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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 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	131,411	166,974
Gross profit	36,885	37,971
Profit before income tax	22,180	23,879
Profit for the period	18,584	20,029
Basic earnings per share (<i>HK cents</i>)	1.9	2.0
Diluted earnings per share (<i>HK cents</i>)	1.9	2.0

The board (the “**Board**”) of directors (the “**Directors**”) of G & M Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”), together with the comparative figures for the corresponding period in 2018 (the “**Corresponding Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	<i>Notes</i>	Six months ended 30 June	
		2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>
Revenue	4	131,411	166,974
Cost of revenue		<u>(94,526)</u>	<u>(129,003)</u>
Gross profit		36,885	37,971
Other income and gains		19	23
Administrative and other operating expenses		(14,574)	(13,992)
Finance costs		<u>(150)</u>	<u>(123)</u>
Profit before income tax	5	22,180	23,879
Income tax expense	6	<u>(3,596)</u>	<u>(3,850)</u>
Profit for the period		<u>18,584</u>	<u>20,029</u>
Other comprehensive income for the period			
– Exchange difference arising from translation of foreign operation		<u>1</u>	<u>5</u>
Total comprehensive income for the period		<u>18,585</u>	<u>20,034</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
– Basic	9	1.9	2.0
– Diluted	9	<u>1.9</u>	<u>2.0</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	30 June 2019 (unaudited) HK\$'000	31 December 2018 (audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,212	3,508
Right-of-use assets		<u>4,671</u>	<u>–</u>
		<u>7,883</u>	<u>3,508</u>
Current assets			
Inventories		615	986
Contract assets		88,916	87,891
Trade and other receivables	10	71,766	104,537
Tax recoverable		363	3,956
Pledged bank deposits		5,000	5,000
Cash and bank balances		<u>125,622</u>	<u>96,620</u>
		<u>292,282</u>	<u>298,990</u>
Current liabilities			
Contract liabilities		11,734	16,153
Trade and other payables	11	43,165	59,093
Lease liabilities		2,411	–
Dividend payable		18,000	–
Bank borrowings	12	<u>3,000</u>	<u>8,233</u>
		<u>78,310</u>	<u>83,479</u>
Net current assets		<u>213,972</u>	<u>215,511</u>
Non-current liabilities			
Lease liabilities		<u>2,149</u>	<u>–</u>
NET ASSETS		<u><u>219,706</u></u>	<u><u>219,019</u></u>
CAPITAL AND RESERVES			
Share capital	13	10,000	10,000
Reserves		<u>209,706</u>	<u>209,019</u>
TOTAL EQUITY		<u><u>219,706</u></u>	<u><u>219,019</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 company incorporated in the British Virgin Islands 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 2019 are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board of the Company on 21 August 2019.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard (“**HKASs**”) 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 2018, 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.

Adoption of new or revised HKFRSs effective on 1 January 2019

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

Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11, Joint Arrangements
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Tax
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Cost
HKFRS 16	Lease
Amendments to HKFRS 9	Prepayment Features with Negative compensations
Amendments to HKAS 19	Employee Benefits
Amendments to HKAS 28	Long-term Interests in Associates and Joint Venture
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments

Except for described below, the adoption of the above new standards and amendments have no material impact on the Group's condensed consolidated interim financial statements.

The Group has not applied any new standards, interpretation or amendment that is not yet effective for the current accounting period.

HKFRS 16 Lease (“HKFRS 16”)

The Group leases various offices and car park. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities on a present value basis while the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability; and
- Any lease payments made at or before the commencement date

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under HKAS 17 Leases (“**HKAS 17**”). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019 in each region where the lease assets are located. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.07%.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application, i.e. 1 January 2019. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The reconciliation of lease liabilities under HKFRS 16 as at 1 January 2019 to the operating leases commitments disclosed applying HKAS 17 as at 31 December 2018 is as following:

	<i>HK\$'000</i> (unaudited)
Operating lease commitments disclosed as at 31 December 2018	1,374
Less: Future interest expenses	<u>51</u>
Lease liabilities recognised as at 1 January 2019	<u><u>1,323</u></u>
Of which are:	
Non-current liabilities	247
Current liabilities	<u>1,076</u>
	<u><u>1,323</u></u>

3. 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	
	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>
Customer I	93,729	74,597
Customer II	20,439	17,067
Customer III	<u>N/A*</u>	<u>71,230</u>

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

4. 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 works in Hong Kong. Revenue derived from the principal activity comprises the following:

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognised overtime:		
Design and build projects		
– Podium facade and related works	90,403	143,786
– Curtain wall works	33,941	17,678
	<u>124,344</u>	<u>161,464</u>
Repair and maintenance services	7,067	5,510
	<u>131,411</u>	<u>166,974</u>

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after crediting:

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditor's remuneration	300	300
Cost of inventories recognised as expenses [#]	25,640	66,829
Depreciation of property, plant and equipment	769	1,245
Loss on disposal of property, plant and equipment	–	87
Warranty expenses [#]	159	19
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	23,829	23,560
– Contributions to defined contribution retirement plan	1,049	1,109
	<u>24,878</u>	<u>24,669</u>
Operating leases in respect of land and buildings	–	1,390
Amortisation of right-of-use assets	1,230	–

[#] Included in cost of revenue.

6. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Hong Kong Profits Tax		
– Current	3,593	3,847
PRC Enterprise Income Tax		
– Current	<u>3</u>	<u>3</u>
Income tax expenses for the period	<u>3,596</u>	<u>3,850</u>

For the six months ended 30 June 2019 and 2018, under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The two-tiered profit tax rates regime was only applicable to a nominated qualified entity in the Group while Hong Kong profit tax is calculated at 16.5% on the estimated assessable profit for the periods.

Enterprise Income Tax arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2018: 25%) on the estimated assessable profits for the periods.

The Group is not subject to any income tax in the Cayman Islands and the BVI during the current and prior period.

7. SHARE-BASED PAYMENT

During the six months ended 30 June 2019, total share-based payment of approximately HK\$102,000 (six months ended 30 June 2018: nil) has been recognised in the profit or loss. The corresponding amount of approximately HK\$102,000 (six months ended 30 June 2018: nil) has been credited to share-based payment reserve.

8. DIVIDENDS

The Directors do not propose any payment of interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

The final dividend of HK\$18,000,000 for the year ended 31 December 2018 has been approved by shareholders at the Company's annual general meeting and the payment for which has been despatched on 12 July 2019 (six months ended 30 June 2018: HK\$24,000,000).

9. EARNING PER SHARE

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

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company	<u>18,584</u>	<u>20,029</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue during the period	<u>1,000,000</u>	<u>1,000,000</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per share	<u>1.9</u>	<u>2.0</u>

For the six months ended 30 June 2019, diluted earnings per share are the same as the basic earnings per share as there were anti-dilutive effect arising from the share options. For the six months ended 30 June 2018, diluted earnings per share are the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence.

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 (unaudited) <i>HK\$'000</i>	As at 31 December 2018 (audited) <i>HK\$'000</i>
Trade receivables	43,075	77,679
Expected credit losses allowance	(194)	(194)
	42,881	77,485
Retention receivables	20,954	20,116
Expected credit losses allowance	(1,910)	(1,910)
	19,044	18,206
Deposits and prepayment	<u>9,841</u>	<u>8,846</u>
	<u>71,766</u>	<u>104,537</u>

Notes:

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

	As at 30 June 2019 (unaudited) <i>HK\$'000</i>	As at 31 December 2018 (audited) <i>HK\$'000</i>
0–30 days	27,313	66,703
31–60 days	14,063	9,375
61–90 days	335	106
Over 90 days but less than 1 year	930	1,205
Over a year	<u>240</u>	<u>96</u>
	<u>42,881</u>	<u>77,485</u>

(c) Retention receivables

As at 30 June 2019, based on due date, the Group's retention receivables of approximately HK\$16,431,000 (31 December 2018: HK\$17,253,000) were not yet past due and the remaining balance of approximately HK\$2,613,000 (31 December 2018: HK\$953,000) were past due, of which HK\$268,000 (31 December 2018: HK\$386,000) 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 2019 (unaudited) HK\$'000	As at 31 December 2018 (audited) HK\$'000
Trade payables	27,872	39,805
Retention payables	8,594	7,160
Accruals and other payables	6,699	12,114
Receipt in advance	—	14
	<u>43,165</u>	<u>59,093</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 2019 (unaudited) HK\$'000	As at 31 December 2018 (audited) HK\$'000
0–30 days	12,898	20,792
31–60 days	2,180	6,657
61–90 days	430	1,056
Over 90 days	12,364	11,300
	<u>27,872</u>	<u>39,805</u>

- (c) As at 30 June 2019, retention payables of approximately HK\$6,308,000 (31 December 2018: HK\$3,385,000) were aged one year or below and the remaining balance of approximately HK\$2,286,000 (31 December 2018: HK\$3,775,000) were aged over one year.

12. BANK BORROWINGS

	As at 30 June 2019 (unaudited) HK\$'000	As at 31 December 2018 (audited) HK\$'000
Bank borrowings repayable within one year	<u>3,000</u>	<u>8,233</u>

Note: The bank borrowings, including trade financing, are interest bearing at the bank's prime rate or the bank's prime rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 30 June 2019 ranged from 4.48% to 5.43% (31 December 2018: 3.63% to 5.87%) per annum.

13. SHARE CAPITAL

The share capital balance as at 30 June 2019 and 31 December 2018 represented the issued and fully paid share capital of the Company as followings:

Ordinary share of HK\$0.01 each	Number of shares	Carrying values 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>

14. 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 2019 (unaudited) HK\$'000	As at 31 December 2018 (audited) HK\$'000
Aggregate value of the surety bonds issued in favour of customers	<u>21,258</u>	<u>31,084</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, amidst intensified competition and the raising labour cost, the Group still remained competitive in the podium facade market due the established market presence. In the curtain wall markets, the Group is benefitting from healthy levels of tendering opportunities. Furthermore, the Group continues to adopt competitive tender pricing policy together with more stringent cost control in order to capture business opportunities with reasonable profit margin.

PROSPECTS

The Group's major projects on hand as at 30 June 2019 can be summarised as follow:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 30 June 2019 <i>HK\$'million</i>
1.	Podium facade	Tin Shui Wai, New Territories	Apr 2020	68.6
2.	Curtain wall	Jaffe Road, Hong Kong	Jun 2020	67.2
3.	Curtain wall	Hunghom, Kowloon	Dec 2019	62.3
4.	Podium facade	Kwai Cheong Road, New Territories	Mar 2020	49.9
				<hr/>
				<u>248.0</u>

Subsequent to the end of the Period and up to the date of this announcement, the Group had been awarded a new podium facade contract with contract sum of approximately HK\$305.7 million. Meanwhile, the Group is in the process of bidding for or pending the results of 4 sizeable project tenders with an estimated total contract value of over HK\$396.7 million which representing 1 podium facade project with an estimated total contract value of HK\$15.7 million and 3 curtain wall projects with an estimated total contract value of HK\$381.0 million.

Furthermore, the Group foresees see continuous growth in the demand for construction works from both private and public sectors in the upcoming years. Revitalising industrial buildings and redeveloping existing urban areas provide ample opportunities for the Group to grow both in revenue and in customer base.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$35.6 million or 21.3% from approximately HK\$167.0 million for the Corresponding Period to approximately HK\$131.4 million for the Period. Such decrease was mainly attributable to the substantial completed project with large contract sum recognised as revenue in the Corresponding Period.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$1.1 million or 2.9% from approximately HK\$38.0 million for the Corresponding Period to approximately HK\$36.9 million for the Period. Gross profit margin of the Group was approximately 28.1% for the Period, as compared with that of approximately 22.7% for the Corresponding Period. The increase in gross profit margin was mainly attributable to the project with larger contract sum and lower profit margin completed in the Corresponding Period.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by approximately HK\$0.6 million or 4.3% from approximately HK\$14.0 million for the Corresponding Period to approximately HK\$14.6 million for the Period.

Profit for the Period

The Group's profit for the Period amounted to approximately HK\$18.6 million, representing a decrease of approximately HK\$1.4 million or 7.0% as compared to that of approximately HK\$20.0 million for the Corresponding Period. Such decrease was mainly due to the drop in gross profit of approximately HK\$1.1 million as discussed above.

Receivable turnover days

The Group's receivable turnover days for the Period increased to approximately 83.4 days as compared to that of approximately 63.1 days as at 31 December 2018 because the progress payments of certain projects from customers was certified near the period end. The Group did not observe any signs of default on any of its trade receivables balance as at 30 June 2019.

Bank borrowings

The Group's bank borrowings as at 30 June 2019 were approximately HK\$3.0 million, representing a decrease of approximately HK\$5.2 million as compared to that of approximately HK\$8.2 million as at 31 December 2018. Such decrease was mainly due to the repayment of the bank borrowings during the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's gearing ratio, calculated by dividing total borrowings by total equity, as at 30 June 2019 was approximately 1.37% (31 December 2018: 3.76%). The decrease was mainly due to the decrease in the bank borrowings.

The Group's cash and cash equivalents balances as at 30 June 2019 amounted to approximately HK\$125.6 million, representing an increase of approximately HK\$29.0 million as compared to that of approximately HK\$96.6 million as at 31 December 2018. Such increase was mainly due to the receipt of account receivables.

The Group's bank borrowings as at 30 June 2019 were all denominated in Hong Kong Dollars. The interest rates were ranged from 4.48% to 5.43% per annum.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 98 staff as at 30 June 2019 (30 June 2018: 97 staff) and the total employee benefit expenses for Period amounted to approximately HK\$24.9 million (Corresponding Period: HK\$24.7 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 remuneration committee makes 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 to the date of this announcement.

SHARE OPTION SCHEME

The Company granted 5,500,000 share options on 2 November 2018 under the share option scheme adopted on 12 May 2017 and no option has been exercised or cancelled since then up to the date of this announcement.

PLEDGE OF ASSETS

As at 30 June 2019, the Group had approximately HK\$5.0 million of pledge bank deposits (31 December 2018: HK\$5.0 million) for a banking facility of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATIONS

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries and associations.

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 2019.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2019.

EVENTS AFTER END OF THE PERIOD

No event has occurred after 30 June 2019 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 (“**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 the 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 2018 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 PROCEEDS

The net proceeds raised by the Group from the date of issuance of shares upon the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited has been fully utilised as at 30 June 2019 in the following manner:

	Adjusted use of proceeds <i>HK\$’million</i>	Utilised up to 30 June 2019 <i>HK\$’million</i>
Expanding the Group’s capacity to undertake more design and build projects	48.4	48.4
Expanding the Group’s manpower	16.6	16.6
Enhancing the Group’s operational efficiency and technical capacity	5.2	5.2
General working capital	7.7	7.7
Total	<u>77.9</u>	<u>77.9</u>

AUDIT COMMITTEE

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 information of the Group for the Period.

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

Hong Kong, 21 August 2019

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.