

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

# G&M Holdings Limited

## 信越控股有限公司

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

(Stock code: 6038)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2017*

		<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	6	<b>134,113</b>	126,436
Cost of revenue		<u><b>(87,069)</b></u>	<u>(84,854)</u>
<b>Gross profit</b>		<b>47,044</b>	41,582
Other income and gains	7	<b>359</b>	72
Administrative and other operating expenses		<b>(13,888)</b>	(8,623)
Listing expenses		<b>(6,363)</b>	(3,720)
Finance costs		<u><b>(169)</b></u>	<u>(171)</u>
<b>Profit before income tax</b>	8	<b>26,983</b>	29,140
Income tax expense	9	<u><b>(5,163)</b></u>	<u>(5,689)</u>
<b>Profit for the period</b>		<u><b>21,820</b></u>	<u>23,451</u>
<b>Other comprehensive income</b>			
— Exchange difference arising from translation of foreign operation		<u><b>11</b></u>	<u>(22)</u>
<b>Total comprehensive income for the period</b>		<u><b>21,831</b></u>	<u>23,429</u>

		<b>Six months ended 30 June</b>	
		<b>2017</b>	2016
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>21,820</b>	23,426
Non-controlling interests		<u>—</u>	<u>25</u>
		<b><u>21,820</u></b>	<b><u>23,451</u></b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>21,831</b>	23,404
Non-controlling interests		<u>—</u>	<u>25</u>
		<b><u>21,831</u></b>	<b><u>23,429</u></b>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>			
Basic and diluted earnings per share	<i>11</i>	<b><u>2.82</u></b>	<b><u>3.12</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		<b>30 June 2017</b>	31 December 2016
		<b>(unaudited)</b>	(audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,035</b>	3,378
Prepayment for acquisition of property, plant and equipment		<u>—</u>	<u>436</u>
		<b>5,035</b>	3,814
<b>Current assets</b>			
Inventories		<b>940</b>	976
Amounts due from customers of contract works	<i>12</i>	<b>17,064</b>	14,955
Trade and other receivables	<i>13</i>	<b>61,356</b>	74,217
Pledged bank deposits		<b>21,214</b>	21,211
Cash and bank balances		<u><b>132,371</b></u>	<u>48,482</u>
		<b>232,945</b>	159,841
<b>Current liabilities</b>			
Amounts due to customers of contract works	<i>12</i>	<b>15,986</b>	24,439
Trade and other payables	<i>14</i>	<b>27,908</b>	37,957
Tax payable		<b>7,519</b>	8,107
Bank borrowings		<b>8,941</b>	10,027
Obligation under finance lease		<u>—</u>	<u>178</u>
		<b>60,354</b>	80,708
<b>Net current assets</b>		<u><b>172,591</b></u>	<u>79,133</u>
<b>Total assets less current liabilities</b>		<u><b>177,626</b></u>	<u>82,947</u>
<b>NET ASSETS</b>		<u><b>177,626</b></u>	<u>82,947</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>10,000</b>	—
Reserves		<u><b>167,626</b></u>	<u>82,947</u>
<b>Total equity</b>		<u><b>177,626</b></u>	<u>82,947</u>

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium*	Merger reserve*	Translation reserves*	Retained earnings*	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Six months ended 30 June 2017 (unaudited)</b>								
At 1 January 2017	—	—	(4,592)	(72)	87,611	82,947	—	82,947
Profit for the period	—	—	—	—	21,820	21,820	—	21,820
Other comprehensive income for the period								
— Exchange difference arising from translation of foreign operation	—	—	—	11	—	11	—	11
Total comprehensive income for the period	—	—	—	11	21,820	21,831	—	21,831
Dividends declared (note 10)	—	—	—	—	(20,000)	(20,000)	—	(20,000)
Share issued pursuant to the capitalisation issue (note 15(d))	7,500	(7,500)	—	—	—	—	—	—
Share issued under share offer (note 15(e))	2,500	100,000	—	—	—	102,500	—	102,500
Share issuance expenses (note 15(f))	—	(9,652)	—	—	—	(9,652)	—	(9,652)
At 30 June 2017 (unaudited)	<b>10,000</b>	<b>82,848</b>	<b>(4,592)</b>	<b>(61)</b>	<b>89,431</b>	<b>177,626</b>	<b>—</b>	<b>177,626</b>
<b>Six months ended 30 June 2016 (unaudited)</b>								
At 1 January 2016	10	—	998	—	83,655	84,663	1,179	85,842
Profit for the period	—	—	—	—	23,426	23,426	25	23,451
Other comprehensive income for the period								
— Exchange difference arising from translation of foreign operation	—	—	—	(22)	—	(22)	—	(22)
Total comprehensive income for the period	—	—	—	(22)	23,426	23,404	25	23,429
Acquisition of non-controlling interest	—	—	1,400	—	(196)	1,204	(1,204)	—
Arising from reorganisation	(10)	—	10	—	—	—	—	—
Deemed distribution to a controlling shareholder	—	—	(7,000)	—	—	(7,000)	—	(7,000)
Dividend declared (note 10)	—	—	—	—	(12,900)	(12,900)	—	(12,900)
At 30 June 2016 (unaudited)	—	—	(4,592)	(22)	93,985	89,371	—	89,371

\* The total of these equity accounts as at 30 June 2017 represent “Reserves” in the condensed consolidated statement of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Net cash generated from operating activities	14,822	24,801
Net cash used in investing activities	(2,382)	(665)
Net cash generated from/(used in) financing activities	<u>71,416</u>	<u>(11,093)</u>
Increase in cash and cash equivalents	83,856	13,043
Cash and cash equivalents at the beginning of period	48,482	115,103
Effect of exchange rate changes on cash and cash equivalents	<u>33</u>	<u>—</u>
Cash and cash equivalents at the end of period	<u><u>132,371</u></u>	<u><u>128,146</u></u>

# **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

*For the six months ended 30 June 2017*

## **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands as an exempt company with limited liability on 29 November 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at Units 1709–14, 17th Floor, Manhattan Centre, 8 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 June 2017 (the “Listing”).

The Company is an investment holding company and the principal activities of the Company and its subsidiaries (collectively referred hereafter as the “Group”) are the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

## **2. REORGANISATION**

In connection with the Listing, the Company underwent a reorganisation (the “Reorganisation”). Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company dated 25 May 2017 (the “Prospectus”). Immediately after the Reorganisation, the Company became the holding company of its subsidiaries now comprising the Group on 12 May 2017.

## **3. BASIS OF PREPARATION**

The Company and its subsidiaries now comprising the Group have been under the common control of the controlling shareholders, Mr. Lee Chi Hung (“Mr. Lee”) and Mr. Leung Ping Kwan (“Mr. Leung”), before and after the Reorganisation. Accordingly, the Reorganisation has been accounted for using merger basis accounting in accordance with Hong Kong Accounting Guideline 5 Merger Accounting for Common Control Combination for the six months ended 30 June 2016. Upon completion of the Reorganisation on 12 May 2017, the results of the subsidiaries are consolidated into the financial statements of the Company. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2016 (the “2016 Financial Statements”) set out in Appendix I to the Prospectus, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The unaudited condensed consolidated interim financial statements have not been audited or reviewed by the Company’s external auditors, but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis. Except for the adoption of the new and amended HKFRSs for annual periods beginning on 1 January 2017, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements are consistent with those described in the 2016 Financial Statements.

##### **(a) Adoption of new or revised HKFRSs effective on 1 January 2017**

During the interim period, the Group has adopted all the following new and amended HKFRSs which are first effective for the reporting period and relevant to the Group.

Amendments to HKAS 7	Disclosure Initiatives
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

The adoption of these new standards and amendments to existing standards does not have any significant impact to the results and financial position of the Group’s unaudited condensed consolidated interim financial statements.

**(b) New or revised HKFRSs that have been issued but are not yet effective**

The following new or revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Association or Joint Venture <sup>3</sup>
Amendments to HKFRS 15 HKFRSs (Amendments)	Clarifications to HKFRS 15 Revenue from Contractors with Customers <sup>1</sup> Annual improvements 2014–2016 Cycle except for amendments to HKFRS 12 <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The Directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position but is not yet in a position to determine whether they will have a significant impact on the Group's results of operations and financial position.

**5. SEGMENT REPORTING**

**(a) Segment information**

The Group has only one operating segment that qualifies as reporting segment under HKFRS 8. The Group operates in Hong Kong and the PRC. All the Group's revenue are derived from Hong Kong, and more than 90% of the Group's non-current assets are located in Hong Kong. Accordingly, no separate segmental analysis is presented.

**(b) Information about major customers**

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, as set out below:

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Customer I	57,349	106,758
Customer II	42,535	—*
Customer III	<u>27,856</u>	<u>14,301</u>

\* The corresponding revenue does not contribute over 10% of the Group's revenue.



## 6. REVENUE

The Group is principally engaged in the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall work in Hong Kong.

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Design and build projects		
— Podium facade and related works	126,158	106,864
— Curtain wall works	<u>2,154</u>	<u>14,904</u>
	128,312	121,768
Repair and maintenance services	<u>5,801</u>	<u>4,668</u>
	<u><u>134,113</u></u>	<u><u>126,436</u></u>

## 7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	30	3
Gain on disposal of property, plant and equipment	25	—
Exchange gain, net	81	43
Others	<u>223</u>	<u>26</u>
	<u><u>359</u></u>	<u><u>72</u></u>

## 8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Auditor's remuneration	325	105
Depreciation of property, plant and equipment	1,221	484
Warranty expenses <sup>#</sup>	331	148
Employee benefit expenses (including directors' emoluments)		
— Salaries, allowances and other benefits	18,845	14,727
— Contributions to defined contribution retirement plan	889	444
	<u>19,734</u>	<u>15,171</u>
Operating lease charges in respect of land and buildings	<u>1,177</u>	<u>589</u>

<sup>#</sup> Included in cost of revenue

## 9. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Current tax		
— Hong Kong	5,163	5,561
— Under-provision in respect of prior periods	—	128
Tax for the period	<u>5,163</u>	<u>5,689</u>

Hong Kong profit tax is calculated at 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits for the period.

Enterprise Income Tax arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2016: 25%) on the estimated assessable profits for the period.

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the current and prior periods.

## 10. DIVIDENDS

The Directors do not propose any payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

On 31 March 2017, the directors of a subsidiary declared a dividend of HK\$20,000,000 to its then shareholders, which was settled by current accounts with directors.

For the six months ended 30 June 2016, the dividend declared amounting to HK\$12,900,000 represented interim dividend declared by a subsidiary to its then shareholders.

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for the purpose of calculating the basic earnings per share for the six months ended 30 June 2016 of 750,000,000 represents the number of shares of the Company in issue after the completion of the capitalisation issue as described in note 15(d), as if these shares had been issued throughout the period.

The weighted average number of shares used for the purpose of calculating the basic earnings per share for the six months ended 30 June 2017 of 774,862,000 includes the weighted average number of shares issued pursuant to the share offer (note 15(d)) of 24,862,000 shares, in addition to the aforementioned 750,000,000 shares in issue immediately after the capitalisation issue.

	Six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Profit for the period attributable to owners of the Company (HK'000)	21,820	23,426
Weighted average number of ordinary shares in issue during the period ('000)	774,862	750,000
Basic earnings per share (HK cents)	<u>2.82</u>	<u>3.12</u>

Diluted earnings per share is the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the current and prior period.

## 12. AMOUNTS DUE FROM/(TO) CUSTOMERS OF CONTRACT WORKS

The following table sets out details of the amounts due from/(to) customers for contract works at the end of the reporting period.

	As at 30 June 2017 (unaudited) HK\$'000	As at 31 December 2016 (audited) HK\$'000
	Contract costs incurred to date plus recognised profits less recognised losses ( <i>note</i> )	772,675
Less: Progress billings to date	<u>(771,597)</u>	<u>(738,358)</u>
	1,078	(9,484)
Amounts due from customers of contract works	17,064	14,955
Amounts due to customers of contract works	<u>(15,986)</u>	<u>(24,439)</u>
	<u>1,078</u>	<u>(9,484)</u>

*Note:* Included in the balances were warranty provision made for design and build projects amounting to approximately HK\$1,868,000 (31 December 2016: HK\$2,375,000) as at 30 June 2017.

All amounts due from/to customers of contract works are expected to be recovered/settled within one year.

### 13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 (unaudited) HK\$'000	As at 31 December 2016 (audited) HK\$'000
Trade receivables ( <i>notes (a) &amp; (b)</i> )	26,908	30,220
Retention receivables ( <i>note (c)</i> )	11,357	9,737
Deposits, prepayment and other receivables	<u>23,091</u>	<u>34,260</u>
	<u><b>61,356</b></u>	<u><b>74,217</b></u>

*Notes:*

- (a) The credit period granted to trade debtors ranged from 20 to 60 days.
- (b) The aging analysis of trade receivables (net) at the end of the reporting period based on the invoice date is as follows:

	As at 30 June 2017 (unaudited) HK\$'000	As at 31 December 2016 (audited) HK\$'000
Within 30 days	23,456	28,189
31–60 days	2,308	485
61–90 days	385	35
Over 90 days but less than 1 year	627	268
Over 1 year	<u>132</u>	<u>1,243</u>
	<u><b>26,908</b></u>	<u><b>30,220</b></u>

- (c) Retention receivables

As at 30 June 2017, based on due date, the Group's retention receivables of approximately HK\$9,747,000 (31 December 2016: HK\$7,035,000) were not yet past due and the remaining balance of approximately HK\$1,610,000 (31 December 2016: HK\$2,702,000) were past due. Based on the assessment of the Directors, no impairment allowance is necessary for the net retention receivables outstanding at the end of the reporting period as those balances are due from customers with long business relationship and there has not been a significant change in their credit quality.

#### 14. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2017</b> <b>(unaudited)</b> <b>HK\$'000</b>	As at 31 December 2016 (audited) HK\$'000
Trade payables ( <i>notes (a) &amp; (b)</i> )	13,457	21,329
Retention payables ( <i>note (c)</i> )	6,517	7,369
Accruals and other payables	5,519	6,252
Receipt in advance	<u>2,415</u>	<u>3,007</u>
	<u><b>27,908</b></u>	<u><b>37,957</b></u>

*Notes:*

- (a) The credit period granted by the suppliers and subcontractors is normally 0 to 60 days.
- (b) The ageing analysis of the trade payables (net), based on invoice date, as of the end of the reporting period is as follows:

	As at <b>30 June</b> <b>2017</b> <b>(unaudited)</b> <b>HK\$'000</b>	As at 31 December 2016 (audited) HK\$'000
Within 30 days	7,134	10,732
31–60 days	1,488	2,937
61–90 days	1,036	1,012
Over 90 days	<u>3,799</u>	<u>6,648</u>
	<u><b>13,457</b></u>	<u><b>21,329</b></u>

- (c) As at 30 June 2017, retention payables of approximately HK\$3,386,000 (31 December 2016: HK\$5,635,000) were aged one year or below and the remaining balance of approximately HK\$3,131,000 (31 December 2016: HK\$1,734,000) were aged over one year.

## 15. SHARE CAPITAL

The share capital balance as at 31 December 2016 in the condensed consolidated statements of financial position represented the issued capital of the Company and Join Forward Group Limited (“Join Forward”). The share capital balance as at 30 June 2017 represented the issued share capital of the Company.

Details of authorised and issued and fully paid share capital of the Company are summarised as follows:

	<i>Notes</i>	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>			
Ordinary share of HK\$0.01 each			
As at 31 December 2016	<i>(a)</i>	38,000,000	380
Increase in authorised share capital	<i>(b)</i>	<u>9,962,000,000</u>	<u>99,620</u>
As at 30 June 2017		<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid</b>			
Ordinary share of HK\$0.01 each			
As at 31 December 2016		1	—
Issue of shares for acquisition of a subsidiary	<i>(c)</i>	3	—
Shares issued pursuant to the capitalisation issue	<i>(d)</i>	749,999,996	7,500
Shares issued under share offer	<i>(d), (e)</i>	<u>250,000,000</u>	<u>2,500</u>
		<u>1,000,000,000</u>	<u>10,000</u>

### *Notes:*

- (a) The Company was incorporated on 29 November 2016 with authorised share capital of HK\$380,000 divided in 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation, one nil paid subscriber share was allotted and issued to subscriber, which was then transferred to Luxury Booming Limited (“Luxury Booming”) on the same date. Luxury Booming is a company incorporated in the British Virgin Islands and was beneficially owned by Mr. Lee and Mr. Leung since 9 January 2017.
- (b) On 12 May 2017, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each by the creation of an additional 9,962,000,000 shares of HK\$0.01 each.
- (c) On 12 May 2017, the Company allotted and issued three shares in aggregate to Luxury Booming which were credited as fully paid as consideration for the transfer of its shareholding of entire issued share capital of Join Forward. In addition, the Company credited the one nil paid share held by Luxury Booming referred to in note (a) as fully paid. Upon completion of the transfer, Join Forward which is the holding company of the operating subsidiaries becomes a wholly-owned subsidiary of the Company.

Upon completion of the Reorganisation on 12 May 2017, the Company has become the holding company of the Group.

- (d) The Company's shares were listed on the Main Board of the Stock Exchange on 13 June 2017 and the issue of 250,000,000 new shares by the Company becomes unconditional. In connection to this, (i) the Company issued a total of 250,000,000 ordinary shares at HK\$0.41 per share for subscription (the "Share Offer"); and (ii) the Company issued a total of 749,999,996 ordinary shares by way of capitalising an amount of HK\$7,500,000 from the share premium account of the Company (the "Capitalisation Issue") arising from the Share Offer. The Company's total number of issued shares upon completion of the Share Offer and the Capitalisation Issue was increased to 1,000,000,000 ordinary shares.
- (e) Among the gross proceeds from the Share Offer of HK\$102,500,000, HK\$2,500,000 representing the aggregate per value of share issued was credited to the Company's share capital whereas the remaining amount of HK\$100,000,000 was credited to share premium account.
- (f) The share issuance expenses, which amounted to approximately HK\$9,652,000, were deducted from the share premium account.

## 16. GUARANTEES

The Group provided guarantee in respect of the surety bonds in favour of the customers of certain construction contracts. Details of these guarantees as at the end of the reporting period are as follows:

	<b>As at 30 June 2017 (unaudited) HK\$'000</b>	As at 31 December 2016 (audited) HK\$'000
Aggregate value of the surety bonds issued in favour of customers	<b><u>27,768</u></b>	<u>27,768</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of G & M Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 (the “Period”), together with the comparative figures for the corresponding period in 2016 (the “Corresponding Period”). These information should be read in conjunction with the prospectus of the Company dated 25 May 2017 (the “Prospectus”).

### Business Review

The Group provides (i) one-stop design and build solutions in relation to podium facade and curtain wall works; and (ii) repair and maintenance services in Hong Kong.

The shares of the Company (the “Shares”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of share offer (the “Listing”) on 13 June 2017. The Listing is a significant milestone for the Company which not only enhanced our corporate image, but also provided capital for our expansion and helped us to establish better recognitions in the industry and to broaden our client base.

The construction market in Hong Kong was steadily growing in 2017 amidst intense competition and escalating construction costs. In order to achieve a sustained profit margin, the Group will enhance our operational efficiency and remain focused on premium projects. During the Period, the Group continued to receive a high level of tender opportunities but our target remained on a number of established customers and main contractors with regular and/or larger scale projects, with the aim of securing a steady stream of work and revenue.

### Prospects

The Group’s major projects on hand as at 30 June 2017 can be summarised as follow:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 30 June 2017 <i>HK\$’million</i>
1.	Podium facade	Tai Koo, Hong Kong	Jun 2018	130.4
2.	Curtain wall	Happy Valley, Hong Kong	Dec 2019	104.0
3.	Podium facade	Nam Cheong, Kowloon	Dec 2017	79.7
4.	Podium facade	Shau Kei Wan, Hong Kong	Mar 2018	43.3
5.	Podium facade	Shatin, New Territories	Feb 2018	25.5
6.	Podium facade	Yuen Long, New Territories	Sep 2018	9.8
				<u>392.7</u>



The market prospect of the Group remains promising. However, the Group's performance depends on various factors, including but not limited to, the timing of project availability, progress on individual work project, certification by our customers and price fluctuation of materials and labour. The Group adopts a pro-active approach in the tender strategy in order to maintain customers' relationship, increase our presence in the market and bring opportunities for securing new customers and projects.

## **Financial Review**

### ***Revenue***

The Group's revenue increased by approximately HK\$7.7 million or 6.1% from approximately HK\$126.4 million for the Corresponding Period to approximately HK\$134.1 million for the Period. Such growth was mainly driven by the increase in revenue from design and build projects for podium facade and related works and repair and maintenance work orders undertaken by the Group during the Period.

### ***Gross profit and gross profit margin***

The Group's gross profit increased by approximately HK\$5.4 million or 13.0% from approximately HK\$41.6 million for the Corresponding Period to approximately HK\$47.0 million for the Period. Gross profit margin of the Group was approximately 35.1% for the Period, representing a slight increase as compared with that of approximately 32.9% for the Corresponding Period. Such increase was mainly attributable to the Group's closely monitor of its project progress, including review on the project budgets against actual performance in order to enhance control over project costs and potential variation works.

### ***Administrative and other operating expenses***

The Group's administrative and other operating expenses increased by approximately HK\$5.3 million or 61.6% from approximately HK\$8.6 million for the Corresponding Period to approximately HK\$13.9 million for the Period. Such increase was mainly due to the increase in salaries, allowances and other benefits and rental expenses as a result of the Group's business expansion.

### ***Listing expenses***

Listing expenses represent professional fees incurred for the Listing and are not recurring in nature. The Group incurred Listing expenses of approximately HK\$6.4 million and HK\$3.7 million for the Period and the Corresponding Period, respectively.

### ***Profit for the Period***

The Group's profit for the Period amounted to approximately HK\$21.8 million, representing a decrease of approximately HK\$1.6 million or 6.8% as compared to that of approximately HK\$23.4 million for the Corresponding Period. Such decrease was mainly due to the one-off professional fees incurred during the Period for the Listing.

The Group's profit from core operation on a normalised basis is as below:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'million</b>	HK\$'million
Profit before income tax	<b>27.0</b>	29.1
Add: non-recurring Listing expenses	<b>6.4</b>	3.7
Profit before income tax on normalised basis	<b>33.4</b>	32.8
Income tax expense	<b>(5.2)</b>	(5.7)
Profit for six months ended on normalised basis	<b>28.2</b>	27.1
Net profit margin on normalised basis	<b>21.0%</b>	21.4%

The Group's net profit and net profit margin for the Period on a normalised basis remained largely stable as compared to the Corresponding Period. Such was mainly attributable to the increase in gross profit margin, which was partially offset by the increase in administrative and other operating expenses.

#### ***Receivable turnover days***

The Group's receivable turnover days for the Period increased to approximately 38.5 days as compared to that of approximately 26.1 days for the year ended 31 December 2016 because the Group has granted a longer credit period of 60 days to two major customers. The Group did not observe any signs of default on any of its trade receivables balance as at 30 June 2017.

#### ***Amounts due from/to customers of contract works***

The Group's amounts due from customers of contract works as at 30 June 2017 remained stable as compared to 31 December 2016, while the amounts due to customers of contract works as at 30 June 2017 decreased by approximately HK\$8.4 million from 31 December 2016, which was mainly attributable to the work certified by customers for the on-going projects.

#### ***Bank borrowings***

The Group's bank borrowings as at 30 June 2017 amounted to approximately HK\$8.9 million, representing a decrease of approximately HK\$1.1 million as compared to that of approximately HK\$10.0 million as at 31 December 2016. Such decrease was mainly due to the repayment of the bank loans during the Period.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group's gearing ratio, calculated by dividing total debts by total equity, as at 30 June 2017 was approximately 0.05 times (31 December 2016: 0.12 times). The decrease was mainly due to the decrease in the bank borrowings and the increase in the total equity after the Listing.

The Group's cash and bank balances as at 30 June 2017 amounted to approximately HK\$132.4 million, representing an increase of approximately HK\$83.9 million as compared to that of approximately HK\$48.5 million as at 31 December 2016. Such increase was mainly due to the net proceeds from the Listing.

The Group's bank borrowings as at 30 June 2017 were all denominated in Hong Kong Dollars and the interest rates were 5.25% per annum.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 77 staff as at 30 June 2017 (31 December 2016: 73 staff) and the total employee benefit expenses for the Period amounted to approximately HK\$19.7 million (Corresponding Period: HK\$15.2 million). Such increase was mainly contributed to the increase in average number of staff and salary as a result of the Group's business expansion. The Group determines the remuneration of its employees based on each employee's qualifications, experience and past performance. The Company established a remuneration committee on 12 May 2017, which will make recommendations to the Board on the overall remuneration policy and structure for our Directors and senior management. The Group maintains a good relationship with its employees and has not experienced any major labour disputes nor any difficulty in recruiting suitable staff.

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

Since the date of Listing and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **SHARE OPTION SCHEME**

On 12 May 2017, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "Share Option Scheme").

The principal terms of the Share Option Scheme were summarised in the paragraph headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV of the Prospectus.

The Share Option Scheme is to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. No option has been granted up to the date of this announcement.

## **PLEDGE OF ASSETS**

As at 30 June 2017, the Group had pledged bank deposits of approximately HK\$21.2 million (31 December 2016: HK\$21.2 million) as security for certain banking facilities of the Group.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

During the Period, save for the reorganisation as set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus, the Group did not have any material acquisitions and disposals of subsidiaries.

## **SIGNIFICANT INVESTMENT HELD**

The Group had not held any significant investments during the Period.

## **CAPITAL COMMITMENT**

The Group had no significant capital commitment as at 30 June 2017.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 June 2017.

## **EVENTS AFTER END OF THE PERIOD**

No event has occurred after 30 June 2017 and up to the date of this announcement which would have a material effect on the Group.

## **CORPORATE GOVERNANCE**

The Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) since the Listing. The Company is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholder value through good corporate governance. The Company has developed and implemented sound governance policies and measures, and the Board is responsible for performing such corporate governance duties.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code from the date of Listing to the date of this announcement.

## INTERIM DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of an interim dividend for the Period.

## USE OF NET PROCEEDS FROM THE LISTING

The Shares were successfully listed on the Main Board of the Stock Exchange on 13 June 2017, where a total of 250,000,000 Shares were issued by the Company by way of share offer at the offer price of HK\$0.41 per Share. The net proceeds from the Listing, after deducting the Listing expenses of approximately HK\$24.6 million, amounted to approximately HK\$77.9 million, which is slightly higher than the estimated net proceeds of approximately HK\$76.5 million. The difference of approximately HK\$1.4 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The utilisation of net proceeds raised by the Group from the date of Listing up to 30 June 2017 is as below:

	<b>Estimated use of proceeds</b>	<b>Adjusted use of proceeds</b>	<b>Utilised up to 30 June 2017</b>	<b>Unutilised as at 30 June 2017</b>
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Expanding the Group's capacity to undertake more design and build projects	47.5	48.4	—	48.4
Expanding the Groups' manpower	16.3	16.6	0.1	16.5
Enhancing the Group's operational efficiency and technical capacity	5.1	5.2	0.1	5.1
General working capital	<u>7.6</u>	<u>7.7</u>	<u>—</u>	<u>7.7</u>
<b>Total</b>	<u><u>76.5</u></u>	<u><u>77.9</u></u>	<u><u>0.2</u></u>	<u><u>77.7</u></u>

The remaining unused net proceeds as at 30 June 2017 were placed as bank balances with licensed bank in Hong Kong and will be applied according to the intended usage stated in the Prospectus.

## AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 12 May 2017 with its written terms of reference in compliance with the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Professor Wong Roderick Sue Cheun, Mr. Tai Kwok Leung, Alexander and Mr. Kwan Cheuk Kui, and is chaired by Mr. Tai Kwok Leung, Alexander.

The Audit Committee has reviewed the accounting standards and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Period.

By order of the Board  
**G & M Holdings Limited**  
**Lee Chi Hung**  
*Chairman and Executive Director*

Hong Kong, 28 August 2017

*As at the date of this announcement, the Board comprises executive Directors Mr. Lee Chi Hung (chairman of the Board) and Mr. Chan Wai Yin, non-executive Director Mr. Leung Ping Kwan, and independent non-executive Directors Professor Wong Roderick Sue Cheun, Mr. Tai Kwok Leung, Alexander and Mr. Kwan Cheuk Kui.*