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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 2019

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Revenue	**299,756**	365,436
Gross profit	**69,452**	86,995
Profit before income tax	**31,233**	45,195
Profit for the year	**26,366**	36,939
Basic earnings per share *(HK cents)*	**2.6**	3.7
Diluted earnings per share *(HK cents)*	**2.6**	3.7

The Board recommended the payment of a final dividend of HK1.4 cents per share for the year ended 31 December 2019.

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 2019 (the "**Year 2019**"), together with the comparative figures for the corresponding year ended 31 December 2018 (the "**Year 2018**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4	**299,756**	365,436
Cost of revenue		**(230,304)**	(278,441)
Gross profit		**69,452**	86,995
Other income, gains and losses		**570**	(26)
Administrative and other operating expenses		**(38,402)**	(41,438)
Finance costs		**(387)**	(336)
Profit before income tax	5	**31,233**	45,195
Income tax expense	6	**(4,867)**	(8,256)
Profit for the year		**26,366**	36,939
Other comprehensive income for the year			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising from translation of foreign operation		**(10)**	17
Total comprehensive income for the year		**26,356**	36,956
Profit for the year attributable to owners of the Company		**26,366**	36,939
Total comprehensive income for the year attributable to owners of the Company		**26,356**	36,956
		HK cents	*HK cents*
Earnings per share			
– Basic	8	**2.6**	3.7
– Diluted	8	**2.6**	3.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,211**	3,508
Right-of-use assets		**3,489**	–
		5,700	3,508
Current assets			
Inventories		**805**	986
Contract assets		**74,661**	87,891
Trade and other receivables	*9*	**77,314**	104,537
Tax recoverable		**–**	3,956
Pledged bank deposits		**5,000**	5,000
Cash and bank balances		**128,467**	96,620
		286,247	298,990
Current liabilities			
Contract liabilities		**3,357**	16,153
Trade and other payables	*10*	**55,576**	59,093
Tax payable		**878**	–
Bank borrowings	*11*	**1,000**	8,233
Lease liabilities		**2,377**	–
		63,188	83,479
Net current assets		**223,059**	215,511
Total assets less current liabilities		**228,759**	219,019
Non-current assets			
Lease liabilities		**1,180**	–
Net assets		**227,579**	219,019
CAPITAL AND RESERVES			
Share capital	*12*	**10,000**	10,000
Reserves		**217,579**	209,019
Total equity		**227,579**	219,019

NOTES

1. GENERAL INFORMATION

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.

The Company's parent is Luxury Booming Limited ("**Luxury Booming**"), a limited liability company incorporated in the British Virgin Islands. 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 2019 were approved and authorised for issue by the Directors on 30 March 2020.

2. BASIS OF PRESENTATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

The Group's consolidated financial statements have been prepared in accordance with all applicable HKFRS, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") 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 consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements are presented in HK$, which is the same as the functional currency of the Group.

Adoption of new/revised HKFRSs – effective on 1 January 2019

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.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs

The impact of the adoption of HKFRS 16 *Leases* ("**HKFRS 16**") have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

HKFRS 16

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 *Leases* ("**HKAS 17**"), HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* ("**HK(IFRIC) – Int 4**"), HK(SIC) – Int 15 *Operating Leases-Incentives* and HK(SIC) – Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, refer to section (ii) to (iv) below.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16, if any, as an adjustment to the opening balance of retained profits at the date of initial application. 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 following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows:

	HK$'000
Consolidated statement of financial position as at 1 January 2019	
Right-of-use assets presented in property, plant and equipment	1,323
Lease liabilities (non-current)	247
Lease liabilities (current)	1,076

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments as of 31 December 2018	1,374
Less: lease of low-value assets	(15)
Less: future interest expenses	(36)
Total lease liabilities as of 1 January 2019	1,323

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 was 5.07%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. Non-lease components are separated from lease component on the basis of their relative stand alone prices.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which the underlying asset is of low-value and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the date of initial application.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased a number of properties under tenancy agreements. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) *Transition*

As mentioned above, 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 (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 Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 *Impairment of Assets* at 1 January 2019 to assess if there was any impairment as on that date.

The Group has applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC) – Int 4.

New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020.

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 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

The new/revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's consolidated results and consolidated financial position upon application.

3. SEGMENT INFORMATION

(a) Operating segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-marker, 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 "*Operating Segments*". The Group operates in Hong Kong and the PRC. All of the Group's revenue are derived from Hong Kong, and approximately 88% (2018: 85%) 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:

	2019	2018
	HK$'000	*HK$'000*
Customer I	**168,717**	164,759
Customer II	**68,568**	N/A*
Customer III	**N/A***	92,015

* 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-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:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers and recognised over time:		
Design and build projects		
– Podium facade and related works	**142,634**	244,066
– Curtain wall works	**142,621**	113,222
	285,255	357,288
Repair and maintenance services	**14,501**	8,148
	299,756	365,436

5. PROFIT BEFORE INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**670**	660
Cost of inventories recognised as expenses#	**80,236**	128,453
Depreciation charge:		
property, plant and equipment*	**1,475**	1,920
right-of-use assets*		
– Building and machinery	**2,526**	–
(Reversal)/provision of expected credit losses allowance for trade receivables	**(116)**	61
(Reversal)/provision of expected credit losses allowance for contract assets	**(643)**	1,136
Reversal of expected credit losses allowance for retention receivables	**(42)**	(94)
Warranty expenses#	**100**	26
Employee benefit expenses, including directors' emoluments		
– Salaries, allowances and other benefits	**50,449**	48,452
– Contributions to defined contribution retirement plan	**1,072**	984
– Equity settled share-based payment	**204**	200
	51,725	49,636
Exchange losses, net	**91**	477
Short-term leases expenses	**2,133**	2,313
Total minimum lease payments previously classified as operating leases under HKAS 17	**–**	2,443

* 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:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current tax for the year	**5,283**	8,019
– (Over)/under-provision in respect of prior years	**(449)**	233
PRC Enterprise Income tax		
– current tax for the year	**33**	4
Income tax expense	**4,867**	8,256

The Group is subject to Hong Kong Profits Tax. For the years ended 31 December 2019 and 2018, Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profit for the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

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 profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime was applicable to a nominated qualified entity in the Group for the year.

Enterprise income tax arising from other regions of the PRC is calculated at 25% (2018: 25%) on the estimated assessable profit for the year.

7. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Final dividends *(note)*	**14,000**	18,000

Note:

Final dividends in respect of the year ended 31 December 2019 of HK1.4 cents per share, amounting to a total dividend of HK$14,000,000, proposed at the forthcoming annual general meeting. The proposed dividend are not reflected as a dividend payable in the Group's consolidated financial statements for the year ended 31 December 2019. There are no income tax consequences for the Group related to the payment of dividends by the Company to its shareholders.

Final dividends in respect of the previous financial year, approved and paid during the year, of HK1.8 cents per share, amounting to a total dividend of HK$18,000,000.

8. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**26,366**	36,939
	'000	*'000*
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,000,000**	1,000,000
Effect of dilutive potential ordinary shares – share options	**–**	12
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,000,000**	1,000,012

For the purpose of calculating diluted earnings per share for the year ended 31 December 2019, no adjustment has been made as the exercise of the outstanding share options was an anti-dilutive effect of the basic earnings per share.

For the year ended 31 December 2018, diluted earnings per share is calculated based on the adjusted weighted average number of ordinary shares with dilutive effect arising from the share options issued during the year.

9. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**46,166**	77,679
Expected credit losses allowance	**(78)**	(194)
	46,088	77,485
Retention receivables	**17,503**	20,116
Expected credit losses allowance	**(1,868)**	(1,910)
	15,635	18,206
Deposits and prepayments	**15,591**	8,846
	77,314	104,537

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

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**38,528**	66,703
31–60 days	**3,239**	9,375
61–90 days	**1,479**	106
Over 90 days but less than 1 year	**859**	1,205
Over 1 year	**1,983**	96
	46,088	77,485

As at 31 December 2019, based on due date, the Group's retention receivables of HK$15,588,000 (2018: HK$17,253,000) were not yet past due and the remaining balance of HK$47,000 (2018: HK$953,000) were past due, of which nil (2018: HK$386,000) was 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 period as those balances due are from customers with long business relationship and there has not been a significant change in their credit quality.

10. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**37,586**	39,805
Retention payables	**7,806**	7,160
Accruals and other payables	**10,184**	12,114
Receipt in advance	**–**	14
	55,576	59,093

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

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**23,756**	20,792
31–60 days	**7,612**	6,657
61–90 days	**1,691**	1,056
Over 90 days	**4,527**	11,300
	37,586	39,805

As at 31 December 2019, retention payables of HK$5,867,000 (2018: HK$3,385,000) were aged one year or below and the remaining balance of approximately HK$1,939,000 (2018: HK$3,775,000) were aged over one year.

11. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank borrowings repayable within one year	**1,000**	8,233

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 31 December 2019 granted under banking facilities was 4.78% (2018: 3.63% to 5.87%) per annum.

As at 31 December 2019 and 2018, the banking facilities (including bank borrowings and surety bonds *(note 13)*) granted to the Group were secured by the bank deposits and the corporate guarantee provided by the Company.

12. SHARE CAPITAL

	2019 *Number of shares*	2019 *Amount* *HK$'000*	2018 *Number of shares*	2018 *Amount* *HK$'000*
Ordinary share of HK$0.01 each				
Authorised:				
At beginning and end of the year	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:				
At beginning and end of the year	**1,000,000,000**	**10,000**	1,000,000,000	10,000

13. 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 of the reporting period are as follows:

	2019 *HK$'000*	2018 *HK$'000*
Aggregate value of the surety bonds issued in favour of customers	**58,518**	31,084

The surety bonds are required for the entire period of the relevant construction contracts. As at 31 December 2019, the respective construction contracts are expected to be completed in year 2020 (2018: year 2019).

As assessed by the directors, it is not probable that the bank would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

With the capital raised from issuance of shares of the Company in 2017, technical expertise and quality project execution capability, the Group, previously being predominantly engaged in podium and facade design and build projects, has gradually established a notable presence in the curtain wall design and build market in the past two years. The Group was awarded 3 curtain wall projects in Year 2018, the site work of which have been underway through the Year 2019 and continued into year 2020; in the Year 2019, the Group was awarded one out of 6 curtain wall projects being tendered for. As a result, the revenue generated from curtain wall projects increased from a mere approximately HK$6.3 million in the year 2017 to approximately HK$113.2 million in the Year 2018, and further to approximately HK$142.6 million in the Year 2019. Meanwhile, as more financial and personnel resources are dedicated to undertake curtain wall projects, the Group's revenue from podium facade and related works has been steadily declining. Given that curtain wall projects are generally larger in scale and extend over a longer time period, and more net cash outflows at the early stage, whereas the podium and facade projects market segment is more fragmented and dynamic. It is the Group's strategy to achieve an optimal balance of curtain wall and podium and facade design and build projects in the medium to long term for the ultimate goal of steady growth with healthy profit margin.

FINANCIAL REVIEW

Revenue

During the Year 2019, design and build projects contributed approximately HK$285.3 million (Year 2018: HK$357.3 million) of the Group's total revenue whereas repair and maintenance services brought in revenue of approximately HK$14.5 million (Year 2018: HK$8.1 million), representing approximately 95.2% (Year 2018: 97.8%) and 4.8% (Year 2018: 2.2%) of the Group's total revenue, respectively. The decrease in revenue from design and build projects in the Year 2019 was attributable to a HK$101.4 million drop in revenue from podium and facade projects, which was partly offset by a HK$29.4 million rise in revenue from curtain wall projects. The reduction in podium and facade works undertaken is the result of the Group's strategy to concentrate its resources to capture market share of the curtain wall design and build segment. On the other hand, while the Group recorded revenue growth in the curtain wall segment in the Year 2019, it fell below the expected revenue target as the progress of two major curtain wall projects was delayed due to factors not within the control of the Group. As a result of aforesaid factors, the Group's revenue reduced by approximately HK$65.6 million or 17.9% to approximately HK$299.8 million for the Year 2019, as compared to approximately HK$365.4 million for the Year 2018.

Outlook and prospects

The Group's major projects on hand as at 31 December 2019 can be summarised as follow:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 31 December 2019 *HK$' million*
1.	Podium Facade	Taikoo, Hong Kong	Dec 2021	259.6
2.	Curtain Wall	Jaffe Road, Hong Kong	Oct 2020	53.7
3.	Podium Facade	Tin Shui Wai, New Territories	Jul 2020	51.7
4.	Curtain Wall	Kwai Chung, New Territories	Jun 2020	26.4
5.	Podium Facade	Yuenlong, New Territories	Jun 2021	15.8
				407.2

Subsequent to the end of the Year 2019 and up to the date of this announcement, the Group is in the process of bidding for or pending the results of 5 sizeable project tenders with an estimated total contract value of over approximately HK$1,008.0 million, which comprised a podium facade project with an estimated contract value of approximately HK$244.8 million and 4 curtain wall projects with an estimated total contract value of approximately HK$763.2 million.

Ever since the outbreak of Coronavirus Disease 2019 ("**COVID-19**"), the developers have taken a more prudent business approach for their projects so that the tender invitations and award notice have shown sign of delay in general. The Group will closely monitor the situation and evaluate the potential impact on its operation and financial position on a continuing basis.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK$17.5 million or 20.1% from approximately HK$87.0 million for the Year 2018 to approximately HK$69.5 million for the Year 2019. Gross profit margin of the Group was approximately 23.2% for the Year 2019 which was similar with that of approximately 23.8% for the Year 2018. The decrease in the gross profit margin was mainly due to (i) the delay in progress of a few of the Group's on-going projects and (ii) additional construction costs incurred towards the completion stage of certain projects.

Administrative and other operating expenses

The Group's administrative and other operating expenses decreased by approximately HK$3.0 million or 7.2% from approximately HK$41.4 million for the Year 2018 to approximately HK$38.4 million for the Year 2019. Such decrease was mainly due to the reduction of provision of expected credit losses allowance, legal and professional expenses and discretionary bonus and incentive for administrative staff in the Year 2019.

Income tax expenses

The Group's operation is based in Hong Kong which is subject to Hong Kong profits tax calculated at 8.25% and 16.5% of the estimated assessable profit under two-tiered profits tax rates regime during the reporting periods.

For the Year 2019, the Group recorded income tax expense of approximately HK$4.9 million (Year 2018: approximately HK$8.3 million) representing an effective tax rate of approximately 15.7% (Year 2018: approximately 18.3%) owing to over-provision made in prior years being reversed in the Year 2019.

Profit for the Year

The Group's profit for the Year 2019 amounted to approximately HK$26.4 million, representing a decrease of approximately HK$10.5 million or 28.5% as compared to approximately HK$36.9 million for the Year 2018.

Such decrease was mainly due to the drop in gross profit of approximately HK$17.5 million as discussed above and net of with the decrease in administrative expense of HK$3.0 million and decrease in income tax expenses of HK$3.4 million compared with FY2018.

Receivable turnover days

The Group's receivable turnover days for the Year 2019 increased to approximately 75.2 days as compared to that of approximately 63.1 days for the Year 2018 because the progress payments of curtain wall projects from customers were certified near the year end and decrease in revenue. The Group did not observe any signs of default on any of its trade receivables as at 31 December 2019.

Bank borrowings

The Group's bank borrowings as at 31 December 2019 were approximately HK$1.0 million, representing a decrease of approximately HK$7.2 million as compared to that of approximately HK$8.2 million as at 31 December 2018 as the Group's internal financial resources improved 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 31 December 2019 was approximately 0.4% (31 December 2018: 3.8%). The decrease was mainly due to the increase in the total equity and the decrease in the bank borrowings.

The Group's cash and bank balances as at 31 December 2019 amounted to approximately HK$128.5 million, representing an increase of approximately HK$31.9 million as compared to that of approximately HK$96.6 million as at 31 December 2018. Such increase was mainly due to the amount received from customers.

The Group's bank borrowings as at 31 December 2019 were all denominated in Hong Kong Dollars. The interest rate was 4.78% 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 Hong Kong Dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group did not engage in any derivatives contracts to hedge its exposure to foreign exchange risk during the Year 2019.

Capital expenditures and commitments

As at 31 December 2019, the Group did not have any significant capital commitments.

Significant investments held

The Group had not held any significant investments during the Year 2019.

Material acquisitions and disposals

During the Year 2019, the Group did not have any material acquisitions and disposal of subsidiaries, associations and joint ventures.

Pledge of assets

As at 31 December 2019, pledged deposits in the sum of approximately HK$5.0 million (31 December 2018: HK$5.0 million) were placed with a bank as security for a banking facility of the Group.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2019.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 100 staff as at 31 December 2019 (31 December 2018: 95 staff) and the total employee benefit expenses for the Year 2019 amounted to approximately HK$51.7 million (Year 2018: HK$49.6 million). The increase is mainly due to increase in number of staff. 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.

USE OF PROCEEDS

The net proceeds raised by the Group from issuance of shares upon the Listing of the Company's shares on the Stock Exchange have been fully utilised in the manner consistent with the proposed allocation as stated in the prospectus dated on 12 May 2017 as at 31 December 2019.

EVENTS AFTER THE FINANCIAL YEAR

Since January 2020, the outbreak of COVID-19 has impact on the global business environment. Up to the date of this announcement, COVID-19 has not resulted in material impact to the Group. Pending on the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

Save as the above, there were no significant events after 31 December 2019 and up to the date of this announcement.

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 (the "**Listing Rules**") and has complied with the CG Code during the Year 2019, except in relation to provision A.2.1 of the CG Code which requires that the roles of chairman and chief executive officer 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 the 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 (the "**Model Code**") set out in Appendix 10 of the Listing Rules and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code during the Year 2019 and up to the date of this announcement.

DIVIDENDS AND ANNUAL GENERAL MEETING

The Directors recommended the payment of a final dividend of HK1.4 cents per share, amounting to a total of HK$14.0 million for the Year 2019, representing a dividend ratio of approximately 53.0%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 18 June 2020 (the "**AGM**") and is expected to be paid on or about 17 July 2020.

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 Monday, 15 June 2020 to Thursday, 18 June 2020 (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 Friday, 12 June 2020 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 from Friday, 26 June 2020 to Tuesday, 30 June 2020 (both days inclusive). 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 Wednesday, 24 June 2020.

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 the Year 2019.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual meeting has a service contract with the Company or any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year 2019.

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 during the Year 2019 and up to the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the consolidated financial statements of the Group for the Year 2019 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 the Year 2019 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 of
G & M Holdings Limited
LEE Chi Hung
Chairman and Executive Director

Hong Kong, 30 March 2020

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.