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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 2021

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Revenue	403,211	243,399
Gross profit	92,862	63,170
Profit before income tax	44,209	27,670
Profit for the year	36,800	23,299
Basic earnings per share <i>(HK cents)</i>	3.7	2.3
Diluted earnings per share <i>(HK cents)</i>	3.7	2.3

The Board recommended the payment of a final dividend of HK1.1 cents per share for the year ended 31 December 2021.

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 2021 (the “**Year 2021**”), together with the comparative figures for the corresponding year ended 31 December 2020 (the “**Year 2020**”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	4	403,211	243,399
Cost of revenue		<u>(310,349)</u>	<u>(180,229)</u>
Gross profit		92,862	63,170
Other income, gains and losses		244	4,183
Administrative and other operating expenses		(47,910)	(39,283)
Fair value loss on financial assets at fair value through profit or loss		(185)	–
Finance costs		<u>(802)</u>	<u>(400)</u>
Profit before income tax	5	44,209	27,670
Income tax expense	6	<u>(7,409)</u>	<u>(4,371)</u>
Profit for the year		36,800	23,299
Other comprehensive income for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising from translating foreign operation		<u>17</u>	<u>(5)</u>
Total comprehensive income for the year		<u>36,817</u>	<u>23,294</u>
Profit for the year attributable to owners of the Company		<u>36,800</u>	<u>23,299</u>
Total comprehensive income for the year attributable to owners of the Company		<u>36,817</u>	<u>23,294</u>
		HK cents	HK cents
Earnings per share			
– Basic	8	<u>3.7</u>	<u>2.3</u>
– Diluted	8	<u>3.7</u>	<u>2.3</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,046	2,321
Deposit and prepayments	9	1,345	3,109
Right-of-use assets		<u>10,381</u>	<u>13,956</u>
		<u>17,772</u>	<u>19,386</u>
Current assets			
Inventories		2,224	1,328
Contract assets		95,487	90,628
Trade and other receivables, deposits and prepayments	9	198,318	83,440
Financial assets at fair value through profit or loss		1,369	–
Pledged bank deposits		5,000	5,000
Cash and bank balances		<u>88,319</u>	<u>149,157</u>
		<u>390,717</u>	<u>329,553</u>
Current liabilities			
Contract liabilities		56,825	50,571
Trade and other payables	10	64,108	46,297
Bank borrowings	11	15,850	1,127
Lease liabilities		2,805	2,886
Tax payable		<u>3,264</u>	<u>57</u>
		<u>142,852</u>	<u>100,938</u>
Net current assets		<u>247,865</u>	<u>228,615</u>
Total assets less current liabilities		<u>265,637</u>	<u>248,001</u>
Non-current liabilities			
Lease liabilities		<u>8,324</u>	<u>11,128</u>
Net assets		<u>257,313</u>	<u>236,873</u>
CAPITAL AND RESERVES			
Share capital	12	10,000	10,000
Reserves		<u>247,313</u>	<u>226,873</u>
Total equity		<u>257,313</u>	<u>236,873</u>

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2016. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at 11/F, Magnet Place Tower 1, 77-81 Container Port 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 2021 were approved and authorised for issue by the directors on 25 March 2022.

2. BASIS OF PRESENTATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The financial statements have been prepared in accordance with all HKFRSs which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

It should be noted that accounting estimates and assumptions are used in the preparation of these financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions.

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value.

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

Amounts are rounded to the nearest thousand, unless otherwise stated.

Adoption of new or revised HKFRSs – effective on 1 January 2021

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2021:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these new or revised HKFRSs did not have any significant impact on the Company's accounting policies or financial results and financial position.

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

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

Amendments to HKAS 1 HK-Int 5 (2020)	Classification of Liabilities as Current or Non-current ⁴ Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to HKAS 16	Plant, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021 ¹
Annual Improvements to HKFRS 2018–2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases ²

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

The new or revised HKFRSs that have been issued but 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 information reported to the executive directors of the Company, who are the chief operating decision makers of the Group for the purposes of resources allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the Group has only one single operating segment, which is 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 executive directors allocate resources and assess performance of the business of the Group on an aggregated basis.

The Group operates in Hong Kong and the PRC. All of the Group's revenue for the current year and prior year was derived in Hong Kong whereas approximately 94% (2020: 92%) of the Group's non-current assets as at 31 December 2021 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer I	210,275	119,106
Customer II	164,781	64,614
Customer III	N/A	50,366

N/A: not applicable as revenue derive from this customer is less than 10% of the Group's revenue

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 Group's principal activities comprises of the followings:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Design and build projects		
– Podium facade and related works	378,264	159,406
– Curtain wall works	1,749	73,449
	380,013	232,855
Repair and maintenance services	23,198	10,544
	403,211	243,399

5. PROFIT BEFORE INCOME TAX

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

	2021	2020
	HK\$'000	HK\$'000
Auditor's remuneration	670	630
Cost of inventories recognised as expense [#]	171,957	64,986
Depreciation		
– Property, plant and equipment*	3,159	1,136
– Right-of-use assets*		
Properties and machinery leased for own use	3,575	2,779
	6,734	3,915
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	63,396	56,447
– Contributions to defined contribution retirement plans	1,263	1,184
– Equity-settled share-based payment expenses	123	–
	64,782	57,631
Exchange (gain)/losses, net*	(190)	4
Gain on lease modification	–	(22)
Impairment loss/(Reversal of impairment loss) on:		
– Contract assets	–	182
– Trade receivables	4	(3)
– Retention receivables	–	(342)
	4	(163)
Short-term leases expenses	1,166	1,426
Warranty expense [#]	–	3
	—————	—————

[#] Included in cost of revenue

* Included in administrative and other operating expenses

6. INCOME TAX EXPENSE

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current tax for the year	7,455	4,224
– (Over)/Under-provision in respect of prior years	<u>(52)</u>	<u>143</u>
	7,403	4,367
PRC Enterprise Income Tax		
– Current tax for the year	<u>6</u>	<u>4</u>
	<u>7,409</u>	<u>4,371</u>

The Company and its Hong Kong incorporated subsidiaries are subject to Hong Kong Profits Tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

For the years ended 31 December 2021 and 2020, the PRC subsidiary of the Company was eligible to be classified as small enterprise by the local bureau and the corresponding assessable profits are taxed at progressive rate. The first Renminbi (“RMB”) 1,000,000 assessable profit is taxed at 5% and assessable profit above RMB1,000,000 but less than RMB3,000,000 is taxed at 10%.

7. DIVIDENDS

Dividends payable to owners of the Company attributable to the year

	2021 HK\$'000	2020 <i>HK\$'000</i>
Interim dividend declared and paid of HK0.55 cents (2020: nil) per share	5,500	–
Proposed final dividend of HK1.1 cents (2020: HK1.1 cents) per share	<u>11,000</u>	<u>11,000</u>
	<u>16,500</u>	<u>11,000</u>

Final dividend in respect of the year ended 31 December 2021 of HK1.1 cents (2020: HK1.1 cents) per share, amounting to HK\$11,000,000 (2020: HK\$11,000,000) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The proposed final dividends are not reflected as dividend payable in the financial statements for the year ended 31 December 2021. There are no income tax consequences for the Group related to the payment of dividends by the Company to its shareholders.

8. EARNINGS PER SHARE

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>36,800</u>	<u>23,299</u>
	'000	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,000,000	1,000,000
Effect of dilutive potential ordinary shares		
– Share options	<u>182</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,000,182</u>	<u>1,000,000</u>

For the purposes of calculating diluted earnings per share for the year ended 31 December 2021, the weighted average number of ordinary shares has been adjusted for the dilutive effect arising from the share options issued during the year. For the purpose of calculating diluted earnings per share for the year ended 31 December 2020, no adjustment had been made as the exercise of the outstanding share options had an anti-dilutive effect on the basic earnings per share.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current		
Prepayment for acquisition of property, plant and equipment	–	1,764
Refundable rental deposits	<u>1,345</u>	<u>1,345</u>
	<u>1,345</u>	<u>3,109</u>
Current		
Trade receivables (<i>note (a)</i>)	173,045	55,905
Less: Loss allowance (<i>note (b)</i>)	(79)	(75)
Trade receivables, net	172,966	55,830
Retention receivables	267	1,791
Less: Loss allowance (<i>note (b)</i>)	(22)	(1,526)
Retention receivables, net	245	265
Deposits and prepayments	<u>25,107</u>	<u>27,345</u>
	<u>198,318</u>	<u>83,440</u>

Notes:

(a) Trade receivables

The credit period granted to customers ranged from 20 to 60 days.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	157,654	53,563
31–60 days	13,935	216
61–90 days	52	247
Over 90 days but less than 1 year	488	1,620
Over 1 year	<u>837</u>	<u>184</u>
	<u>172,966</u>	<u>55,830</u>

(b) Loss allowance for impairment on trade and retention receivables

The movements in the loss allowance for impairment on trade and retention receivables are as follows:

	2021 HK\$'000	2020 <i>HK\$'000</i>
At the beginning of the year	1,601	1,946
Impairment loss/(Reversal of impairment loss) recognised	4	(345)
Amount written off during the year	(1,504)	–
	<hr/>	<hr/>
At the end of the year	101	1,601
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	2021 HK\$'000	2020 <i>HK\$'000</i>
Trade payables (<i>note</i>)	40,718	26,978
Retention payables	9,218	8,241
Accruals and other payables	14,172	11,078
	<hr/>	<hr/>
	64,108	46,297
	<hr/> <hr/>	<hr/> <hr/>

Note:

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

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
0 – 30 days	28,564	17,219
31–60 days	9,391	3,237
61–90 days	328	400
Over 90 days	2,435	6,122
	<hr/>	<hr/>
	40,718	26,978
	<hr/> <hr/>	<hr/> <hr/>

11. BANK BORROWINGS

	2021 HK\$'000	2020 <i>HK\$'000</i>
Bank borrowings repayable within one year	<u>15,850</u>	<u>1,127</u>

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 rate of the Group's bank borrowings as at 31 December 2021 granted under banking facilities ranged from 2.16% to 2.56% (2020: 3.13%) per annum. The bank borrowings are subject to repayment on demand clause.

As at 31 December 2021 and 2020, the banking facilities (including bank borrowings and surety bonds/ letters of guarantee) granted to the Group were secured by the bank deposits and the corporate guarantee provided by the Company.

12. SHARE CAPITAL

	2021 Number of shares	2021 Amount HK\$'000	2020 Number of shares	2020 Amount <i>HK\$'000</i>
<i>Ordinary share of HK\$0.01 each</i>				
Authorised:				
At the beginning and end of the year	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:				
At the beginning and end of the year	<u>1,000,000,000</u>	<u>10,000</u>	<u>1,000,000,000</u>	<u>10,000</u>

13. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued by the banks in favour of the customers of certain construction contracts. During the year, the Group also provided guarantee in respect of the irrevocable letters of guarantee issued by the bank in favour of a supplier in relation to certain machineries provided by the supplier.

Details of these guarantees as of the end of the reporting period are as follows:

	2021 HK\$'000	2020 HK\$'000
Aggregate value of:		
– surety bonds issued in favour of customers (<i>note (i)</i>)	74,608	47,660
– letters of guarantee issued in favour of a supplier (<i>note (ii)</i>)	<u>20,371</u>	<u>–</u>
	<u>94,979</u>	<u>47,660</u>

Notes:

- (i) The surety bonds are required for the entire period of the relevant construction contracts. As at 31 December 2021, the relevant construction contracts were expected to be completed in year 2022 or 2023 (2020: 2021).
- (ii) The letters of guarantee are required until the concerned machineries are returned to the supplier or upon expiry of the letters of guarantee on 31 January 2022, whichever is earlier. Upon expiry, one of the letters of guarantee with guarantee amount of HK\$2,657,000 was extended to June 2022.

As assessed by the directors, it is highly not probable that the counterparties would claim the Group for losses in respect of the guarantee contracts as it is highly unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

The COVID-19 outbreak since year 2020 created unprecedented challenges to broad range of industries and greatly restricted both business and daily living activities. Construction activities regained momentum in the second half of year 2021 as COVID-19 outbreak gradually came under control and the Group successfully recouped the progress on several previously delayed projects and consequently achieved a revenue growth of over 65% for the Year 2021 as compared to the Year 2020. Albeit the growth in revenue, the profitability of projects has been hampered by additional costs incurred for disease control, administrative overheads associated with prolonged project duration and efficiency loss in general. Furthermore, the Group also experienced increasing staff drain owing to various social and labour market factors, reduction in work scope of already awarded projects attributable to economic uncertainties, and rising material prices as a result of disruption in supply chain, all of which will have lasting impact on the Group's operations. The Group is continuously monitoring its project budget process and procurement function for swift actions to minimize impacts of price fluctuations and reviews its employment policy regularly in order to attract and retain staff talents.

Faced with the uncertainties brought on by the prolonged COVID-19 outbreak, the Group will continue to adopt a more prudent approach in its bid for projects, focusing on those involving higher level of design element, technical capability and customized features with an aim to conserve its resources on quality projects by reputable customers with healthy profit margins. The value of the Group's outstanding contracts on hand as at end of the Year 2021 was approximately HK\$539.6 million, attributable to the conservative bidding and thus relatively low amount of new projects were secured by the Group during the Year 2021.

Nonetheless, the Group will maintain a prudent management approach to withstand the challenging economic and operating conditions and remain committed to fulfil its projects on hand with professionalism and high quality results. The Group has the confidence to uphold its reputation for quality, capability and innovation and be ready to take on new opportunities to come in the post-COVID-19 period.

FINANCIAL REVIEW

Revenue

During the Year 2021, the Group recorded a revenue of approximately HK\$403.2 million, representing an increase of approximately HK\$159.8 million or 65.7% from that of approximately HK\$243.4 million for the Year 2020. Design and build projects contributed approximately HK\$380.0 million (Year 2020: HK\$232.9 million) of the Group's total revenue whereas repair and maintenance services brought in revenue of approximately HK\$23.2 million (Year 2020: HK\$10.5 million), representing approximately 94.2% (Year 2020: 95.7%) and 5.8% (Year 2020: 4.3%) of the Group's total revenue, respectively. The increase in revenue was mainly attributable to favourable progress achieved on two key projects which together contributed 59.7% of the Group's revenue for the Year 2021 and recovered from delay experienced in the Year 2020.

Outlook and prospects

The Group's major projects on hand as at 31 December 2021 can be summarised as follow:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 31 December 2021 <i>HK\$ million</i>
1.	Facade Design	Kai Tak, Kowloon	Dec-23	240.8
2.	Facade Design	Taikoo, Hong Kong	Jun-22	88.3
3.	Facade Design	Kwun Tong, Kowloon	Jun-22	78.1
4.	Facade Design	Queensway, Hong Kong	Dec-23	55.7
5.	Facade Design	Shatin, New Territories	Dec-22	55.5
				<hr/> <hr/> 518.4

Subsequent to the end of the Year 2021 and up to the date of this announcement, the Group had been awarded a podium facade contract with contract sum of approximately of HK\$34.5 million. Meanwhile, the Group is in the process of bidding for or pending the results of 4 sizeable podium facade project tenders with an estimated total contract value of over approximately HK\$357.8 million.

Despite the sudden outbreak of the COVID-19 omicron variant in the past few months dealt a heavy blow to business activities, which were only at the early stage of recovery from two years of COVID-19 outbreak, it is envisaged that economic stimulus policies will be administered by the government, including the Northern Metropolis Development Strategy as promulgated in the Chief Executive Policy Address, which would increase the demand of building construction and fitting out works. The Group will stay vigilant for both public and private sector projects and prepare itself to capture the associated business opportunities expected to arise in the medium to long term.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$29.7 million or 47.0% from approximately HK\$63.2 million for the Year 2020 to approximately HK\$92.9 million for the Year 2021. Gross profit margin of the Group was approximately 23.0% for the Year 2021 as compared with that of approximately 26.0% for the Year 2020. The decrease in the gross profit margin was mainly due to the increase in the material cost and the expenses associated with prolonged project duration.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by approximately HK\$8.6 million or 21.9% from approximately HK\$39.3 million for the Year 2020 to approximately HK\$47.9 million for the Year 2021. Such increase was mainly due to the increase in employee benefit expenses.

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 profit tax rates regime during the reporting periods.

For the Year 2021, the Group recorded income tax expense of approximately HK\$7.4 million (Year 2020: approximately HK\$4.4 million) representing an effective tax rate of approximately 16.7% (Year 2020: approximately 15.9%).

Profit for the Year

The Group's profit for the Year 2021 amounted to approximately HK\$36.8 million, representing an increase of approximately HK\$13.5 million or 57.9% as compared to approximately HK\$23.3 million for the Year 2020.

Such increase was mainly due to the increase in gross profit of approximately HK\$29.7 million as discussed above and partially offsetted by a decrease in other income of approximately HK\$3.9 million which was mainly because the Group did not receive government subsidy for epidemic relief in the Year 2021 (Year 2020: HK\$3.6 million) and increase in administrative and other operating expenses of approximately HK\$8.6 million.

Receivable turnover days

The Group's receivable turnover days for the Year 2021 was approximately 103.6 days as compared to approximately 76.4 days for the Year 2020. The Group did not observe any signs of default on any of its trade receivables balance as at 31 December 2021. The significant increase was mainly due to the increase in the certified amount of certain projects near the year end.

Bank borrowings

The Group's bank borrowings as at 31 December 2021 increased at approximately HK\$15.9 million (31 December 2020: HK\$1.1 million). The increase is mainly due to drawdown of bank loans to fund for projects that required to order material in advance.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's gearing ratio, calculated by dividing bank borrowings by total equity, as at 31 December 2021 remained healthy at approximately 6.2% (31 December 2020: 0.5%).

The Group's cash and cash equivalents balances as at 31 December 2021 amounted to approximately HK\$88.3 million, representing a decrease of approximately HK\$60.9 million as compared to approximately HK\$149.2 million as at 31 December 2020. Such decrease was mainly due to the payment period from customers increased.

The Group's bank borrowings as at 31 December 2021 were all denominated in HK\$. The interest rates ranged from 2.16% to 2.56% per annum.

Foreign Exchange

The Group mainly operates in Hong Kong and majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in HK\$. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that 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 2021.

Capital expenditures and commitments

As at 31 December 2021, the Group did not have any capital commitments.

Significant investments held

The Group had not held any significant investments during the Year 2021.

Material acquisitions and disposals

During the Year 2021, the Group did not have any material acquisitions and disposal of subsidiaries, associations and joint ventures.

Pledge of assets

As at 31 December 2021, pledged deposits in the sum of approximately HK\$5.0 million (31 December 2020: 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 2021.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 108 staff as at 31 December 2021 (31 December 2020: 103 staff) and the total employee benefit expenses for the Year 2021 amounted to approximately HK\$64.8 million (Year 2020: HK\$57.6 million). Such increase was mainly contributed to the increase number of staff and average salary per 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.

EVENTS AFTER THE FINANCIAL YEAR

No event has occurred after 31 December 2021 and up to the date of this announcement which would have a material effect on the Group.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and has complied with the CG Code during the Year 2021, 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 2021 and up to the date of this announcement.

RESULTS AND DIVIDENDS

The Directors recommended the payment of a final dividend of HK1.1 cents per share, amounting to a total of HK\$11.0 million for the Year 2021, representing a dividend ratio of approximately 29.9%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 9 June 2022 (the “**AGM**”) and is expected to be paid on or about 8 July 2022.

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, 6 June 2022 to Thursday, 9 June 2022 (both days inclusive), during which period no transfer of Shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Thursday, 2 June 2022 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 Wednesday, 15 June 2022 to Friday, 17 June 2022 (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 Tuesday, 14 June 2022.

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 2021.

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 CONTRACT

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 2021.

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 2021 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 2021 and this results announcement. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the Year 2021 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 HKICPA 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, 25 March 2022

As at the date of this announcement, the Board comprises Mr. Lee Chi Hung and Ms. Lam Suk Yee Patricia 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.