 41 of this annual report and in note 25(a) to the financial statements, respectively.

The Company's reserves available for distribution to Shareholders are set out in note 25(e) to the financial statements.

DONATIONS

Donations made by the Group during the year amounted to HK$2,000.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group is set out on page 4 of this annual report.

FIXED ASSETS

Details of movements in fixed assets (including investment properties and other property, plant and equipment) during the year are set out in note 15 to the financial statements.

BANK LOANS

Details of bank loans of the Group as at 31 March 2014 are set out in note 23 to the financial statements.

INTEREST CAPITALISED

The amount of interest capitalised by the Group during the year is set out in note 7(a) to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of turnover of the Group attributable to the largest customer and the five largest customers in aggregate are 41.2% and 96.8% respectively.

The percentage of purchases of the Group attributable to the largest supplier and the five largest suppliers in aggregate are 7.3% and 29.5% respectively.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had an interest in the five major suppliers or customers of the Group.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's Articles of Association (the "Articles") and there is no restrictions against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors

(all appointed on 14 August 2012)
Mr. Chan Hung Ming *(Chairman)*
Mr. Lau Chi Wah
Mr. Yuen Ying Wai
Mr. Kwan Wing Wo

Independent Non-Executive Directors

(all appointed on 23 July 2013)
Mr. Tsui Ka Wah
Mr. Kan Yau Wo
Mr. Mok Kwai Pui Bill
Mr. Lee Chung Yiu Johnny

Pursuant to Article 83(3) of the Articles, any Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Mr. Chan Hung Ming, Mr. Lau Chi Wah, Mr. Yuen Ying Wai, Mr. Kwan Wing Wo, Mr. Tsui Ka Wah, Mr. Kan Yau Wo, Mr. Mok Kwai Pui Bill and Mr. Lee Chung Yiu Johnny shall retire as Directors and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 20 to 24 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years with effect from the Listing Date unless terminated by not less than three months' notice in writing served by either the Director or the Company. Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years with effect from the Listing Date unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors, namely Mr. Tsui Ka Wah, Mr. Kan Yau Wo, Mr. Mok Kwai Pui Bill and Mr. Lee Chung Yiu Johnny, has confirmed to the Company their respective independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has reviewed the independence of each of these Directors. We consider that the independent non-executive Directors have been independent from the respective dates of their appointment to 31 March 2014.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 March 2014, the interests and short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to Section 352 of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Name of Group member/associated corporation	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Chan Hung Ming	The Company	Interest of a controlled corporation *(Note 1)*	270,000,000 (long position)	67.50%
	Chan HM Company Limited	Beneficial owner	1 (long position)	100%
Mr. Lau Chi Wah	The Company	Interest of a controlled corporation *(Note 2)*	30,000,000 (long position)	7.50%

Notes:

1. Mr. Chan Hung Ming holds 100% of the issued share capital of Chan HM Company Limited, which owns 270,000,000 shares out of the issued share capital of the Company. Therefore, Mr. Chan Hung Ming is deemed to have the same interest in the Company.

2. Mr. Lau Chi Wah holds 100% of the issued share capital of Lau CW Company Limited, which owns 30,000,000 shares out of the issued share capital of the Company. Therefore, Mr. Lau Chi Wah is deemed to have the same interest in the Company.

Save as disclosed above, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as of 31 March 2014.

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

As of 31 March 2014, the following were the persons who had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of interest in our Company
Chan HM Company Limited	Beneficial owner	270,000,000 (long position)	67.50%
Mr. Chan Hung Ming	Interest of controlled corporation *(Note 1)*	270,000,000 (long position)	67.50%
Lau CW Company Limited	Beneficial owner	30,000,000 (long position)	7.50%
Mr. Lau Chi Wah	Interest of controlled corporation *(Note 2)*	30,000,000 (long position)	7.50%
Ms. Cheung Shuk Fong	Spouse *(Note 3)*	30,000,000 (long position)	7.50%

Notes:

1. Mr. Chan Hung Ming holds 100% of the issued share capital of Chan HM Company Limited, which owns 270,000,000 shares out of the issued share capital of the Company. Therefore, Mr. Chan Hung Ming is deemed to have the same interest in the Company.

2. Mr. Lau Chi Wah holds 100% of the issued share capital of Lau CW Company Limited, which owns 30,000,000 shares out of the issued share capital of the Company. Therefore, Mr. Lau Chi Wah is deemed to have the same interest in the Company.

3. Ms. Cheung Shuk Fong, the spouse of Mr. Lau Chi Wah, is deemed to be interested in Mr. Lau's interest in our Company by virtue of the SFO.

Save as disclosed above, as of 31 March 2014, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the period from 1 April 2013 to 31 March 2014 and up to the date of this annual report was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any rights to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such rights.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save for their respective interests in the Group, none of the Directors was interested in any businesses which compete or are likely to compete with the businesses of the Group for the year ended 31 March 2014.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(i) On 17 April 2013 Grand Tech Construction Company Limited ("Grand Tech"), an indirect wholly-owned subsidiary of the Company, entered into a tenancy agreement ("GTE Tenancy Agreement") with Grand Tech Enterprise Company Limited ("GTE"), a connected person of the Company within the meanings of the Listing Rules. Pursuant to the GTE Tenancy Agreement, Grand Tech shall lease from GTE the premises located at Flats C, D, E and F, 19th Floor, Eastern Commercial Centre, 395–399 Hennessy Road, Hong Kong at a monthly rental of HK$74,000 for a term of three years commencing on 1 April 2013 and ending on 31 March 2016 for office use. On 21 November 2013, GTE entered into an assignment agreement with Perfect Top Development Limited ("Perfect Top"), being a connected person of the Company within the meanings of the Listing Rules, whereby Perfect Top agreed to assume all the GTE's rights and obligations under the GTE Tenancy Agreement from that date.

(ii) On 17 April 2013 Wellford Properties Limited ("Wellford"), an indirect wholly-owned subsidiary of the Company, entered into a tenancy agreement ("GRH Tenancy Agreement") with Grand Regal Holdings Limited ("GRH"), a connected person of the Company within the meanings of the Listing Rules. Pursuant to the GRH Tenancy agreements, Wellford shall lease from GRH the premises located at Flats A and B, 19th Floor, Eastern Commercial Centre, 395–399 Hennessy Road, Hong Kong at a monthly rental of HK$41,000 for a term of three years commencing on 1 April 2013 and ending on 31 March 2016 for office use. On 21 November 2013, GRH entered into an assignment agreement with Gain Glory Development Limited ("Gain Glory"), being a connected person of the Company within the meanings of the Listing Rules, whereby Gain Glory agreed to assume all the GRH's rights and obligations under the GRH Tenancy Agreement from that date.

GTE, GRH, Perfect Top and Gain Glory are wholly-owned subsidiaries of Grand Ming Holdings Limited, which is owned as to 90% and 10% by Mr. Chan Hung Ming, a controlling shareholder of the Company, and Mr. Lau Chi Wah, an executive Director of the Company, respectively.

The continuing connected transactions mentioned above have been reviewed by the independent non-executive Directors of the Company who have confirmed that the transactions have entered into: (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or on terms no less favourable to the Company than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole; and (d) within the caps or the aggregate transaction values set out in the Prospectus.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.38 of the Listing Rules.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Each of the controlling Shareholders of the Company has made an annual declaration in respect of their compliance with the terms of non-competition undertaking.

The independent non-executive Directors had reviewed and confirmed that the controlling Shareholders of the Company have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms, and that there was no New Opportunity (as defined in the Prospectus headed "Relationship with Controlling Shareholders — Non-compete undertakings") referred by the controlling Shareholders to the Company as provided under the non-competition undertaking.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 29(a) to the financial statements and in the section headed "Report of the Directors — Continuing Connected Transactions" in this annual report, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party at any time during the year ended 31 March 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration during the year are set out in note 10 to the financial statements in this annual report.

PENSION SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. During the year ended 31 March 2014, the Group contributed approximately HK$1.65 million to the aforesaid scheme.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 23 July 2013 (the "Adoption Date"). The purpose of the Scheme is to attract and retain the best quality personnel, to provide additional incentives to them to promote the long term success of the Group. Pursuant to the Scheme, the Board may, at its own discretion, grant options to any full-time or part-time employee, executives, officers, directors (including executive, non-executive, and independent non-executive Directors), consultants, advisors, suppliers, customers, agents and other persons whom the Board determines have or will have contribution to the Group.

The maximum number of Shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue upon the Listing Date, being 40,000,000 Shares (the "Scheme Limit"). Subject to Shareholders' approval in general meeting, the Board may (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the Scheme Limit to eligible participants specifically identified by the Board.

The number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Scheme) if this will result in the limit being exceeded.

The total number of Shares issuable upon exercise of the options granted under the Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period shall not exceed 1% of the Shares in issue. Any further grant of options is subject to Shareholders' approval in general meeting with such eligible participant and his associates abstaining from voting.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof. The Scheme shall be valid and effective for a period of ten years commencing from the Adoption Date.

A consideration of HK$1.0 is payable on acceptance of the grant of an option.

Pursuant to the Share Option Scheme, the participants may subscribe for the shares of the Company on exercise of an option at the price determined by the Board provided that it shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

Up to and as at 31 March 2014, no options had been granted under the Scheme.

SHARE AWARD PLAN

The Company adopted a share award plan (the "Share Award Plan" or the "SAP") on the Adoption Date. Subject to and in accordance with the rules of the SAP, the Board may make an award of Shares to certain classes of eligible participants as specified in the SAP, as determined by the Board from time to time on the basis of the Board's opinion as to the proposed awardee's contribution and/or future contribution to the development and growth of the Group. The SAP shall be subject to the administration of the Board, or such committee or such sub-committee or person(s) delegated with the power and authority by the Board to administer the SAP. The Shares and other trust fund for the implementation of the Share Award Plan shall be administered by a trustee or trustees (the "Share Award Plan Trustee", or the "SAP Trustee") to be appointed by the Company. Under the SAP, the Board shall determine the eligibility of the eligible participants and the number of shares to be awarded (the "Awarded Shares") and notify the SAP Trustee of the making of awards. The SAP Trustee shall then set aside the appropriate number of award Shares pending the transfer and vest to the relevant participants out of a pool of Shares which shall comprise of, among others, Shares either (1) transferred to it from any person (other than the Group) by way of gift; (2) purchased by the SAP Trustee out of the funds received by the Share Award Plan Trustee by way of gift or for nominal consideration; (3) subscribed for or purchased by the Share Award Plan Trustee out of the funds allocated by the Board out of the Group's resources ("Group's Contribution"), subject to the terms and conditions of the rules of the SAP. The SAP Trustee may purchase Shares on the Stock Exchange at the prevailing market prices or off the market. In respect of off-market transactions, purchases shall not be made with any connected person, nor shall the purchase price be higher than the lower of (1) the closing market price on the date of such purchase, and (2) the average closing market price for the five preceding trading days on which Shares of the Company were traded on the Stock Exchange. At the beginning of each financial year of the Group, the Board shall determine the maximum amount of the Group's Contribution to be allocated to the SAP Trustee (or via a special purpose vehicle which may be established by the SAP Trustee subject to the provisions of the trust deed to be executed by the Company as settlor and the SAP Trustee as trustee, shortly as "Share Award Plan SPV") during such financial year, provided that the maximum numbers of Shares which may be awarded for each financial year under the SAP shall not exceed 10% of the total number of Shares in issue at the beginning of such financial year. The Share Award Plan Trustee may also subscribe for new Shares at par or at such other subscription price as instructed by the Board out of the Group's Contribution if the Board considers it appropriate to do so. Prior approval from the Company's shareholders is not required for the Directors to allot and issue new Shares under the SAP to the SAP Trustee, provided that the Directors have sufficient unissued shares within the general mandate on hand subject to certain limitations under the SAP. The Company shall comply with the relevant Listing Rules when granting the Awarded Shares. The legal and beneficial ownership of the relevant awarded Shares shall be vested in the relevant selected participant within 10 business days after the latest of (1) the date specified in the notice of the award given by the Board to the Share Award Plan Trustee; and (2) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such selected participant as specified in the related notice of award have been attained and notified to the Share Award Plan Trustee by the Board in writing. Neither the SAP Trustee nor Share Award Plan SPV (if so established and subsisting) shall exercise the voting rights in respect of the Shares held under trust. The Share Award Plan will remain in force for a period of 10 years commencing on the Adoption Date. From the Listing Date to 31 March 2014, no Shares had been awarded under the Share Award Plan.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") as contained in Appendix 14 to the Listing Rules from the Listing Date to 31 March 2014. Details are set out in the Corporate Governance Report on pages 25 to 34 of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules since the Listing Date up to the date of this annual report.

AUDITOR

KPMG retires and, being eligible, offers itself for re-appointment. A resolution for the reappointment of KPMG as the auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Hung Ming
Chairman

Hong Kong, 3 June 2014

EXECUTIVE DIRECTORS

Mr. Chan Hung Ming (陳孔明), aged 60, is the Chairman and executive Director of the Company. He is a co-founder of our Group and has participated in the management of our Group since 1995 and is also a director of Wellford Properties Limited, Grand Tech Construction Company Limited, Winning Tech Limited and other companies within our Group. Mr. Chan is also our Controlling Shareholder. Pursuant to the SFO, Mr. Chan is interested in 270,000,000 shares, representing 67.5% of the issue capital of the Company, as at the date of this annual report.

Mr. Chan is primarily responsible for formulating the overall development strategies and direction of the business development of our Group. He has accumulated over 40 years of experience in construction and property development field. Besides, he has over 6 years' experience in data centre premises leasing business.

Mr. Chan holds a Higher Certificate in Building Technology from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University).

Save as disclosed above, Mr. Chan is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Mr. Lau Chi Wah (劉志華), aged 49, is the executive Director and chief executive officer of the Company. He is a co-founder of our Group and has participated in the management of our Group since 1995 and is also a director of Wellford Properties Limited, Grand Tech Construction Company Limited, Winning Tech Limited and other companies within our Group. Pursuant to the SFO, Mr. Lau is interested in 30,000,000 shares, representing 7.5% of the issued capital of the Company, as at the date of this annual report.

Mr. Lau is primarily responsible for formulating the overall strategic plan of our Group and overseeing the business development, administrative and compliance matters of our Group. He has over 20 years of auditing, accounting and finance experience.

Mr. Lau holds a Honour Diploma in Accountancy from the Lingnan College (now known as the Lingnan University) and a Master's Degree in Professional Accounting from the Hong Kong Polytechnic University. He is a fellow of the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Save as disclosed above, Mr. Lau is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Mr. Yuen Ying Wai (袁英偉), aged 51, is the executive Director of the Company. Mr. Yuen joined our Group in 2001 and has participated in the management of our Group since 2007. Mr. Yuen is also a director of Wellford Properties Limited, Winning Tech Limited, Grand Tech Construction Company Limited and other companies within our Group.

Mr. Yuen is responsible for the overall management of the construction and data centre premises leasing business. He has over 30 years' experience in quantity surveying and construction project management and 6 years' experience in the construction of high-tier data centre and the related leasing matters.

Mr. Yuen holds a Certificate in Civil Engineering Studies from the Hong Kong Vocational Training Council, a National Certificate in Civil Engineering Studies from Business & Technician Education Council, a Higher Certificate in Civil Engineering from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and a Diploma in Surveying from the College of Estate Management in United Kingdom. He is a member of both the Society of Surveying Technician and the Hong Kong Institute of Surveyors.

As at the date of this annual report, Mr. Yuen did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Yuen is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Mr. Kwan Wing Wo (關永和), aged 46, is the executive Director and chief financial officer of the Company. He has participated in the management of our Group since 2008. He is also a director of Winning Tech Limited and other companies within our Group.

Mr. Kwan is responsible for the corporate finance, accounting, taxation, investment and administrative matters of our Group. He has over 23 years' experience in auditing, accounting and finance field. Prior to joining our Group in 2008, Mr. Kwan has held a management position in a listed company in Hong Kong for 12 years and was mainly responsible for its finance, financial reporting obligations, accounting, taxation and administrative matters.

Mr. Kwan holds a Bachelor's degree in Accountancy from the City University of Hong Kong. He is a fellow of the Association of Chartered Certified Accountants of United Kingdom and a member of the HKICPA.

As at the date of this annual report, Mr. Kwan did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Kwan is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsui Ka Wah (徐家華), aged 61, was appointed as an independent non-executive Director of the Company on 23 July 2013. He is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company.

Mr. Tsui has 28 years of banking experience with the United States and local banks, and has held various management positions in corporate, retail and private banking. Currently he holds the position of Chief Executive Officer of SME Credit Company Limited. He is also an independent non-executive director of Oriental Explorer Holdings Limited (stock code: 430), Multifield International Holdings Limited (stock code: 898) and Southeast Asia Properties & Finance Limited (stock code: 252) respectively, whose shares are listed on the Main Board of the Stock Exchange.

Mr. Tsui holds a Bachelor of Arts Degree and a Master's Degree of Business Administration from the Chinese University of Hong Kong.

As at the date of this annual report, Mr. Tsui did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Mr. Tsui is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Mr. Kan Yau Wo (簡友和), aged 61, was appointed as an independent non-executive Director of the Company on 23 July 2013. He is also the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company.

Mr. Kan has worked for Fujitsu's group of companies for over 30 years and was appointed as the president in Fujitsu Hong Kong Ltd in 2007 and then the chief executive officer of Fujitsu's South China and Hong Kong Region. Mr. Kan retired from his positions in Fujitsu's group of companies in 2011.

Mr. Kan graduated from University of Hull in the United Kingdom with a Bachelor of Science (First Class Honour) in Computer Studies and Mathematics in July 1978.

As at the date of this annual report, Mr. Kan did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Mr. Kan is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Mr. Mok Kwai Pui Bill (莫貴標), aged 53, was appointed as an independent non-executive Director of the Company on 23 July 2013. He is also the chairman of the audit committee, and a member of the remuneration committee and the nomination committee of the Company.

Mr. Mok has 26 years' experience in accounting, finance and banking in Hong Kong and Mainland China with specific expertise in managing financial and accounting operations, fund raising, investor relations and executing corporate strategy. Currently he is the chief financial officer of Fortune Oil PLC, a company listed in the London Stock Exchange (stock code on the London Stock Exchange: FTO) since November 2011. From 2010 to 2011, Mr. Mok has been appointed as the president, an executive director and a member of the remuneration committee of Kosmopolito Hotels International Limited (currently known as Dorsett Hospitality International Limited; stock code: 2266). On 1 November 2011, he ceased to act as the president of Kosmopolito Hotels International Limited and had been re-designated from an executive director to a non-executive director till August 2012.

Mr. Mok holds a Bachelor of Arts degree in Business Administration from the University of Washington in the United States and a Master's Degree in Business Administration from the Seattle University in the United States. He is a member of the American Institute of Certified Public Accountants and the HKICPA respectively.

As at the date of this annual report, Mr. Mok did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Mr. Mok is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Mr. Lee Chung Yiu Johnny (李宗燿), aged 70, was appointed as an independent non-executive Director of the Company on 23 July 2013. He is also a member of the audit committee, remuneration committee and nomination committee of the Company.

With approximately 19 years' experience in the field of architecture, Mr. Lee worked in several architectural firms including being a director from 1995 to 2009. From 2009, Mr. Lee has been working for an architecture company as a project director.

Mr. Lee graduated from the University of Hong Kong with a Bachelor's Degree in Architecture in November 1968. He has been a member of the Hong Kong Institute of Architects and a registered architect with Architects Registration Board in Hong Kong since April 1977 and January 1991, respectively. Mr. Lee is also an authorised person within the List of Architects maintained by the Buildings Department.

As at the date of this annual report, Mr. Lee did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Mr. Lee is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Save as disclosed above, each of the Directors above did not hold any directorship in other listed company in the past three years.

Save as disclosed herein, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there were no other matters with respect of the re-election of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the date of this annual report.

SENIOR MANAGEMENT

Mr. Au-Yeung Yiu Wai (歐陽耀偉), aged 56, joined our group in 1997 and is a project director of our construction business responsible for supervising our project managers and overseeing the construction matters. He is also a director of Grand Tech Construction Company Limited. Mr. Au-Yeung possesses more than 33 years' experience in the construction industry.

Mr. Au-Yeung holds a Higher Certificate in Civil Engineering from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University), Bachelor of Science in Building from Brighton Polytechnic (now known as University of Brighton) and a Diploma in Construction Management from the Hong Kong Construction Industry Training Authority. Mr. Au-Yeung is a member of both the Chartered Institute of Building and the Hong Kong Institute of Construction Managers.

Mr. Ng Kwok Fong (伍國方), aged 43, joined our group in 1998 and is the technical director of our construction business in respect of our building design and construction projects. He is also a director of Grand Tech Construction Company Limited.

Mr. Ng holds a Bachelor of Engineering in Civil Engineering from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University), a Bachelor of Laws from the University of London and a Master of Laws degree from the City University of Hong Kong. With dual membership in the Institution of Structural Engineers in the United Kingdom and the Hong Kong Institution of Engineers, Mr. Ng is a chartered engineer of the United Kingdom as well as a registered professional engineer of Hong Kong.

Mr. Chan Sik Nin (陳錫年), aged 49, joined our Group in August 2013 as the general manager of our data centre leasing business responsible for such business development and operation. Mr. Chan possesses more than 10 years' experience in the data centre industry and managed to succeed major deals in providing high-tier data centre services for meeting the stringent requirements from customers. Prior to joining our Group, he was the Vice President of Sales & Business Development, and then re-designated as the Vice President of Corporate Development of iAdvantage Limited, a subsidiary of SUNeVision Holdings Ltd. (stock code: 8008) whose shares are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Chan holds a Master of Business Administration degree from the University of Canberra, a Diploma in Marketing & International Business from the Chinese University of Hong Kong, and a Professional Diploma in Business Studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University).

COMPANY SECRETARY

Mr. Leung Wai Chuen (梁偉泉), aged 48, is the company secretary of the Company. Mr. Leung is a practicing member of the HKICPA, a fellow of the Association of Chartered Certified Accountants of the United Kingdom and an associate of the Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries and Administrators respectively. He holds a Bachelor's Degree in Social Sciences from the University of Hong Kong, a Master's Degree in Business Administration jointly awarded by the University of Wales and the University of Manchester and a Master's Degree in Business (Logistics Management) from the Royal Melbourne Institute of Technology (now known as RMIT University).

Mr. Leung has over 23 years' experience in auditing, accounting, financial management and company secretarial matters. Prior to joining our Group in July 2013, he worked for and held senior positions in various listed companies in Hong Kong and was responsible for their finance, accounting and company secretarial functions.

Save as disclosed, each of the senior management and the company secretary of our Company had not been a director of any other publicly listed company during the three years preceding the date of this report.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the period from the Listing Date to 31 March 2014 ("CG Reporting Period").

A. COMMITMENT TO CORPORATE GOVERNANCE

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards.

B. CORPORATE GOVERNANCE CODE

During the CG Reporting Period, the Company has applied the principles and complied with the applicable code provisions set out in the CG Code as contained in Appendix 14 to the Listing Rules.

C. BOARD OF DIRECTORS

1. Responsibilities of and Support for Directors

The Board has the responsibility for management of the Company, which includes formulating business strategies, directing and supervising the Company's affairs, approving interim reports and annual reports, announcements and press releases of interim and final results, considering dividend policy, approving the issue, allotment or disposal or grant of options in respect of securities or debentures of the Company and reviewing the effectiveness of the internal control system which includes reviewing the adequacy of resources, staff qualifications, experience, training programmes and budget of staff of the Company's accounting and financial reporting function. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations to three board committees, namely Audit Committee, Remuneration Committee and Nomination Committee.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and management of the Company. The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back.

Every Director ensures that he gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his appointment the directorships held in listed companies or nature of offices held in public organisations and other significant commitment, with the identity of such listed companies or organisations. The Company has also requested the Directors to provide in timely manner any changes of such information. Each Director also confirmed their time commitment to the Company.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that the Board procedures and all applicable rules and regulations are followed. The Directors will be notified of rule amendment updates in respect of the CG Code so as to keep them abreast of the latest rule requirements and assist them in fulfilling their responsibilities. The Directors are also provided with monthly updates which contain periodic key financial highlights and outlook. The monthly updates present a balanced and understandable assessment of the Company's performance and position. The independent non-executive Directors may take independent professional advice at the Company's expense in carrying out their functions, after making a request to the Board.

The Board considered and adopted a board diversity policy pursuant to the Code A.5.6 of the CG Code on 23 July 2013.

2. Board Composition

The Board currently comprises eight members, as detailed below:

Executive Directors
Mr. Chan Hung Ming *(Chairman)*
Mr. Lau Chi Wah
Mr. Yuen Ying Wai
Mr. Kwan Wing Wo

Independent Non-Executive Directors
Mr. Tsui Ka Wah
Mr. Kan Yau Wo
Mr. Mok Kwai Pui Bill
Mr. Lee Chung Yiu Johnny

The biographical details of the Directors are set out on pages 20 to 23 of this annual report. There is no financial, business, family or other material/relevant relationship among members of the Board. A list of Directors and their roles and functions is available on the Company's website.

During the CG Reporting Period, the Board comprised male Directors with diverse backgrounds and/or extensive expertise in corporate management, with over 50% of the Directors possessing professional qualifications. Two Directors are aged from 40 to 49, two Directors are aged from 50 to 59, and four Directors are aged over 60. Each executive Director has served the Group for over five years and all the independent non-executive Directors were appointed with effect from the Listing Date. The Company has complied Rule 3.10(1) of the Listing Rules and met the requirement of Rule 3.10A of the Listing Rules of at least one-third of the members of the Board being independent non-executive Directors. One independent non-executive Director has a professional qualification in accounting, satisfying the Rule 3.10(2) of the Listing Rules.

The Company has received confirmation in writing of independence from each of the independent non-executive Directors for the CG Reporting Period, in compliance with the Rule 3.13 of the Listing Rules and considers them to be independent of the management and free of any relationships that could materially interfere with the exercise of their independent judgement. The Board considers that each of the independent non-executive Directors brings his own relevant expertise to the Board.

3. Appointment and Re-election of Directors

The Board is empowered under the Articles to appoint any person as a Director to fill a casual vacancy on or as an additional member of the Board. Only the most suitable candidate who is experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection.

Appointments are first considered by the Nomination Committee in accordance with its terms of reference and the Company's board diversity policy, and recommendation of the Nomination Committee are then put to the Board for decision.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and is subject to retirement by rotation and re-election at the Company's annual general meeting ("AGM") in accordance with the Articles.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years commencing from the Listing Date and is subject to retirement by rotation and re-election at the Company's AGM in accordance with the Articles.

The appointment of independent non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules.

In accordance with the Articles, new appointments to the Board are subject to re-election by shareholders at the next AGM. Furthermore, the nearest one-third of the Directors, including those appointed for a specific term, will retire from office by rotation but are eligible for re-election by shareholders at the AGM and the Board will ensure that every Director is subject to retirement by rotation at least once in every three years.

4. Board Meetings

(i) Number of Meetings and Directors' Attendance

The Board meets from time to time to discuss and exchange ideas on the affairs of the Company and the Group. In the CG Reporting Period, the Board held three regular board meetings (with notice served at least 14 days before the meeting), and one other board meeting with reasonable notice served, in order to approve interim/final results announcements and interim/annual reports, determine the level of dividends, approve directors' discretionary bonuses, discuss significant issues and the general operation of the Company and the Group and approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors in the board meetings is set out in the table below.

Name of Director	Board Meetings Attended/Total
Executive Directors	
Mr. Chan Hung Ming	4/4
Mr. Lau Chi Wah	4/4
Mr. Yuen Ying Wai	4/4
Mr. Kwan Wing Wo	4/4
Independent Non-Executive Directors	
Mr. Tsui Ka Wah	4/4
Mr. Kan Yau Wo	4/4
Mr. Mok Kwai Pui Bill	3/4
Mr. Lee Chung Yiu Johnny	4/4

(ii) Practices and Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board meeting and board committee meetings, reasonable notice is generally given. The company secretary assists the Chairman of the Board in preparation of the agenda for the Board meetings and board committee meetings and ensures that all applicable rules and regulations regarding the board meeting are followed. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before the relevant meetings. The company secretary is responsible for taking and keeping minutes of all Board meetings and board committee meetings. Draft minutes are normally circulated to Directors and committee members for comments within a reasonable time after each meeting and finally the signed minutes are sent to all Directors and board committee members for their records and open for their inspection.

5. Conflict of Interest

Should a director has a potential conflict of interest in a matter being considered in the boad meeting, he will abstain from voting. Independent non-executive Directors with no conflict of interest will be present at meetings dealing with such conflict of interest issues.

6. Directors' and Officers' Liability Insurance

The Company has appropriate and sufficient insurance coverage relating to directors' and officers' liability to indemnify the Directors and senior management against any potential liabilities arising from the Company's business activities for which such Directors and senior management may be held liable.

7. Directors' Time Commitments and Trainings

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company. The Directors have disclosed to the Company the number and nature of offices they held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. The Directors are encouraged to participate in professional, public and community organisations. They are also reminded to notify the Company in a timely manner of any changes of such information. In respect of those Directors who stand for re-election at the 2014 AGM, all of their directorships held in listed public companies in the past three years are set out in the circular and general mandates. Other details of the Directors are set out in the biographical details of Directors on pages 20 to 23 of this annual report. All Directors and committee members of the board committee are urged to attend the board meeting and board committee meeting in person. For the Directors and committee members who are unable to attend the meeting, participation through electronic means is arranged and available.

The Company has received the records of continuous professional development training in the CG Reporting Period from all Directors, in respect of (a) reading regulatory updates or information relevant to Company or its business, and (b) attending trainings/briefings/seminars/conference regarding regulatory development and directors' duties.

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

D. CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Chairman and the Chief Executive Officer are currently two separate positions held by Mr. Chan Hung Ming and Mr. Lau Chi Wah respectively with clear distinction in responsibilities.

Mr. Chan Hung Ming, being the Chairman, is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Group, to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that the issues raised at the Board meetings are explained appropriately.

The Chairman is responsible for ensuring that the board functions effectively and performs its responsibilities and that all key and appropriate issues are discussed by it in a timely manner. The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting. He takes into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The Chairman may delegate this responsibility to a designated Director or the company secretary. The Chairman also takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The Chairman encourages Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the issuer. The Chairman encourages directors with different views to voice their concerns, allows sufficient time for discussion of issues and ensures that board decisions fairly reflect the board's consensus. The Chairman also met with the independent non-executive Directors once during the CG Reporting Period.

Mr. Lau Chi Wah, being the Chief Executive Officer, is responsible for the daily operations of the Group and the implementation of business policies, objectives and plans as formulated and adopted by the Board, and is accountable to the Board for the overall operation of the Group.

E. BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, Audit Committee and Nomination Committee, for overseeing particular aspects of the Group's affairs. All of these three committees of the Company are established with defined written terms of reference.

All members of the Remuneration Committee, Audit Committee and Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

1. Remuneration Committee

The Company established the Remuneration Committee on 23 July 2013 with written terms of reference. The Remuneration Committee consists of four independent non-executive Directors, being Mr. Tsui Ka Wah, Mr. Kan Yau Wo, Mr. Mok Kwai Pui Bill and Mr. Lee Chung Yiu Johnny, in compliance to Rule 3.25 of the Listing Rules. The chairman of the Remuneration Committee is Mr. Tsui Ka Wah. The written terms of reference have been posted on the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee include, but not limited to: (i) making recommendations to the Directors on our remuneration policy and structure of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration policy with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and (iv) ensuring none of the directors determine their own remuneration.

The Remuneration Committee held one meeting during the CG Reporting Period to review the remuneration policy and structure and make recommendations to the Board on making recommendations on the annual remuneration packages of the executive Directors and the senior management and other related matters. The attendance records of the Remuneration Committee are set out in point 4 below.

Please refer to note 11(b) to the financial statements for the emoluments of the senior management by band.

2. Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The Audit Committee consists of four independent non-executive Directors, being Mr. Mok Kwai Pui Bill, Mr. Tsui Ka Wah, Mr. Kan Yau Wo and Mr. Lee Chung Yiu Johnny. The chairman of the Audit Committee is Mr. Mok Kwai Pui Bill, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The written terms of reference have been posted on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the independence, objectivity and effectiveness of the external auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) reviewing the financial information of the Group and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; (v) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors; (vi) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (vii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (viii) reviewing and monitoring the Company's corporate governance policies and practices in compliance with legal and regulatory requirements; and (ix) reviewing the Company's compliance with the CG code and disclosure in the corporate governance report. The Audit Committee is delegated by the Board to oversee the Group's corporate governance functions.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 March 2014 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit Committee held two meetings during the CG Reporting Period to review the interim results and reports, financial reporting and compliance procedures, the report of the internal control adviser on the Group's internal control and risk management review and processes, corporate governance practices and the re-appointment of the external auditors. The Audit Committee also met with the external auditors once during the CG Reporting Period. The attendance records of the Audit Committee are set out in point 4 below.

The Group's interim results for the period ended 30 September 2013 and annual results for the year ended 31 March 2014 have been reviewed by the Audit Committee.

3. Nomination Committee

The Company established the Nomination Committee on 23 July 2013 with written terms of reference in compliance with A.5 of Appendix 14 of the Listing Rules. The Nomination Committee consists of four independent non-executive Directors, being Mr. Kan Yau Wo, Mr. Tsui Ka Wah, Mr. Mok Kwai Pui Bill and Mr. Lee Chung Yiu Johnny. The chairman of the Nomination Committee is Mr. Kan Yau Wo. The nomination committee reviews the structure, size and composition of the Board at least annually and makes recommendations on any proposed changes (if any) to the Board. The written terms of references have been posted on the websites of the Stock Exchange and the Company.

The primary duties of the Nomination Committee include, but not limited to (i) identifying, selecting and recommending to the Board appropriate candidates to serve as Directors and general manager of the Company, and identifying candidates for succession planning; (ii) overseeing the process for evaluating the performance of the Board; (iii) developing, recommending to the Board and monitoring nomination guidelines for the Group; (iv) assessing the independence of independent non-executive Directors; and (v) report annually the Board's composition under diversified perspectives and review the effectiveness of the board diversity policy.

The Nomination Committee held one meeting during the CG Reporting Period to review the size and composition and diversity of the Board by taking into account the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership. The attendance records of the Nomination Committee are set out in point 4 below.

4. Attendance Record at Board Committee Meetings

	Number of meetings attended/ Number of meetings held		
Committee Members	**Remuneration Committee**	**Audit Committee**	**Nomination Committee**
Mr. Tsui Ka Wah	1/1	2/2	1/1
Mr. Kan Yau Wo	1/1	2/2	1/1
Mr. Mok Kwai Pui Bill	1/1	2/2	1/1
Mr. Lee Chung Yiu Johnny	1/1	2/2	1/1

F. MODEL CODE

The Company has adopted the Model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules ("Model Code"). Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code in the CG Reporting Period.

G. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Group and the Company for the year ended 31 March 2014 pursuant to Code C.1.3 of the CG Code.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management has provided such explanation and information to the Board as are necessary to enable the Board to carry out an informed assessment of the financial information and position of the Group and the Company, and put to the Board for approval.

H. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 35 of this annual report.

The remuneration in respect of audit and non-audit services provided by the Company's external auditor, KPMG, to the Group during FY 2014 are approximately HK$1,450,000 (2013: HK$1,420,000) and HK$748,000 (2013: HK$1,443,000) respectively. The non-audit services mainly include the review of the Group's interim financial report and tax advisory services.

Apart from the provision of annual audit services, KPMG also acted as the reporting accountant for the Company's IPO in 2013.

I. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders investments and the Group's assets, and reviewing the effectiveness of the internal control system. An internal control advisor had been engaged to assist the Board to perform review on the internal control system of the Group's business operations at regular intervals. The review covered all material control areas including financial, compliance and risk management functions.

During the CG Reporting Period, the Audit Committee had reviewed the internal control review report issued by the internal control advisor. Based on the findings of the internal control advisor and comments of the Audit Committee, the Board is satisfied that the Group has operated an effective internal control system.

J. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make informed investment decisions.

The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit Committee and Nomination Committee and, in their absence, other members of the respective committees are available to answer questions at shareholder meetings. The Company's external auditor will be invited to attend the AGM to answer questions about the conduct of the audit and the preparation and content of the Independent Auditor's Report.

To promote effective communication, the Company maintains a website at www.grandming.com.hk, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

The Company has established a shareholders' communication policy and posted it on the Company's website since the Listing Date and will review it on a regular basis to ensure its effectiveness.

K. SHAREHOLDER RIGHTS

Convening Extraordinary General Meetings ("EGM")

The following procedures for shareholders to convene an EGM of the Company are prepared in accordance with the Articles:

(1) One or more Shareholders ("Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings, shall have the right, by written notice, to require an EGM to be called by the directors for the transaction of any business specified in such requisition.

(2) Such requisition shall be made in writing to the Board or the company secretary of the Company.

(3) The EGM shall be held within two months after the deposit of such requisition.

(4) If the Board fails to proceed to convene the EGM within twenty-one (21) days of such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

The following procedures for a shareholder of the Company to propose a person for election as a director of the Company are prepared in accordance with the Articles of Association. A shareholder may propose a person ("Candidate") for election as a director at a general meeting by lodging the following documents within the period mentioned below at the head office of the Company in Hong Kong or the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong:

Procedures for Shareholders to Propose a Person for Election as a Director (continued)

(a) a written notice ("Proposal Notice") of the intention to propose the Candidate for election as a Director, which must (i) state the information of the Candidate as required by Rule 13.51(2) of the Listing Rules, which is available on the Stock Exchange's website (www.hkex.com.hk) and (ii) must be signed by the shareholder; and

(b) a written notice ("Consent Notice") by the Candidate, which must (i) indicate his/her willingness to be elected as a Director and consent to the publication of his/her personal information as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Candidate.

The Proposal Notice and the Consent Notice shall be lodged with the head office or the Hong Kong Share Registrar of the Company for a period of at least seven (7) clear days commencing no earlier than the day after the despatch of the notice of the general meeting and ending no later than seven (7) clear days before the date of such general meeting.

To enable the shareholders to make an informed decision on their election at a general meeting, the Company shall publish an announcement or issue a supplemental circular as soon as practicable after the receipt of the Proposal Notice and the Consent Notice. The Company shall include particulars of the Candidate in the announcement or the supplementary circular.

The aforesaid procedures have been uploaded to the Company's website.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may send their enquiries in writing with their detailed contact information to the company secretary of the Company or the Board at the following:

By post to the Company's headquarter in Hong Kong
By email to info@grandming.com.hk

L. CONSTITUTIONAL DOCUMENTS

During the CG Reporting Period, the Company has not amended its constitutional documents.

M. COMPANY SECRETARY

The company secretary supports the Chairman, the Board and the Board committees by ensuring good information flow and Board policy and procedures are followed. The company secretary is an employee of the Company and is appointed by the Board. The company secretary reports to the chairman and chief executive officer. All directors may call upon him for advice and assistance at any time in respect of his duties. The company secretary obtained a practitioner's endorsement of The Hong Kong Institute of Chartered Secretaries and has taken no less than 15 hours of relevant professional training in compliance with the Rule 3.29 of the Listing Rules. The biographical details of the company secretary are shown on page 24 of this annual report.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Grand Ming Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Grand Ming Group Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 36 to 91, which comprise the consolidated and Company balance sheets as at 31 March 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
3 June 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
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	*15*	**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(a)*	**(24,920)**	(16,978)
Profit for the year		**438,482**	148,981
Earnings per share (Hong Kong cents)			
Basic and diluted	*13*	**120.3**	49.7

The notes on pages 44 to 91 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 25(b).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

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

The notes on pages 44 to 91 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Fixed assets	15		
— Investment properties		**2,352,000**	1,974,000
— Other property, plant and equipment		**505**	1,131
		2,352,505	1,975,131
Other financial assets	17	**14,967**	15,045
		2,367,472	1,990,176
Current assets			
Gross amount due from customers for contract work	21	**41,654**	16,358
Trade and other receivables	18	**140,324**	186,506
Restricted and pledged deposits	19	**43,149**	43,920
Cash and bank balances	20	**208,910**	55,467
		434,037	302,251
Current liabilities			
Gross amount due to customers for contract work	21	**–**	33,747
Trade and other payables	22	**111,259**	87,582
Secured bank loans	23	**114,429**	67,470
Tax payable	8(c)	**10,004**	5,996
		235,692	194,795
Net current assets		**198,345**	107,456
Total assets less current liabilities		**2,565,817**	2,097,632

CONSOLIDATED BALANCE SHEET *(Continued)*

At 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current liabilities			
Secured bank loans	*23*	**705,737**	760,671
Deferred tax liabilities	*8(c)*	**23,671**	17,833
Derivative financial instruments	*24*	**15,980**	28,724
		745,388	807,228
NET ASSETS		**1,820,429**	1,290,404
CAPITAL AND RESERVES	*25*		
Share capital	*25(c)*	**4,000**	5,000
Reserves		**1,816,429**	1,285,404
TOTAL EQUITY		**1,820,429**	1,290,404

Approved and authorised for issue by the board of directors on 3 June 2014

Chan Hung Ming
Director

Lau Chi Wah
Director

The notes on pages 44 to 91 form part of these financial statements.

BALANCE SHEET

At 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Investment in subsidiaries	16	**–**	–
Current assets			
Prepayment and other receivables	18	**85,842**	2,082
Cash and bank balances	20	**38,677**	–
		124,519	2,082
Current liabilities			
Other payables	22	**973**	10,565
Tax payable	8(c)	**50**	–
		1,023	10,565
Net current assets/(liabilities)		**123,496**	(8,483)
NET ASSETS/(LIABILITIES)		**123,496**	(8,483)
CAPITAL AND RESERVES	25		
Share capital	25(c)	**4,000**	–
Reserves		**119,496**	(8,483)
TOTAL EQUITY/(DEFICIT)		**123,496**	(8,483)

Approved and authorised for issue by the board of directors on 3 June 2014

Chan Hung Ming
Director

Lau Chi Wah
Director

The notes on pages 44 to 91 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company					
	Note	Share capital $'000	Share premium $'000	Fair value reserve $'000	Hedging reserve $'000	Retained profits $'000	Total equity $'000
At 1 April 2012		5,000	–	(715)	(17,801)	1,170,908	1,157,392
Changes in equity for 2013:							
Profit for the year		–	–	–	–	148,981	148,981
Other comprehensive income	*9*	–	–	760	3,271	–	4,031
Total comprehensive income for the year		–	–	760	3,271	148,981	153,012
Dividends declared in respect of the current year	*25(b)(ii)*	–	–	–	–	(20,000)	(20,000)
At 31 March 2013 and 1 April 2013		**5,000**	**–**	**45**	**(14,530)**	**1,299,889**	**1,290,404**
Changes in equity for 2014:							
Profit for the year		**–**	**–**	**–**	**–**	**438,482**	**438,482**
Other comprehensive income	*9*	**–**	**–**	**(78)**	**8,087**	**–**	**8,009**
Total comprehensive income for the year		**–**	**–**	**(78)**	**8,087**	**438,482**	**446,491**
Arising from reorganisation	*25(c)(i)*	**(5,000)**	**–**	**–**	**–**	**–**	**(5,000)**
Issue of new shares under the Initial Public Offering ("IPO"), net of issuing expenses	*25(c)(iii)*	**1,000**	**101,934**	**–**	**–**	**–**	**102,934**
Capitalisation issue	*25(c)(ii)*	**3,000**	**(3,000)**	**–**	**–**	**–**	**–**
Dividends declared in respect of the current year	*25(b)(i)*	**–**	**–**	**–**	**–**	**(14,400)**	**(14,400)**
At 31 March 2014		**4,000**	**98,934**	**(33)**	**(6,443)**	**1,723,971**	**1,820,429**

The notes on pages 44 to 91 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Operating activities			
Profit before taxation		**463,402**	165,959
Adjustments for:			
— Interest income	*5*	**(1,139)**	(354)
— Finance costs	*7(a)*	**22,020**	24,085
— Depreciation	*7(c)*	**752**	1,390
— Dividend income from unlisted securities	*5*	**(847)**	(920)
— Changes in fair value of investment properties	*15*	**(330,938)**	(67,395)
— Net unrealised gain on derivative financial instruments	*6*	**(3,059)**	(174)
— Net foreign exchange loss	*6*	**8**	18
Changes in working capital:			
— Decrease in trade and other receivables		**46,174**	92,516
— Increase in gross amount due from customers for contract work		**(14,735)**	(3,804)
— Increase/(decrease) in trade and other payables		**30,067**	(196,645)
— (Decrease)/increase in gross amount due to customers for contract work		**(33,747)**	19,161
Cash generated from operations		**177,958**	33,837
Tax paid		**(16,672)**	(12,522)
Net cash generated from operating activities		**161,286**	21,315
Investing activities			
Payment for the purchase of fixed assets		**(126)**	(1,043)
Expenditure on investment properties		**(41,862)**	(123,605)
Interest received		**1,139**	354
Increase in deposits with original maturity over three months at acquisition		**(4,462)**	–
Dividends received from unlisted securities		**847**	920
Net cash used in investing activities		**(44,464)**	(123,374)

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

For the year ended 31 March 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Financing activities			
Proceeds from bank loans		**143,205**	587,481
Repayment of bank loans		**(148,219)**	(457,474)
Decrease in pledged deposits		**771**	864
Decrease in amounts due to the former holding company		**(8,450)**	–
Interest and other borrowing costs paid		**(38,682)**	(30,106)
Cash distributed to the former holding company on reorganisation		**(5,000)**	–
Proceeds from issue of shares		**111,000**	–
Share issue expenses		**(8,066)**	–
Dividends paid		**(14,400)**	(20,000)
Net cash generated from financing activities		**32,159**	80,765
Net increase/(decrease) in cash and cash equivalents		**148,981**	(21,294)
Cash and cash equivalents at the beginning of the year		**55,467**	76,761
Cash and cash equivalents at the end of the year	*20*	**204,448**	55,467

The notes on pages 44 to 91 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

Grand Ming Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the business of data centre premises leasing and construction in Hong Kong. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 August 2012 under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation of the 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.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These 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. These financial statements also comply with the applicable disclosure 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2014 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investment properties (see note 2(h)(i));

— available-for-sale securities; (see note 2(e)); and

— derivative financial instruments (see note 2(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) 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*

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Changes in accounting policies *(Continued)*

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 these 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 15 and 26. 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.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Other investments in securities

The Group's and the Company's policies for investments in securities, other than investments in subsidiaries, are as follows:

Investments in securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs.

Other investments in securities, being those held for non-trading purposes, are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(j)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(s)(iv) and 2(s)(v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of monetary items, such as debt securities, are recognised directly in profit or loss.

When the investments are derecognised or impaired (see note 2(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(g)).

(g) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity and is included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(g) Hedging *(Continued)*

Cash flow hedges *(Continued)*

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

(h) Fixed assets

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(i).

(ii) Other property, plant and equipment

Other property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see note 2(j)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of furniture, fixtures and other fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 3 to 5 years.

Where parts of an item of furniture, fixtures and other fixed assets have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except where property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)(i)).

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(h)(i)).

(j) Impairment of assets

(i) Impairment of investments in securities and other receivables

Investments in securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Impairment of assets *(Continued)*

(i) Impairment of investments in securities and other receivables *(Continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other receivables carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

— For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— fixed assets (other than properties carried at revalued amounts); and

— investments in subsidiaries in the Company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*
The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*
An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(s)(i). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are included under "Trade and other payables".

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(q) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(r) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Rental related income

Rental related income is recognised on an accruals basis.

(iv) Dividends

Dividend income from unlisted investments is recognised when the Group's right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (v)(a).
- (vii) A person identified in (v)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Valuation of investment properties and investment properties under development

As described in note 15, investment properties and investment properties under development are stated at fair value based on valuations performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have used a method of valuation which involves, inter-alia, certain estimates including appropriate discount rates, terminal capitalisation rates and expected future market rents. In relying on the valuation reports, management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions.

Investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

(b) Construction contracts

As explained in policy notes 2(k) and 2(s)(i), revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in note 21 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(c) Impairment of trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and estimates allowances for doubtful debts as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the customer and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

4 TURNOVER

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

	2014 **$'000**	2013 $'000
Revenue from construction contracts	**348,300**	640,112
Rental income	**112,541**	113,049
Rental related income	**23,222**	20,539
	484,063	773,700

5 OTHER REVENUE

	2014 **$'000**	2013 $'000
Bank interest income	**1,139**	354
Dividend income from unlisted securities	**847**	920
Others	**1,321**	1,957
	3,307	3,231

6 OTHER NET INCOME

	2014 **$'000**	2013 $'000
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
	3,051	198

7 PROFIT BEFORE TAXATION

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

	2014 $'000	2013 $'000
(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
	36,229	30,281
Less: Amount included in construction contracts in progress	**(10,561)**	(6,196)
Amount capitalised into investment properties under development*	**(3,648)**	–
	22,020	24,085

* The borrowing costs have been capitalised at 3.27% per annum (2013: Nil)

	2014 $'000	2013 $'000
(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
	62,234	55,407
Less: Amount included in construction contracts in progress	**(53,471)**	(47,963)
Amount capitalised into investment properties under development	**(1,696)**	–
	7,067	7,444
(c) Other items		
Rental income from investment properties	**(112,541)**	(113,049)
Less: Direct outgoings	**38,380**	34,749
	(74,161)	(78,300)
Depreciation	**752**	1,390
Impairment loss for trade and other receivables	**38**	–
Auditors' remuneration		
— audit services	**1,450**	1,420
— other services	**748**	1,443

8 INCOME TAX

(a) Income tax in the consolidated income statements represents:

	2014 $'000	2013 $'000
Current tax		
Provision for Hong Kong Profits Tax for the year	**18,905**	12,993
Under/(over)-provision in respect of prior years	**1,775**	(322)
	20,680	12,671
Deferred tax		
Origination and reversal of temporary differences	**4,240**	4,307
	24,920	16,978

(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 $10,000 allowed by the Government of the Hong Kong Special Administration Region for each business.

(b) Reconciliation between income tax expense and accounting profit before taxation at applicable tax rate:

	2014 $'000	2013 $'000
Profit before taxation	**463,402**	165,959
Notional tax on profit before taxation, calculated at the rate applicable to the profits in the jurisdictions concerned	**76,461**	27,383
Effect of non-taxable income	**(55,446)**	(11,534)
Effect of non-deductible expenses	**1,992**	1,454
Effect of unused tax losses not recognised	**180**	–
Under/(over)-provision in respect of prior years	**1,775**	(322)
Others	**(42)**	(3)
Actual income tax expense	**24,920**	16,978

8 INCOME TAX *(CONTINUED)*

(c) Income tax in the consolidated and the Company's balance sheets represents:

(i) Current taxation

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Provision for Hong Kong Profits Tax for the year	**18,905**	12,993	**50**	–
Provisional Profits Tax paid	**(9,943)**	(6,522)	**–**	–
	8,962	6,471	**50**	–
Balance of Profits Tax payable/(recoverable) relating to prior years	**1,042**	(475)	**–**	–
	10,004	5,996	**50**	–

(ii) Deferred tax assets and liabilities recognised

The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax arising from:	**Depreciation allowances in excess of the related depreciation** $'000	**Hedging reserve** $'000	**Total** $'000
At 1 April 2012	16,397	(3,516)	12,881
Charged to other comprehensive income	–	645	645
Charged to the profit or loss	4,307	–	4,307
At 31 March 2013 and 1 April 2013	20,704	(2,871)	17,833
Charged to other comprehensive income	–	1,598	1,598
Charged to the profit or loss	4,240	–	4,240
At 31 March 2014	**24,944**	**(1,273)**	**23,671**

	2014	2013
	$'000	$'000
Net deferred tax liabilities recognised on the consolidated balance sheets	**23,671**	17,833

(d) At 31 March 2014, the Group has not recognised deferred tax assets in respect of unused tax losses of $1,089,000 (2013: $Nil) as it is not probable that sufficient future taxable profits will be available against which the unused tax losses can be utilised. The tax losses do not expire under current tax legislation.

9 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to cash flow hedges included in other comprehensive income:

	2014 $'000	2013 $'000
Pre-tax amount	**9,685**	3,916
Tax charge	**(1,598)**	(645)
Net-of-tax amount	**8,087**	3,271

(b) Components of other comprehensive income, including reclassification adjustments

	2014 $'000	2013 $'000
Available-for-sale securities:		
Changes in fair value and net movement in the fair value reserve during the year recognised in other comprehensive income	**(78)**	760
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	**(1,598)**	(645)
Net movement in the hedging reserve during the year recognised in other comprehensive income	**8,087**	3,271

10 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	2014				
	Fees $'000	Basic salaries, allowances and benefits in kind $'000	Bonuses $'000	Retirement scheme contributions $'000	Total $'000
Executive Directors					
Chan Hung Ming	–	1,638	410	15	2,063
Lau Chi Wah	–	1,638	410	15	2,063
Yuen Ying Wai	–	1,640	410	15	2,065
Kwan Wing Wo	–	1,213	300	15	1,528
Independent Non-Executive Directors					
Tsui Ka Wah	166	–	60	–	226
Kan Yau Wo	166	–	60	–	226
Mok Kwai Pui Bill	166	–	60	–	226
Lee Chung Yiu Johnny	166	–	60	–	226
Total	664	6,129	1,770	60	8,623

10 DIRECTORS' REMUNERATION *(CONTINUED)*

	2013				
	Fees $'000	Basic salaries, allowances and benefits in kind $'000	Bonuses $'000	Retirement scheme contributions $'000	Total $'000
Executive Directors					
Chan Hung Ming	–	1,579	260	15	1,854
Lau Chi Wah	–	1,579	260	15	1,854
Yuen Ying Wai	–	1,632	260	15	1,907
Kwan Wing Wo	–	1,076	170	15	1,261
Independent Non-Executive Directors					
Tsui Ka Wah	–	–	–	–	–
Kan Yau Wo	–	–	–	–	–
Mok Kwai Pui Bill	–	–	–	–	–
Lee Chung Yiu Johnny	–	–	–	–	–
Total	–	5,866	950	60	6,876

Notes:

(i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No director waived or agreed to waive any emoluments during the years ended 31 March 2014 and 2013.

(ii) The Company did not operate any share option scheme for the purchase of ordinary shares in the Company during the years ended 31 March 2014 and 2013.

11 EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

(a) Emoluments of five highest paid individuals

The five highest paid individuals of the Group during the year ended 31 March 2014 include 4 (2013: 4) directors whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining individual is as follows:

	2014 $'000	2013 $'000
Salaries, allowances and benefits in kind	**919**	876
Discretionary bonuses	**227**	144
Retirement scheme contributions	**15**	15
	1,161	1,035

The above individual's emoluments are within the following band:

	2014 Number of individuals	2013 Number of individuals
HK$1,000,001 to HK$1,500,000	**1**	1

(b) Emoluments of senior management

Other than the emoluments of the Directors and five highest paid individuals disclosed in notes 10 and 11(a), the emoluments of the remaining senior management fell within the following bands:

	2014 Number of individuals	2013 Number of individuals
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	–

12 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $43,445,000 (2013: a loss of $8,483,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 25(b).

13 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 $438,482,000 (2013: $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 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 **'000**	2013 '000
Weighted average number of shares		
Issued ordinary shares at 1 April	**–**	–
Effect of share split *(note 25(c)(i))*	**10**	10
Effect of capitalisation issue *(note 25(c)(ii))*	**299,990**	299,990
Effect of issuance of new shares under the IPO *(note 25(c)(iii))*	**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.

14 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 centres to generate rental income.

14 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities

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:

Segment assets include all tangible, non-current and current assets with the exception of investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals and other current and non-current liabilities attributable to the business activities of the individual segments and bank borrowings managed directly by the segments.

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	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'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 for the year	**(69)**	(197)	**(683)**	(1,193)	**(752)**	(1,390)
Changes in fair value of investment properties	**–**	–	**330,938**	67,395	**330,938**	67,395
Reportable segment assets	**326,871**	236,809	**2,420,421**	2,038,491	**2,747,292**	2,275,300
Additions to non-current segment assets during the year	**88**	–	**47,100**	124,648	**47,188**	124,648
Reportable segment liabilities	**(302,910)**	(319,655)	**(643,522)**	(649,269)	**(946,432)**	(968,924)

14 SEGMENT REPORTING (CONTINUED)

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

	2014 $'000	2013 $'000
Revenue		
Reportable segment revenue	**484,063**	773,700
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**484,063**	773,700
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)
Consolidated profit before taxation	**463,402**	165,959
Assets		
Reportable segment assets	**2,747,292**	2,275,300
Available-for-sale securities	**14,967**	15,045
Unallocated head office and corporate assets	**39,250**	2,082
Consolidated total assets	**2,801,509**	2,292,427

14 SEGMENT REPORTING *(CONTINUED)*

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities *(Continued)*

	2014 $'000	2013 $'000
Liabilities		
Reportable segment liabilities	**(946,432)**	(968,924)
Tax payable	**(10,004)**	(5,996)
Deferred tax liabilities	**(23,671)**	(17,833)
Unallocated head office and corporate liabilities	**(973)**	(9,270)
Consolidated total liabilities	**(981,080)**	(1,002,023)

(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:

	2014 $'000	2013 $'000
Customer A *(note (i))*	**199,598**	146,558
Customer B *(note (i))*	**133,270**	473,450
Customer C *(note (ii))*	**80,682**	79,620

Notes:

(i) Revenue from customers A and B is generated from provision of construction services.

(ii) Revenue from customer C is generated from property leasing.

15 FIXED ASSETS

	The Group				
	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Furniture, fixtures and other fixed assets $'000	Total $'000
Cost or valuation:					
At 1 April 2012	1,783,000	–	1,783,000	20,730	1,803,730
Additions	–	123,605	123,605	1,043	124,648
Disposals	–	–	–	(256)	(256)
Written off	–	–	–	(11,840)	(11,840)
Surplus on revaluation	29,000	38,395	67,395	–	67,395
At 31 March 2013	1,812,000	162,000	1,974,000	9,677	1,983,677
Representing:					
Cost	–	–	–	9,677	9,677
Valuation	1,812,000	162,000	1,974,000	–	1,974,000
	1,812,000	162,000	1,974,000	9,677	1,983,677
Accumulated depreciation:					
At 1 April 2012	–	–	–	19,252	19,252
Charge for the year	–	–	–	1,390	1,390
Written back on disposals	–	–	–	(256)	(256)
Written off	–	–	–	(11,840)	(11,840)
At 31 March 2013	–	–	–	8,546	8,546
Net book value:					
At 31 March 2013	1,812,000	162,000	1,974,000	1,131	1,975,131

15 FIXED ASSETS *(CONTINUED)*

	The Group				
	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Furniture, fixtures and other fixed assets $'000	Total $'000
Cost or valuation:					
At 1 April 2013	**1,812,000**	**162,000**	**1,974,000**	**9,677**	**1,983,677**
Additions	**–**	**47,062**	**47,062**	**126**	**47,188**
Surplus on revaluation	**5,000**	**325,938**	**330,938**	**–**	**330,938**
At 31 March 2014	**1,817,000**	**535,000**	**2,352,000**	**9,803**	**2,361,803**
Representing:					
Cost	**–**	**–**	**–**	**9,803**	**9,803**
Valuation	**1,817,000**	**535,000**	**2,352,000**	**–**	**2,352,000**
	1,817,000	**535,000**	**2,352,000**	**9,803**	**2,361,803**
Accumulated depreciation:					
At 1 April 2013	**–**	**–**	**–**	**8,546**	**8,546**
Charge for the year	**–**	**–**	**–**	**752**	**752**
At 31 March 2014	**–**	**–**	**–**	**9,298**	**9,298**
Net book value:					
At 31 March 2014	**1,817,000**	**535,000**	**2,352,000**	**505**	**2,352,505**

15 FIXED ASSETS *(CONTINUED)*

Notes:

(a) Fair value measurement of investment properties and investment properties under development

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties and investment properties under development measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

	The Group			
		Fair value measurements as at 31 March 2014 categorised into		
	Fair value at 31 March 2014	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Investment properties and investment properties under development	2,352,000	–	–	2,352,000

During the year ended 31 March 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties and investment properties under development were revalued as at 31 March 2014. The valuations were carried out by an independent firm of surveyors, Colliers International (Hong Kong) Limited, who have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on a market value basis. Management of the Group have discussions with the valuers about the valuation assumptions and valuation results when the valuations are performed at each interim and annual reporting date.

15 FIXED ASSETS (CONTINUED)

Notes: (Continued)

(a) Fair value measurement of investment properties and investment properties under development (Continued)

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Adopted rate/ value
Investment properties	Income approach — discounted cash flow analysis	Risk-adjusted discount rate	6%
		Expected market rental growth	4.5%
		Expected occupancy rate	100%
		Terminal capitalisation rate	4.5%
Investment properties under development	Residual approach — discounted cash flow analysis	Risk-adjusted discount rate	6%
		Expected market rental growth	4.5%
		Expected occupancy rate	100%
		Terminal capitalisation rate	4.5%
		Expected monthly rental ($/square feet)	190
		Estimated profit margin	20%
		Costs to completion ($'000)	505,855
		Estimated land premium on lease modification ($'000)	189,000

The fair value of investment properties is determined on the basis of capitalisation of discounted cash flow analysis by discounting a projected cash flow series associated with the properties using risk-adjusted discount rates. The valuation takes into account expected market rental growth and occupancy rates of the properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement of investment properties is positively correlated to the expected market rental growth and the occupancy rate, and negatively correlated to the risk-adjusted discount rate and terminal capitalisation rate.

The fair value of investment properties under development is determined using 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 that amount the estimated land premium, estimated costs to complete the construction, financing costs and a reasonable profit margin. The fair value measurement of investment properties under development is positively correlated to the expected monthly rental, market rental growth and occupancy rate, and negatively correlated to the risk-adjusted discount rate, terminal capitalisation rate, estimated profit margin, costs to completion and estimated land premium on lease modification.

15 FIXED ASSETS *(CONTINUED)*

Notes: (Continued)

(a) Fair value measurement of investment properties and investment properties under development (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the year ended 31 March 2014 in the balances of these Level 3 fair value measurements are as follows:

	Investment properties and investment properties under development $'000
At 1 April 2013	1,974,000
Additions	47,062
Fair value adjustment	330,938
At 31 March 2014	**2,352,000**

The fair value adjustment for investment properties and investment properties under development is recognised in the line item "changes in fair value of investment properties" on the face of the consolidated income statement.

(b) All the Group's investment properties and investment properties under development are situated in Hong Kong and held under medium-term leases.

(c) Fixed assets leased out under operating leases

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 5 to 20 years, with an option to renew each lease upon expiry at which time all terms are renegotiated.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2014 **$'000**	2013 $'000
Within 1 year	**115,451**	111,161
After 1 year but within 5 years	**400,339**	420,182
After 5 years	**266,192**	361,800
	781,982	893,143

(d) The Group's investment properties and investment properties under development were pledged against bank loans, details of which are set out in note 23.

16 INVESTMENT IN SUBSIDIARIES

	The Company	
	2014 **$'000**	2013 $'000
Unlisted shares, at cost	**–***	–*

* Each represents $23

16 INVESTMENT IN SUBSIDIARIES *(CONTINUED)*

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Grand Tech Construction Company Limited	Hong Kong	$5,000,000	100%	–	100%	Construction
Wellford Properties Limited	Hong Kong	$100	100%	–	100%	Leasing of data centre premises
Winning Tech Limited	Hong Kong	$1	100%	–	100%	Property investment

17 OTHER FINANCIAL ASSETS

	The Group 2014 $'000	The Group 2013 $'000
Available-for-sale securities, quoted but unlisted	**14,967**	15,045

The available-for-sale securities were pledged as security for the bank loans granted to the Group (see note 23).

18 TRADE AND OTHER RECEIVABLES

	The Group 2014 $'000	The Group 2013 $'000	The Company 2014 $'000	The Company 2013 $'000
Trade debtors *(note (i))*	**77,350**	135,950	**–**	–
Less: allowance for doubtful debts	**(38)**	–	**–**	–
	77,312	135,950	**–**	–
Deposits, prepayments and other receivables *(note (i))*	**8,513**	8,858	**572**	2,082
Retentions receivable *(note (ii))*	**54,499**	41,698	**–**	–
Amounts due from subsidiaries *(note (iii))*	**–**	–	**85,270**	–
	140,324	186,506	**85,842**	2,082

Notes:

(i) Except for an amount of $34,789,000 (2013: $33,410,000) as at 31 March 2014, which is expected to be recovered after one year, all of the remaining balances are expected to be recovered within one year.

(ii) Except for an amount of $18,463,000 (2013: $33,039,000) as at 31 March 2014, which is expected to be recovered after one year, all of the remaining balances are expected to be recovered within one year.

(iii) The amounts due from subsidiaries are unsecured, interest-free and recoverable on demand.

18 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(iv) 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:

	The Group	
	2014	2013
	$'000	$'000
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
	77,312	135,950

(v) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(j)(i)).

The movement in the allowance for doubtful debt during the year, including both specific and collective loss components, is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 April 2013/2012	**–**	–	**–**	–
Impairment loss recognised	**38**	–	**–**	–
At 31 March	**38**	–	**–**	–

At 31 March 2014, the Group's trade debtors of $38,000 (2013: $Nil) were individually determined to be impaired. The individually impaired receivables related to customers who were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Accordingly, the Group has recognised impairment losses during the year in relation to the amounts which are considered to be irrecoverable.

(vi) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2014	2013
	$'000	$'000
Neither past due nor impaired	**75,143**	126,148
Less than 1 month past due	**1,903**	8,824
Over 1 month but less than 3 months past due	**86**	902
Over 3 months but less than 6 months past due	**180**	49
Over 6 months but less than 1 year past due	**–**	27
	2,169	9,802
	77,312	135,950

18 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes: (Continued)

(vi) Trade debtors that are not impaired *(Continued)*

Receivables which were neither past due nor impaired related to a range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired relate to independent customers that have a good track record of trading with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

19 RESTRICTED AND PLEDGED DEPOSITS

	The Group	
	2014	2013
	$'000	$'000
Pledged deposits *(note (i))*	**37,085**	37,856
Restricted deposits *(note (ii))*	**6,064**	6,064
	43,149	43,920

Notes:

(i) The balances represent bank deposits pledged to secure banks loans of the Group (see note 23).

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

20 CASH AND BANK BALANCES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**204,448**	55,467	**38,677**	–*
Cash and cash equivalents in the consolidated cash flow statement	**204,448**	55,467	**–**	–
Deposits with original maturity over three months at acquisition	**4,462**	–	**–**	–
Cash and bank balances in the balance sheets	**208,910**	55,467	**38,677**	–*

* Each represents $100

21 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	The Group	
	2014	2013
	$'000	$'000
Gross amount due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	**1,892,998**	232,950
Less: Progress billings received and receivable	**(1,851,344)**	(216,592)
	41,654	16,358
Gross amount due to customers for contract work		
Progress billings received and receivable	**–**	1,728,718
Less: Contract costs incurred plus recognised profits less recognised losses	**–**	(1,694,971)
	–	33,747

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

22 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Creditors and accrued charges	**65,611**	37,106	**973**	820
Rental and other deposits *(note (ii))*	**6,064**	6,064	**–**	–
Receipts in advance	**3,116**	–	**–**	–
Retentions payable *(note (iii))*	**36,468**	35,962	**–**	–
Amounts due to the former holding company *(note (iv))*	**–**	8,450	**–**	8,450
Amounts due to a subsidiary *(note (iv))*	**–**	–	**–**	1,295
	111,259	87,582	**973**	10,565

Notes:

(i) Except as disclosed in notes 22(ii) to (iii) below, all of the trade and other payables are expected to be settled within one year.

(ii) Rental and other deposits are expected to be settled after more than one year.

(iii) Except for an amount of $7,645,000 (2013: $24,176,000) as at 31 March 2014, all of the remaining balances are expected to be settled within one year.

(iv) The balances were unsecured, interest-free and fully settled during the year ended 31 March 2014.

22 TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (Continued)

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

	The Group	
	2014	2013
	$'000	$'000
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 months but within 6 months	**174**	–
Due after 6 months	**126**	–
	31,276	17,315

23 SECURED BANK LOANS

At 31 March 2014, the secured bank loans are repayable as follows:

	The Group	
	2014	2013
	$'000	$'000
Within 1 year and included in current liabilities	**114,429**	67,470
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	**116,765**	110,765
After 2 years but within 5 years	**433,159**	401,235
After 5 years	**155,813**	248,671
	705,737	760,671
	820,166	828,141

Notes:

(i) At 31 March 2014, the bank loans bear interest ranging from 2.23% to 3.78% (2013: 2.25% to 6.00%) per annum and are secured by the following assets:

	The Group	
	2014	2013
	$'000	$'000
Investment properties	**2,352,000**	1,812,000
Pledged deposits	**37,085**	37,856
Available-for-sale securities	**14,967**	15,045
Other assets	**48,773**	55,390
Total	**2,452,825**	1,920,291

23 SECURED BANK LOANS *(CONTINUED)*

Notes: (Continued)

(ii) At 31 March 2014, all rental and all moneys in relation to the investment properties of the Group were assigned to a bank in relation to a loan granted to the Group with initial principal amount of $740,000,000 which will be repayable by instalments up to March 2020.

(iii) At 31 March 2014, all proceeds from certain construction projects were assigned to banks in relation to performance bonds and banking facilities granted to the Group with maximum amount of $185,700,000 (2013: $352,561,000).

(iv) At 31 March 2014, the banking facilities of the Group were secured by the following:

— assignment of project proceeds, project insurance and fire insurance policies for certain construction contracts;

— assignment of insurance, sales proceeds and renovation contracts and ancillary installation contracts in respect of the enhancement works over investment properties of the Group; and

— share mortgage over the entire issued and paid-up share capital of certain subsidiaries.

(v) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain balance sheet ratios as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 26(b).

24 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2014	2013
Liabilities	**$'000**	$'000
Cash flow hedges: interest rate swaps	**11,661**	21,296
Interest rate swaps	**4,319**	7,428
	15,980	28,724

(a) The notional principal amounts of derivative financial instruments outstanding at the balance sheet date were as follows:

	The Group	
	2014	2013
	$'000	$'000
Interest rate swaps	**962,000**	1,020,000

(b) Derivative financial liabilities represent the amounts the Group would pay if the positions were closed at the balance sheet date. Derivative financial instruments that did not qualify for hedge accounting and their corresponding changes in fair values have been recognised in the profit or loss.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	The Company			
	Share capital $'000	Share premium $'000	(Accumulated losses)/ retained profits $'000	Total $'000
Balance at 14 August 2012 (date of incorporation)	–	–	–	–
Issuance of new shares upon incorporation *(note 25(c)(i))*	–*	–	–	–*
Loss and total comprehensive income for the period	–	–	(8,483)	(8,483)
Balance at 31 March 2013	–*	–	(8,483)	(8,483)
Balance at 1 April 2013	**–***	**–**	**(8,483)**	**(8,483)**
Changes in equity for 2014:				
Profit and total comprehensive income for the year	**–**	**–**	**43,445**	**43,445**
Issuance of new shares under IPO, net of issuing expenses *(note 25(c)(iii))*	**1,000**	**101,934**	**–**	**102,934**
Capitalisation issue *(note 25(c)(ii))*	**3,000**	**(3,000)**	**–**	**–**
Dividend declared in respect of the current year *(note 25(b)(i))*	**–**	**–**	**(14,400)**	**(14,400)**
Balance at 31 March 2014	**4,000**	**98,934**	**20,562**	**123,496**

* Each represents $100

25 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2014 **$'000**	2013 $'000
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.

(ii) During the year ended 31 March 2013, a dividend of $20,000,000 was declared, approved and paid to the former holding company, Grand Ming Holdings Limited by Grand Tech Construction Company Limited.

(c) Share capital

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

* Each represents $100

\# Each represents 100 shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (Continued)

Notes:

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

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

Since the Reorganisation was not completed on 31 March 2013, the share capital in the consolidated balance sheet as at 31 March 2013 represented the aggregate share capital of the Company and companies comprising the Group. 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 $1 each was split into 100 shares of $0.01 each, and accordingly the authorised share capital and issued shares were increased from 390,000 shares to 39,000,000 shares and from 100 shares to 10,000 shares respectively. The authorised share capital (after the share split) was increased from 39,000,000 shares to 10,000,000,000 shares by the creation of 9,961,000,000 new shares, ranking pari passu in all respects with the shares in issue as at the date of passing of the written resolution.

(ii) On 23 July 2013, pursuant to a written resolution of the shareholders of the Company, the Company allotted and issued 299,990,000 shares of $0.01 each to the then existing shareholders of the Company. This resolution was conditional on the share premium account being credited as a result of the Company's IPO and pursuant to this resolution, a sum of $2,999,900 standing to the credit of the share premium account was subsequently applied in paying up this capitalisation in full upon the Listing Date.

(iii) On 9 August 2013, the Company was successfully listed on the Stock Exchange following the completion of its IPO of 100,000,000 shares of $0.01 each issued at a price of $1.11 per share. Proceeds of $1,000,000, representing the par value of shares issued, were credited to the Company's share capital. The remaining proceeds of $101,934,000, after deducting issuing expenses of $8,066,000, were credited to the share premium account.

(d) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policy set out in note 2(e).

(iii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy set out in note 2(g).

25 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(e) Distributability of reserves

At 31 March 2014, the aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was $119,496,000 (2013: $Nil). After the balance sheet date the directors proposed a final dividend of HK4.6 cents (2013: Nil) per ordinary share, amounting to $18,400,000 (2013: $Nil) (note 25(b)(i)). This dividend has not been recognised as a liability at the balance sheet date.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its construction business and property investment projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, financial derivative instruments and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has an exposure limit for any single financial institution. Transactions involving derivative financial instruments are with counterparties of sound credit standing. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

Before entering into construction contracts, assessment of the potential customers is carried out as part of the acceptance procedures for the new contracts.

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.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

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.

At the balance sheet date, the Group has significant concentration of credit risk in a few customers. In view of their credit standing, good payment record and long established relationships with the Group, management does not consider the Group's credit risk to be significant. At the balance sheet date, 39% and 96% (2013: 24% and 99%) of the total trade debtor was due from the Group's largest customer and the five largest customers respectively.

Except for the financial guarantees given by the Group as set out in note 28, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 28.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

(b) Liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands, subject to approval by the Company's board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2014					
	Contractual undiscounted cash outflow					Carrying amount
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	$'000
Secured bank loans	132,130	131,791	455,629	157,499	877,049	820,166
Creditors and accrued charges	65,611	–	–	–	65,611	65,611
Retentions payable	28,823	7,645	–	–	36,468	36,468
	226,564	139,436	455,629	157,499	979,128	922,245
Derivative settled net:						
Interest rate swap contracts	12,984	5,486	1,995	–	20,465	15,980

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Liquidity risk *(Continued)*

	2013					
	Contractual undiscounted cash outflow					Carrying amount
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	$'000
Secured bank loans	75,604	126,483	430,684	254,270	887,041	828,141
Creditors and accrued charges	37,106	–	–	–	37,106	37,106
Retentions payable	11,786	24,176	–	–	35,962	35,962
Amounts due to the former holding company	8,450	–	–	–	8,450	8,450
	132,946	150,659	430,684	254,270	968,559	909,659
Derivative settled net:						
Interest rate swap contracts	14,221	12,690	5,669	–	32,580	28,724

The contractual maturities at the balance sheet date of the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date on which the Company can be required to pay, are within one year or on demand.

(c) Interest rate risk

The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowings which predominantly bear floating interest rates. The Group monitors closely its interest rate exposure and the level of fixed rate and floating rate borrowing and considers hedging interest rate exposure should the need arise. The Group's interest rate profile as monitored by management is set out in (ii) below.

The interest rates and terms of repayment of interest-bearing borrowings of the Group are disclosed in note 23 to the financial statements.

(i) Hedging

Interest rate swaps, denominated in Hong Kong dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy. At 31 March 2014, the Group had interest rate swaps with a notional contract amount of $762,000,000 (2013: $820,000,000), which it has designated as cash flow hedges of the interest rate risk inherent in its variable rate bank borrowings. At 31 March 2014, the Group had interest rate swaps with a notional contract amount of $200,000,000 (2013: $200,000,000) which were not designated as cash flow hedging instruments.

The swaps mature over the next four years and have fixed swap rates ranging from 0.99% to 1.97% (2013: 0.89% to 1.97%). The net fair value of swaps entered into by the Group at 31 March 2014 was $15,980,000 (2013: $28,724,000). These amounts are recognised as derivative financial instruments (note 24).

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Interest rate risk *(Continued)*

(ii) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings (as defined above) at the balance sheet date, after taking into account the effect of interest rate swaps designated as cash flow hedging instruments (see (i) above).

	2014		2013	
	Effective interest rate %	**Amount $'000**	Effective interest rate %	Amount $'000
Net fixed rate borrowings:				
Secured bank loans	**3.68**	**760,709**	3.66	821,289
Variable rate borrowings:				
Secured bank loans	**3.25**	**59,457**	2.38	6,852
Total net borrowings		**820,166**		828,141
Net fixed rate borrowings as a percentage of total net borrowings		**92.75%**		99.17%

(iii) Sensitivity analysis

At 31 March 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and total equity by approximately $496,000 (2013: $57,000), in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The analysis has been performed on the same basis as for the year 2013.

(d) 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.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

	The Group			
	Fair value at 31 March 2014	Fair value measurement as at 31 March 2014 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets				
Available-for-sale securities	**14,967**	**–**	**14,967**	**–**
Liabilities				
Derivative financial instruments:				
— Interest rate swaps	**15,980**	**–**	**15,980**	**–**

	The Group			
	Fair value at 31 March 2013	Fair value measurement as at 31 March 2013 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets				
Available-for-sale securities	15,045	–	15,045	–
Liabilities				
Derivative financial instruments:				
— Interest rate swaps	28,724	–	28,724	–

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

During the years ended 31 March 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occurred.

Valuation techniques and inputs used in Level 2 fair value measurements

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

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

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2014 and 2013.

27 COMMITMENTS

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

	The Group	
	2014	2013
	$'000	$'000
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.

28 CONTINGENT LIABILITIES

	The Group	
	2014	2013
	$'000	$'000
Guarantees given to financial institutions for loan 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.

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transaction during the year:

	The Group	
	2014	2013
	$'000	$'000
Rental paid to related companies *(note (ii))*	**1,380**	–

Notes:

(i) The directors of the Group are of opinion that the above transactions were entered into in the normal course of business.

(ii) During the year ended 31 March 2013, the Group occupied office units held by two related companies, namely Grand Tech Enterprise Company Limited ("Grand Tech Enterprise") and Grand Regal Holdings Limited ("Grand Regal"). Both companies waived their rights to recover the operating lease charges from the Group. On 17 April 2013, the Group entered into tenancy agreements ("Tenancy Agreements") with these two related companies to lease the office units for three years at a monthly rental charge of $115,000 commencing on 1 April 2013. On 21 November 2013, Grand Tech Enterprise and Grand Regal entered into assignment agreements with two related companies, namely Perfect Top Development Limited ("Perfect Top") and Gain Glory Development Limited ("Gain Glory"), respectively. The ownership of the office units was transferred from Grand Tech Enterprise and Grand Regal to Perfect Top and Gain Glory respectively, and Perfect Top and Gain Glory agreed to assume all rights and obligations under the Tenancy Agreements. These transactions constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed "Continuing connected transactions" in the Report of the Directors.

(iii) As at 31 March 2013, indemnities were issued by the former holding company, Grand Ming Holdings Limited, to banks for certain performance bonds in respect of construction contracts undertaken by the Group. The indemnities were released upon the Listing Date.

(iv) In prior years, at the request of Wellford Properties Limited, Grand Ming Holdings Limited, entered into agreements (the "Original Agreements"), with an independent third party customer in connection with, among other things, the leasing of Group's investment properties owned by Wellford Properties Limited (the "Property"). Such arrangement was conducted pursuant to an agreement (the "Agreement") entered into between Grand Ming Holdings Limited and Wellford Properties Limited. According to the Agreement, Grand Ming Holdings Limited acts at the request of Wellford Properties Limited and is responsible for issuing invoices to and collecting rental and related income from such independent third party customer. No fee was charged by Grand Ming Holdings Limited to Wellford Properties Limited in respect of the provision of these services during the year ended 31 March 2013. On 5 December 2012, Wellford Properties Limited entered into a deed of novation ("Deed of Novation") with such independent third party customer and Grand Ming Holdings Limited whereby Wellford Properties Limited agreed to assume all of Grand Ming Holdings Limited's rights and obligations under the Original Agreements and their subsequent amendment. Subsequent to the Deed of Novation becoming effective, the Agreement between Grand Ming Holdings Limited and Wellford Properties Limited ceased.

(b) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 10 and certain of the highest paid employees and senior management as disclosed in note 11, is as follows:

	2014	2013
	$'000	$'000
Short-term employee benefits	**11,597**	9,431
Post-employment benefits	**115**	102
	11,712	9,533

Total remuneration is included in "staff costs" (see note 7(b)).

(Expressed in Hong Kong dollars unless otherwise indicated)

29 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) *(Continued)*

The related party transactions in respect of the remuneration of directors and chief executives of the Company constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executives) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

30 NON-ADJUSTING POST BALANCE SHEET EVENT

After the balance sheet date, the directors proposed a final dividend. Further details are disclosed in note 25(b).

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 March 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	Undetermined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) came into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

32 IMMEDIATE PARENT AND ULTIMATE HOLDING COMPANY

At 31 March 2014, the directors consider the immediate parent and ultimate holding company of the Group to be Chan HM Company Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

The particular of the Group's investment properties and investment properties under development are as follows:

Location	Use	Tenure
Investment properties		
iTech Tower No. 28 Pak Tin Par Street Tsuen Wan New Territories, Hong Kong	Data centre use	Medium-term lease
Investment properties under development		
Lot No. 326 in D.D.444 54–56 Ta Chuen Ping Street Tsuen Wan New Territories, Hong Kong	Industrial	Medium-term lease