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# **G&M** Holdings Limited 信越控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6038)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

### FINANCIAL HIGHLIGHTS

	Year ended 31 December		Increase/ (decrease)
	2017 HK\$'000	2016 HK\$'000	
Revenue	<b>315,751</b>	273,912	15.3%
Gross profit	<b>99,505</b>	90,523	9.9%
Profit before income tax expense	<b>63,997</b>	61,901	3.4%
Profit before income tax expense (excluding listing expenses)	<b>70,360</b>	69,340	1.5%
Profit for the year	<b>52,267</b>	50,077	4.4%
Basic and diluted earnings per share (HK cents)	<b>5.9</b>	6.7	(11.9)%

The Board recommended the payment of a final dividend of HK2.4 cents per share for the year ended 31 December 2017.

### ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of G & M Holdings Limited (the “**Company**”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2017 (“**Year 2017**”), together with the comparative figures for the corresponding year ended 31 December 2016 (“**Year 2016**”).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>Year ended 31 December</b>	
		<b>2017</b>	<b>2016</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Revenue</b>	4	<b>315,751</b>	273,912
Cost of revenue		<u><b>(216,246)</b></u>	<u>(183,389)</u>
Gross profit		<b>99,505</b>	90,523
Other income, gains and losses		<b>286</b>	17
Administrative and other operating expenses		<b>(28,893)</b>	(20,641)
Listing expenses		<b>(6,363)</b>	(7,439)
Finance costs		<u><b>(538)</b></u>	<u>(559)</u>
<b>Profit before income tax</b>	5	<b>63,997</b>	61,901
Income tax expense	6	<u><b>(11,730)</b></u>	<u>(11,824)</u>
<b>Profit for the year</b>		<b>52,267</b>	50,077
<b>Other comprehensive income for the year</b>			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising from translation of foreign operation		<u><b>23</b></u>	<u>(72)</u>
<b>Total comprehensive income for the year</b>		<u><b>52,290</b></u>	<u>50,005</u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>52,267</b>	50,052
Non-controlling interests		<u><b>—</b></u>	<u>25</u>
		<u><b>52,267</b></u>	<u>50,077</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>52,290</b>	49,980
Non-controlling interests		<u><b>—</b></u>	<u>25</u>
		<u><b>52,290</b></u>	<u>50,005</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>			
Basic and diluted earnings per share	8	<u><b>5.9</b></u>	<u>6.7</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2017	2016
	Notes	HK\$'000	HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,376	3,378
Prepayment for acquisition of property, plant and equipment		—	436
		<u>5,376</u>	<u>3,814</u>
<b>Current assets</b>			
Inventories		2,432	976
Amounts due from customers of contract works		40,599	14,955
Trade and other receivables	9	98,372	74,217
Pledged bank deposits		21,215	21,211
Cash and bank balances		106,614	48,482
		<u>269,232</u>	<u>159,841</u>
<b>Current liabilities</b>			
Amounts due to customers of contract works		8,381	24,439
Trade and other payables	10	38,427	37,957
Tax payable		239	8,107
Bank borrowings		19,476	10,027
Obligation under finance lease		—	178
		<u>66,523</u>	<u>80,708</u>
<b>Net current assets</b>		<u>202,709</u>	<u>79,133</u>
<b>Total assets less current liabilities</b>		<u>208,085</u>	<u>82,947</u>
<b>Net assets</b>		<u>208,085</u>	<u>82,947</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	10,000	—
Reserves		198,085	82,947
<b>Total equity</b>		<u>208,085</u>	<u>82,947</u>

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2017*

### 1. GENERAL AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2016. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 June 2017 (the “**Listing**”). 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 Company is an investment holding company. The Group is principally engaged in 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.

Pursuant to the reorganisation as set out in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company date 25 May 2017 (the “**Prospectus**”), which was completed on 12 May 2017 (the “**Reorganisation**”), the Company became the holding company of its subsidiaries now comprising the Group.

The Company’s parent is Luxury Booming Limited (“**Luxury Booming**”), a limited liability company incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors, Luxury Booming is also the ultimate parent of the Company.

The financial statements for the year ended 31 December 2017 were approved and authorised for issue by the directors on 19 March 2018.

### 2. BASIC OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements have been prepared under the historical cost basis.

The financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Group.

#### **Adoption of new/revised HKFRSs — effective 1 January 2017**

The following new/revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, which are effective from current year, have been adopted by the Group.

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

The adoption of these amendments has no material impact on the Group’s financial statements.

### 3. SEGMENT INFORMATION

#### (a) Operating segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, i.e. directors of the Company, who are used to make strategic decisions.

During the year, the directors assess the operating performance and allocate the resources of the Group as a whole as the Group is primarily engaged in 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. Therefore, 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 of the Group's revenue are derived from Hong Kong, and approximately 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, are set out below:

	Year ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
Customer I	159,097	177,277
Customer II	106,569	N/A*
Customer III	<u>N/A*</u>	<u>67,836</u>

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

#### 4. REVENUE

The Group is principally engaged in the provision of one-shop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong. Revenue derived from the principal activity comprises the following:

	Year ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Design and build projects		
— Podium facade and related works	300,691	242,306
— Curtain wall works	6,285	24,749
	<u>306,976</u>	<u>267,055</u>
Repair and maintenance services	8,775	6,857
	<u>315,751</u>	<u>273,912</u>

#### 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting) the following:

	Year ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Auditor's remuneration	630	300
Cost of inventories recognised as expenses <sup>#</sup>	103,807	73,037
Depreciation of property, plant and equipment*	2,640	1,563
Write-off of property, plant and equipment	—	6
Warranty expenses <sup>#</sup>	81	222
Employee benefit expenses, including directors' emoluments		
— Salaries, allowances and other benefits	42,708	35,255
— Contributions to defined contribution retirement plan	817	735
	<u>43,525</u>	<u>35,990</u>
Exchange (gains)/losses, net	(639)	106
Operating lease charges in respect of land and buildings	2,344	1,807

\* Included in administrative and other operating expenses

# Included in cost of revenue

## 6. INCOME TAX EXPENSE

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

	Year ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
— current tax for the year	11,846	11,696
— (over)/under-provision in respect of prior years	(117)	128
PRC Enterprise Income tax		
— current tax for the year	<u>1</u>	<u>—</u>
Income tax expense	<u>11,730</u>	<u>11,824</u>

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the year. Enterprise income tax arising from other regions of the PRC is calculated at 25% (2016: 25%) on the estimated assessable profit for the year.

## 7. DIVIDENDS

	Year ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
Interim dividends ( <i>note a</i> )	20,000	45,900
Proposed final dividend ( <i>note b</i> )	<u>24,000</u>	<u>—</u>
	<u>44,000</u>	<u>45,900</u>

*Notes:*

- (a) The interim dividend for the years ended 31 December 2016 and 2017 of HK\$45,900,000 and HK\$20,000,000 respectively represented interim dividends declared by certain group entities to their then shareholders.
- (b) A dividend in respect of the year ended 31 December 2017 of HK2.4 cents per share, amounting to a total dividend of HK\$24,000,000, will be proposed at the forthcoming annual general meeting. The proposed dividend are not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2017. There are no income tax consequences for the Group related to the payment of dividends by the Company to its shareholders.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Year ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
<b>Earnings</b>		
Profit for the year attributable to owners of the Company	<u>52,267</u>	<u>50,052</u>
	'000	'000
<b>Weighted average number of ordinary shares in issue</b>		
Weighted average number of ordinary shares in issue during the year	<u>888,356</u>	<u>750,000</u>

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 December 2016 of 750,000,000 represents the number of shares of the Company in issue immediately after the completion of the capitalisation issue as further described in the note 11(a)(iv), as if these shares had been issued throughout the year.

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 December 2017 of 888,356,000 includes the weighted average number of shares issued pursuant to the share offer (note 11(a)(iv)) of 138,356,000 shares, in addition to the aforementioned 750,000,000 shares in issue immediately after the capitalisation issue.

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

## 9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2017	2016
	HK\$'000	HK\$'000
Trade receivables	48,835	30,220
Retention receivables	14,780	9,737
Deposits and prepayments	<u>34,757</u>	<u>34,260</u>
	<u>98,372</u>	<u>74,217</u>

The credit period granted to trade debtors ranged from 20 to 60 days.

The ageing analysis of the trade receivables (net), based on invoice date, as at the end of the reporting period is as follows:

	<b>As at 31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 30 days	<b>20,862</b>	28,189
31 – 60 days	<b>25,616</b>	485
61 – 90 days	<b>743</b>	35
Over 90 days but less than 1 year	<b>1,555</b>	268
Over 1 year	<b>59</b>	1,243
	<b>48,835</b>	<b>30,220</b>

As at 31 December 2017, based on due date, the Group's retention receivables of HK\$12,407,000 (2016: HK\$7,035,000) were not yet past due and the remaining balance of HK\$2,373,000 (2016: HK\$2,702,000) were past due, of which HK\$1,848,000 (2016: HK\$1,670,000) were past due for over one year. Based on the assessment of the directors, no impairment allowance is necessary for the 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.

#### 10. TRADE AND OTHER PAYABLES

	<b>As at 31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	<b>20,608</b>	21,329
Retention payables	<b>6,552</b>	7,369
Accruals and other payables	<b>11,253</b>	6,252
Receipt in advance	<b>14</b>	3,007
	<b>38,427</b>	<b>37,957</b>

The credit period granted by the suppliers and subcontractors is normally 0 to 60 days.

The ageing analysis of the trade payables, based on invoice date, as at the end of the reporting period is as follows:

	<b>As at 31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 30 days	<b>10,625</b>	10,732
31 to 60 days	<b>3,014</b>	2,937
61 to 90 days	<b>247</b>	1,012
Over 90 days	<b>6,722</b>	6,648
	<b>20,608</b>	<b>21,329</b>

As at 31 December 2017, retention payables of HK\$3,008,000 (2016: HK\$5,635,000) were aged one year or below and the remaining balance of approximately HK\$3,544,000 (2016: HK\$1,734,000) were aged over one year.

## 11. SHARE CAPITAL

- (a) The share capital balance as at 31 December 2017 represented the issued share capital of the Company. Details of the movement in the authorised, issued and fully paid share capital of the Company during the period from 29 November 2016 (date of incorporation) to 31 December 2017 are summarised as follows:

	<i>Notes</i>	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>			
<i>Ordinary share of HK\$0.01 each</i>			
Upon incorporation	<i>(i)</i>	38,000,000	380
Increase in authorised share capital	<i>(ii)</i>	<u>9,962,000,000</u>	<u>99,620</u>
As at 31 December 2017		10,000,000,000	100,000
<b>Issued and fully paid:</b>			
<i>Ordinary share of HK\$0.01 each</i>			
Issue of share upon incorporation		1	—
Issued of shares for acquisition of a subsidiary	<i>(iii)</i>	3	—
Shares issued pursuant to the capitalisation issue	<i>(iv)</i>	749,999,996	7,500
Shares issued under share offers	<i>(iv) &amp; (v)</i>	<u>250,000,000</u>	<u>2,500</u>
As at 31 December 2017		<u><u>1,000,000,000</u></u>	<u><u>10,000</u></u>

*Notes:*

- (i) 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 on the same date. Luxury Booming was beneficially owned by Mr. Lee Chi Hung and Mr. Leung Ping Kwan since 9 January 2017.
- (ii) 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.
- (iii) 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 Group Limited (“**Join Forward**”), one of the subsidiaries. In addition, the Company credited the one nil paid share held by Luxury Booming referred to in note (i) 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 Reorganisation on 12 May 2017, the Company has become the holding company of the Group.

- (iv) 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.
- (v) Among the gross proceeds from the Share Offer of HK\$102,500,000, HK\$2,500,000 representing the aggregate par 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.
- (vi) The share issuance expenses, which amounted to approximately HK\$9,652,000 were deducted from the share premium account.
- (b) The share capital balance as at 31 December 2016 represented the issued capital of Join Forward and the Company.

## 12. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued by a bank in favour of the customers of certain construction contracts. Details of these guarantees as of the end of each reporting period are as follows:

	<b>As at 31 December</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Aggregate value of the surety bonds issued in favour of customers	<b><u>28,555</u></b>	<u>27,768</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in 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.

### Revenue

During Year 2017, the Group recorded a revenue of approximately HK\$315.8 million, representing a growth of approximately HK\$41.9 million or 15.3% from that of approximately HK\$273.9 million for Year 2016. Design and build projects contributed approximately HK\$307.0 million (Year 2016: HK\$267.1 million) of the Group's total revenue whereas repair and maintenance services brought in revenue of approximately HK\$8.8 million (Year 2016: HK\$6.9 million), representing approximately 97.2% (Year 2016: 97.5%) and 2.8% (Year 2016: 2.5%) of the Group's total revenue, respectively.

Having achieved higher recognition and financial strength with the Listing, the Group has been confident to bid for larger number of and higher value of projects. The Group undertook works on 30 projects during Year 2017, as opposed to only 23 projects in Year 2016; among which 7 were newly awarded to the Group during Year 2017, while the remaining 23 were brought forward from Year 2016. Three of the Group's projects on hand as at 31 December 2017 are of contract sum higher than HK\$100 million.

### Outlook and prospects

The Group's major projects on hand as at 31 December 2017 can be summarised as follow:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 31 December 2017 <i>HK\$ million</i>
1.	Curtain wall	Happy Valley, Hong Kong	Dec 2019	101.1
2.	Podium facade	Tai Koo, Hong Kong	Jun 2018	74.8
3.	Podium facade	North Point, Hong Kong	Dec 2018	62.3
4.	Podium facade	Shau Kei Wan, Hong Kong	Apr 2018	35.5
5.	Podium facade	Lohas Park, New Territories	Oct 2018	33.2
6.	Podium facade	Nam Cheong, Kowloon	Mar 2018	23.8
7.	Podium facade	Shatin, New Territories	Sep 2018	21.4
				<hr/> <hr/> <b>352.1</b>

The prospect of the market in which the Group operates remains promising. However, the Group's performance is dependent 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 relationship with customers, increase our presence in the market and bring opportunities for securing new customers and projects.

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

The Group's gross profit increased by approximately HK\$9.0 million or 9.9% from approximately HK\$90.5 million for Year 2016 to approximately HK\$99.5 million for Year 2017. Gross profit margin of the Group was approximately 31.5% for Year 2017, representing a slight decrease as compared with that of approximately 33.0% for Year 2016. Profit margin would vary among the Group's different projects, due to the difference in nature and specifications of each project. The Group adopted a relatively more competitive pricing in its tender for a prominent project with high visibility which commenced in Year 2017, having regard to that the project would enhance the Group's reputation and work portfolio.

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

The Group's administrative and other operating expenses increased by approximately HK\$8.3 million or 40.3% from approximately HK\$20.6 million for Year 2016 to approximately HK\$28.9 million for Year 2017. Such increase was mainly due to the professional fees and 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.

### **Income tax expense**

The Group's operation is based in Hong Kong which is subject to Hong Kong profit tax calculated at 16.5% of the estimated assessable profit during the reporting periods.

For Year 2017, the Group recorded income tax expense of approximately HK\$11.7 million (2016: HK\$11.8 million), representing an effective tax rate of approximately 18.3% (2016: 19.1%). The decrease in the effective tax rate during Year 2017 was mainly due to the decrease in listing expenses of approximately HK\$1.1 million which was not tax deductible.

### **Profit for the year**

The Group's profit for Year 2017 amounted to approximately HK\$52.3 million, representing an increase of approximately HK\$2.2 million or 4.4% as compared to that of approximately HK\$50.1 million for Year 2016.

The Group's profit for the year on a normalised basis is as below:

	<b>Year ended 31 December</b>	
	<b>2017</b>	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit before income tax	<b>64.0</b>	61.9
Add: non-recurring Listing expenses	<u><b>6.4</b></u>	<u>7.4</u>
Profit before income tax on normalised basis	<b>70.4</b>	69.3
Income tax expense	<u><b>(11.7)</b></u>	<u>(11.8)</u>
Profit for the year on normalised basis	<u><b>58.7</b></u>	<u>57.5</u>
Net profit margin on normalised basis	<u><b>18.6%</b></u>	<u>21.0%</u>

The Group's net profit margin for Year 2017 remained healthy at approximately 18.6%, despite having demonstrated a decline as compare to Year 2016 as a result of the decrease in gross profit margin and the increase in administrative and other operating expenses.

### **Receivable turnover days**

The Group's receivable turnover days for Year 2017 increased to approximately 45.7 days as compared to that of approximately 26.1 days for Year 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 31 December 2017.

### **Bank borrowings**

The Group's bank borrowings as at 31 December 2017 were approximately HK\$19.5 million, representing an increase of approximately HK\$9.5 million as compared to that of approximately HK\$10.0 million as at 31 December 2016. Such increase was mainly due to the increase in purchase of materials settled with bank borrowings during Year 2017.

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

The Group's gearing ratio, calculated by dividing total debts by total equity, as at 31 December 2017 was approximately 0.09 times (2016: 0.12 times). The decrease was mainly due to the increase in the total equity after listing which netted off the effect of the increase in the bank borrowings.

The Group's cash and cash equivalents balances as at 31 December 2017 amounted to approximately HK\$106.6 million, representing an increase of approximately HK\$58.1 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 31 December 2017 were all denominated in HK\$ and Euros. The interest rates were ranged from 3.13% to 5.25% per annum.

### **Foreign exchange**

The Group mainly operates in Hong Kong and majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in HK\$. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirements if they arise. Therefore, the Group did not engage in any derivatives contracts to hedge its exposure to foreign exchange risk during Year 2017.

### **Capital expenditures and commitments**

As at 31 December 2017, the Group did not have any significant capital commitments (2016: HK\$1.1 million).

### **Significant investments held**

The Group had not held any significant investments during Year 2017.

### **Material acquisitions and disposals**

During Year 2017, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures.

### **Pledge of assets**

As at 31 December 2017, pledged deposits in the sum of approximately HK\$21.2 million (2016: HK\$21.2 million) were placed with banks to secure certain banking facilities of the Group.

### **Contingent liabilities**

The Group had no material contingent liabilities as at 31 December 2017.

## Use of proceeds

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 as disclosed in the Prospectus. 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 31 December 2017 is as below:

	<b>Estimated use of proceeds</b>	<b>Adjusted use of proceeds</b>	<b>Utilised up to 31 December 2017</b>	<b>Unutilised up to 31 December 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	31.3	17.1
Expanding the Groups’ manpower	16.3	16.6	2.6	14.0
Enhancing the Group’s operational efficiency and technical capacity	5.1	5.2	1.9	3.3
General working capital	<u>7.6</u>	<u>7.7</u>	<u>2.5</u>	<u>5.2</u>
<b>Total</b>	<b><u>76.5</u></b>	<b><u>77.9</u></b>	<b><u>38.3</u></b>	<b><u>39.6</u></b>

The remaining unused net proceeds as at 31 December 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.

## Events after the financial year

No event has occurred after 31 December 2017 and up to the date of this announcement which would have a material effect on the Group.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance and considers that conducting business in an ethical and responsible manner will generate the highest level of benefits to its shareholders and the Group in the long term. The Board will continuously review and improve the Group’s corporate governance practices in order to uphold a transparent and effective corporate governance function for the Group.

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and has complied with the code provisions since the date of Listing and up to 31 December 2017, except in relation to provision A.2.1 of the CG Code which requires that the roles of chairman and Chief Executive Director (the “**CEO**”) should be separate and should not be performed by the same individual. Mr. Lee Chi Hung, an executive Director, is both the chairman of the Board and the chief executive officer of the Company. With over 23 years of experience in the construction industry in Hong Kong, Mr. Lee is responsible for the overall management of the Group’s operations and business development and is instrumental to the Group’s growth and business expansion since its establishment in November 1993. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Lee), one non-executive Director and three independent non-executive Directors and therefore has a strong independence element in its composition.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “**Model Code**”) and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code since the date of Listing and up to the date of this announcement.

## **RESULTS AND DIVIDENDS**

The Directors recommended the payment of a final dividend of HK2.4 cents per share, amounting to a total of HK\$24.0 million for Year 2017, representing a dividend ratio of approximately 45.9%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 6 June 2018 (the “**AGM**”) and is expected to be paid on or about 6 July 2018.

As at the date of this announcement, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 1 June 2018 to Wednesday, 6 June 2018 (both days inclusive), during which period no transfer of shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company’s shares together with the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Thursday, 31 May 2018 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

To ascertain entitlement to the proposed final dividend, the register of members of the Company will also be closed on from Wednesday, 13 June 2018 to Friday, 15 June 2018. In order to qualify for the proposed final dividend, which is subject to approval of shareholders at the AGM, holders of shares of the Company must ensure that all transfers of shares be lodged with the Company's branch share registrar and transfer office in Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 June 2018.

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

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed securities during Year 2017.

## **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 Year 2017.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS**

The audit committee of the Board has reviewed the consolidated financial statements of the Group for Year 2017 and this results announcement. The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for Year 2017 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

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

Hong Kong, 19 March 2018

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