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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2018	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>
	HK\$'000	HK\$'000
Revenue	166,974	134,113
Gross profit	37,971	47,044
Profit before income tax expense	23,879	26,983
Profit for the period (excluding listing expenses)	20,029	28,183
Profit for the period	20,029	21,820
Basic and diluted earnings per share (HK cents)	2.0	2.82

The board (the “**Board**”) of directors (the “**Directors**”) of G & M Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2018 (the “**Period**”), together with the comparative figures for the corresponding period in 2017 (the “**Corresponding Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
		(unaudited)	(unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	166,974	134,113
Cost of revenue		<u>(129,003)</u>	<u>(87,069)</u>
Gross profit		37,971	47,044
Other income and gains		23	359
Administrative and other operating expenses		(13,992)	(13,888)
Listing expenses		—	(6,363)
Finance costs		<u>(123)</u>	<u>(169)</u>
Profit before income tax	6	23,879	26,983
Income tax expense	7	<u>(3,850)</u>	<u>(5,163)</u>
Profit for the period		20,029	21,820
Other comprehensive income			
— Exchange difference arising from translation of foreign operation		<u>5</u>	<u>11</u>
Profit and total comprehensive income for the period		<u>20,034</u>	<u>21,831</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted earnings per share	9	<u>2.0</u>	<u>2.82</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June 2018 (unaudited) HK\$'000	31 December 2017 (audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,839	5,376
Current assets			
Inventories		485	2,432
Accounts due from customers of contract works		80,223	40,599
Trade and other receivables	<i>10</i>	58,761	98,372
Pledged bank deposits		24,709	21,215
Cash and bank balance		127,075	106,614
		291,253	269,232
Current liabilities			
Amounts due to customers of contract works		8,174	8,381
Trade and other payables	<i>11</i>	46,866	38,427
Tax payable		4,085	239
Dividend payable		24,000	—
Bank borrowings		7,848	19,476
		90,973	66,523
Net current assets		200,280	202,709
NET ASSETS		204,119	208,085
CAPITAL AND RESERVES			
Share capital	<i>12</i>	10,000	10,000
Reserves		194,119	198,085
TOTAL EQUITY		204,119	208,085

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Equity attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Translation reserves* HK\$'000	Retained earnings* HK\$'000	
At 1 January 2018	10,000	82,848	(4,592)	(49)	119,878	208,085
Comprehensive income						
Profit for the period	—	—	—	—	20,029	20,029
Other comprehensive income for the period						
— Exchange difference arising from translation of foreign operation	—	—	—	5	—	5
Profit and total comprehensive income for the period	—	—	—	5	20,029	20,034
Dividends declared (<i>note 8</i>)	—	—	—	—	(24,000)	(24,000)
At 30 June 2018 (unaudited)	<u>10,000</u>	<u>82,848</u>	<u>(4,592)</u>	<u>(44)</u>	<u>115,907</u>	<u>204,119</u>
At 1 January 2017	—	—	(4,592)	(72)	87,611	82,947
Comprehensive income						
Profit for the period	—	—	—	—	21,820	21,820
Other comprehensive income for the period						
— Exchange difference arising from translation of foreign operation	—	—	—	11	—	11
Profit and total comprehensive income for the period	—	—	—	11	21,820	21,931
Dividends declared (<i>note 8</i>)	—	—	—	—	(20,000)	(20,000)
Share issued pursuant to the capitalisation issue	7,500	(7,500)	—	—	—	—
Share issued under share offer	2,500	100,000	—	—	—	102,500
Share issuance expenses	—	(9,652)	—	—	—	(9,652)
At 30 June 2017 (unaudited)	<u>10,000</u>	<u>82,848</u>	<u>(4,592)</u>	<u>(61)</u>	<u>89,431</u>	<u>177,626</u>

* The total of these equity accounts as at 30 June 2018 represent “Reserves” in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	35,507	14,913
Net cash used in investing activities	(3,282)	(2,440)
Net cash (used in)/generated from financing activities	<u>(11,751)</u>	<u>71,416</u>
Increase in cash and cash equivalents	20,474	83,889
Effect of exchange rate changes on cash and cash equivalents	(12)	—
Cash and cash equivalents at the beginning of period	<u>106,613</u>	<u>48,482</u>
Cash and cash equivalents at the end of period	<u><u>127,075</u></u>	<u><u>132,371</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 Company is an investment holding company and the principal activities of 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.

The Company's parent is Luxury Booming Limited ("**Luxury Booming**"), a limited liability company incorporated in the British Virgin Islands (the "**BVI**") and owned by Mr. Lee Chi Hung ("**Mr. Lee**") as to 75% and Mr. Leung Ping Kwan as to 25%. In the opinion of directors, Luxury Booming is also the ultimate holding company of the Group.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2018 are unaudited, but have been reviewed by the audit committee of the Company and approved by the Board of the Company on 3 August 2018.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2018 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**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. 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 2017 ("**2017 Financial Statements**"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

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.

3. 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 2018, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements are consistent with those described in the 2017 Financial Statements.

(a) Adoption of new or revised HKFRSs effective on 1 January 2018

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.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contractors with Customers
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

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 information.

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

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HK(IFRIC)-Int 23	Uncertainty over income tax treatments ¹
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Tax; HKAS 23, Borrowing costs; HKFRS 3, Business Combinations; HKFRS 11, Joint Arrangements ¹
HKFRS 16	Leases ¹
HKFRS 17	Insurance contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Association or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2021

³ 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.

4. 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	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Customer I	74,597	57,349
Customer II	71,230	42,535
Customer III	17,067	N/A*
Customer IV	<u>N/A*</u>	<u>27,856</u>

* The corresponding revenue did not contribute 10% or more of the Group's revenue in the respective period.

5. 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 in Hong Kong.

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Design and build projects		
— Podium facade and related works	143,786	126,158
— Curtain wall works	<u>17,678</u>	<u>2,154</u>
	161,464	128,312
Repair and maintenance services	<u>5,510</u>	<u>5,801</u>
	<u>166,974</u>	<u>134,113</u>

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax is arrived at after charging.

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Auditor's remuneration	300	325
Cost of inventories recognised as expenses [#]	66,829	45,447
Depreciation of property, plant and equipment	1,245	1,221
Loss on disposal of property, plant and equipment	87	—
Warranty expenses [#]	19	331
Employee benefit expenses (including directors' emoluments)		
— Salaries, allowances and other benefits	23,560	18,845
— Contributions to defined contribution retirement plan	1,109	889
	<u>24,669</u>	<u>19,734</u>
Operating lease charges in respect of land and buildings	<u>1,390</u>	<u>1,177</u>

[#] Included in cost of revenue

7. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income:

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
— Current	3,847	5,163
PRC Enterprise Income Tax		
— Current	<u>3</u>	<u>—</u>
Tax for the period	<u>3,850</u>	<u>5,163</u>

Hong Kong profit tax is calculated at 16.5% (six months ended 30 June 2017: 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 2017: 25%) on the estimated assessable profits for the period.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI during the period.

8. DIVIDENDS

The Directors do not propose any payment of interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

The final dividend of HK\$24,000,000 for the year ended 31 December 2017 has been approved by shareholders at the Company's annual general meeting and the payment for which has been despatched on 6 July 2018 (six months ended 30 June 2017: nil).

For the six months ended 30 June 2017, the dividend declared amounting to HK\$20,000,000 represented interim dividend declared by a subsidiary to its then shareholders.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the reorganisation completed on 12 May 2017 and the capitalisation issue of ordinary shares which took place on 13 June 2017.

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the six months ended 30 June 2018 of 1,000,000,000 includes the weighted average number of shares issued pursuant to the share offer of 250,000,000 shares.

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company (HK\$'000)	20,029	21,820
Weighted average number of ordinary shares in issue during the period ('000)	1,000,000	774,862
Basic earnings per share (HK cents)	<u>2.0</u>	<u>2.82</u>

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

10. TRADE AND OTHER RECEIVABLES

	As at	As at
	30 June	31 December
	2018	2017
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables	25,022	48,835
Retention Receivables	14,973	14,780
Deposits, prepayment and other receivables	<u>18,766</u>	<u>34,757</u>
	<u>58,761</u>	<u>98,372</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 each reporting period based on the invoice date as follows:

	As at 30 June 2018 (unaudited) HK\$'000	As at 31 December 2017 (audited) HK\$'000
Within 30 days	22,037	20,862
31–60 days	334	25,616
61–90 days	485	743
Over 90 days but less than 1 year	1,660	1,555
1 year or more	506	59
	<u>25,022</u>	<u>48,835</u>

- (c) Retention receivables

As at 30 June 2018, based on due date, the Group's retention receivables of approximately HK\$12,932,000 (31 December 2017: HK\$12,407,000) were not yet past due and the remaining balance of approximately HK\$2,041,000 (31 December 2017: HK\$2,373,000) were past due, of which HK\$1,539,000 (31 December 2017: HK\$1,848,000) were past due for over one year. Based on the assessment of the directors, no impairment allowance is necessary for the net retention receivables outstanding at the end of the reporting periods as those balances are from customers with long business relationship and there has not been a significant change in their credit quality.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2018 (unaudited) HK\$'000	As at 31 December 2017 (audited) HK\$'000
Trade Payables	32,214	20,608
Retention Payables	6,206	6,552
Accruals and other payables	8,446	11,253
Receipt in advance	—	14
	<u>46,866</u>	<u>38,427</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 each reporting period is as follows:

	As at 30 June 2018 (unaudited) HK\$'000	As at 31 December 2017 (audited) HK\$'000
Within 30 days	13,272	10,625
31–60 days	4,920	3,014
61–90 days	6,274	247
Over 90 days	<u>7,748</u>	<u>6,722</u>
	<u>32,214</u>	<u>20,608</u>

- (c) As at 30 June 2018, retention payables of approximately HK\$5,113,000 (31 December 2017: HK\$3,008,000) were aged one year or below and the remaining balance of approximately HK\$1,093,000 (31 December 2017: HK\$3,544,000) were aged over one year.

12. SHARE CAPITAL

The share capital balance in the condensed consolidated statement of financial position represented the issued share capital of the Company as follows:

Ordinary share of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised:	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:	<u>1,000,000,000</u>	<u>10,000</u>

13. GUARANTEES

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

	As at 30 June 2018 (unaudited) HK\$'000	As at 31 December 2017 (audited) HK\$'000
Aggregate value of the surety bonds issued in favour of customers	<u>31,084</u>	<u>28,555</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group has more than 20 years history in Hong Kong and provides one-stop design and build solutions and repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

During the Period, the Group observed increasing number of competitors and aggressive pricing in bidding for projects in the podium facade and curtain wall market. Meanwhile, rising labour cost in the market brought about further difficulty in the operating environment. In view of such market development, the Group has adopted more competitive tender pricing policy together with more stringent cost control in order to capture business opportunities with reasonable profit margin.

The Group has achieved a milestone with the installation of a collection of the largest sized individual glass panels in the world for a podium facade project during the Period, which further reinforced the Group's competency and reputation in the market.

The performance on the Group's largest curtain wall project has progressed smoothly during the Period and the Group undertook pro-active approach in tendering for curtain wall projects in order to explore and expand business opportunities in this market and business segment.

Prospects

The Group's major projects on hand as at 30 June 2018 can be summarised as follow:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 30 June 2018 <i>HK\$ million</i>
1.	Curtain wall	Happy Valley, Hong Kong	Dec 2019	84.4
2.	Podium facade	North Point, Hong Kong	Dec 2018	55.6
3.	Podium facade	Lohas Park, New Territories	Oct 2018	29.5
4.	Podium facade	Shau Kei Wan, Hong Kong	Aug 2018	14.0
5.	Podium facade	Shatin, New Territories	Dec 2018	13.0
6.	Podium facade	Taikoo, Hong Kong	Aug 2018	11.0
				<hr/>
				<u>207.5</u>

Subsequent to the end of the Period and up to the date of this announcement, the Group had been awarded a new contract with contract sum of approximately HK\$39.3 million. Meanwhile, the Group is in the process of bidding for or pending the results of 9 sizeable project tenders with an estimated total contract value of over HK\$713.1 million which representing 2 podium facade projects with an estimated total contract value of HK\$50.0 million and 7 curtain wall projects with an estimated total contract value of HK\$663.1 million.

Furthermore, the Group observed the continuous weakening of the construction market and the tightening of budgeted tendering price in curtain wall market from customers. However, the Group anticipated that the tendering opportunities will be increased in the near future which enable the Group to secure good quality projects.

Financial Review

Revenue

The Group's revenue increased by approximately HK\$32.9 million or 24.5% from approximately HK\$134.1 million for the Corresponding Period to approximately HK\$167.0 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 decreased by approximately HK\$9.0 million or 19.1% from approximately HK\$47.0 million for the Corresponding Period to approximately HK\$38.0 million for the Period. Gross profit margin of the Group was approximately 22.7% for the Period, as compared with that of approximately 35.1% for the Corresponding Period. The significant decrease in the gross profit margin was mainly due to the delay on the projects' period, the increase in the labour cost and staff cost as well as the constraints on the certain construction sites which led to increase in subcontractor cost.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by approximately HK\$0.1 million or 0.7% from approximately HK\$13.9 million for the Corresponding Period to approximately HK\$14.0 million for the Period. The slightly increase was mainly due to legal professional fee incurred for compliance related matters and increase in directors' remuneration following the listing of the Company's shares (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in June 2017 while net off with the decrease in donation.

Listing expenses

Listing expenses recorded in the Corresponding Period represent professional fees incurred for the Listing and are not recurring in nature.

Profit for the Period

The Group's profit for the Period amounted to approximately HK\$20.0 million, representing a decrease of approximately HK\$1.8 million or 8.3% as compared to that of approximately HK\$21.8 million for the Corresponding Period. Such decrease was mainly due to the drop in gross profit of approximately HK\$9.0 million as discussed above, partly offset by the serving in the non-recurring professional fees of approximately HK\$6.4 million incurred for the Listing during the Corresponding Period.

Receivable turnover days

The Group's receivable turnover days for the Period decreased to approximately 40.4 days as compared to that of approximately 45.7 days as at 31 December 2017 and remain in line with the credit period granted to customers. The Group did not observe any signs of default on any of its trade receivables balance as at 30 June 2018.

Amounts due from customers of contract works

The amounts due from customers of the contract works increased to approximately HK\$80.2 million as at 30 June 2018, which was mainly attributable to the cost incurred for certain projects with relatively less certification by certain major customers.

Bank borrowings

The Group's bank borrowings as at 30 June 2018 were approximately HK\$7.8 million, representing a decrease of approximately HK\$11.7 million as compared to that of approximately HK\$19.5 million as at 31 December 2017 as the Group's internal financial resources improved after the Listing and required less external financings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's gearing ratio, calculated by dividing total debts by total equity, as at 30 June 2018 was approximately 0.04 times (31 December 2017: 0.09 times). The decrease was mainly due to the decrease in the bank borrowings and the increase in the total equity after Listing.

The Group's cash and cash equivalents balances as at 30 June 2018 amounted to approximately HK\$127.1 million, representing an increase of approximately HK\$20.5 million as compared to that of approximately HK\$106.6 million as at 31 December 2017. Such increase was mainly due the receipt from the customers while net off with the repayment of bank loans.

The Group's bank borrowings as at 30 June 2018 were all denominated in Hong Kong Dollars. The interest rates were range from 3.37% to 4.17% per annum.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 97 staff as at 30 June 2018 (31 December 2017: 91 staff) and the total employee benefit expenses for the Period amounted to approximately HK\$24.7 million (Corresponding Period: HK\$19.7 million). Such increase was mainly contributed to the increase in average number of staff 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 Board has approved on 12 May 2017 to establish a remuneration committee 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

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 12 May 2017 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, exercised or cancelled since then up to the date of this announcement.

PLEDGE OF ASSETS

As at 30 June 2018, the Group had approximately HK\$24.7 million of pledge bank deposits (31 December 2017: HK\$21.2 million) for certain banking facilities of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Period, 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 2018.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2018.

EVENTS AFTER END OF THE PERIOD

No event has occurred after 30 June 2018 and up to the date of this announcement which would have a material effect on the Group.

CORPORATE GOVERNANCE

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 (the “**Listing Rules**”) and has complied with the CG Code throughout the Period, except in relation to provision A.2.1 of the CG Code where the roles of the Group’s chairman and chief executive officer are both performed by Mr. Lee. The provision A.2.1 of CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Please refer to the annual report of the Company for the year ended 31 December 2017 for the nature of the non-compliance with the provision A.2.1 of CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the 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 for the Period and up 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 LISTING

The utilisation of net proceeds raised by the Group from the date of Listing up to 30 June 2018 is as below:

	Adjusted use of proceeds <i>HK\$' million</i>	Utilised up to 31 December 2017 <i>HK\$' million</i>	Utilised during the Period <i>HK\$' million</i>	Unutilised as at 30 June 2018 <i>HK\$' million</i>
Expanding the Group's capacity to undertake more design and build projects	48.4	31.3	13.8	3.3
Expanding the Groups' manpower	16.6	2.6	5.4	8.6
Enhancing the Group's operational efficiency and technical capacity	5.2	1.9	0.2	3.1
General working capital	<u>7.7</u>	<u>2.5</u>	<u>3.4</u>	<u>1.8</u>
Total	<u><u>77.9</u></u>	<u><u>38.3</u></u>	<u><u>22.8</u></u>	<u><u>16.8</u></u>

The remaining unused net proceeds as at 30 June 2018 were placed as bank balances with licensed bank in Hong Kong and will be applied in the manner consistent with the proposed allocations.

AUDIT COMMITTEE

The audit committee of the Company (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 and this interim results announcement.

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

Hong Kong, 3 August 2018

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.