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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 2022

### FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Revenue	382,786	403,211
Gross profit	97,538	92,862
Profit before income tax	51,804	44,209
Profit for the year	43,404	36,800
Basic earnings per share (HK cents)	4.3	3.7
Diluted earnings per share (HK cents)	4.3	3.7

The Board recommended the payment of a final dividend of HK1.8 cents per share for the year ended 31 December 2022.

### 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 2022 (the “**Year 2022**”), together with the comparative figures for the corresponding year ended 31 December 2021 (the “**Year 2021**”).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>382,786</b>	403,211
Cost of revenue		<u>(285,248)</u>	<u>(310,349)</u>
Gross profit		<b>97,538</b>	92,862
Other income, gains and losses		<b>4,955</b>	244
Administrative and other operating expenses		<b>(49,452)</b>	(47,910)
Fair value loss on financial assets at fair value through profit or loss		<b>(357)</b>	(185)
Finance costs		<u>(880)</u>	<u>(802)</u>
<b>Profit before income tax</b>	6	<b>51,804</b>	44,209
Income tax expense	7	<u>(8,400)</u>	<u>(7,409)</u>
<b>Profit for the year</b>		<b>43,404</b>	36,800
<b>Other comprehensive income for the year</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising from translating foreign operation		<u>(108)</u>	<u>17</u>
<b>Total comprehensive income for the year</b>		<u><b>43,296</b></u>	<u>36,817</u>
<b>Profit for the year attributable to owners of the Company</b>		<u><b>43,404</b></u>	<u>36,800</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>43,296</b></u>	<u>36,817</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>	9		
– Basic		<u><b>4.3</b></u>	<u>3.7</u>
– Diluted		<u><b>4.3</b></u>	<u>3.7</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,914	6,046
Deposit and prepayments	10	1,345	1,345
Right-of-use assets		7,480	10,381
		<u>11,739</u>	<u>17,772</u>
<b>Current assets</b>			
Inventories		887	2,224
Contract assets		125,143	95,487
Trade and other receivables, deposits and prepayments	10	81,070	198,318
Financial assets at fair value through profit or loss		1,012	1,369
Pledged bank deposits		5,000	5,000
Time deposits with original maturity over three months		140,000	–
Cash and bank balances		38,826	88,319
		<u>391,938</u>	<u>390,717</u>
<b>Current liabilities</b>			
Contract liabilities		50,753	56,825
Trade and other payables	11	52,185	64,108
Bank borrowings	12	–	15,850
Lease liabilities		2,756	2,805
Tax payable		2,807	3,264
		<u>108,501</u>	<u>142,852</u>
<b>Net current assets</b>		<u>283,437</u>	<u>247,865</u>
<b>Total assets less current liabilities</b>		<u>295,176</u>	<u>265,637</u>
<b>Non-current liabilities</b>			
Lease liabilities		5,567	8,324
<b>Net assets</b>		<u>289,609</u>	<u>257,313</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	10,000	10,000
Reserves		279,609	247,313
<b>Total equity</b>		<u>289,609</u>	<u>257,313</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 2022 were approved and authorised for issue by the directors on 22 March 2023.

### 2. BASIS OF PRESENTATION

#### (a) Statement of compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**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.

#### (b) Basis of measurement

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

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

#### (c) Functional and presentation currencies

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

### 3. ADOPTION OF HKFRSs

#### (a) Adoption of new or revised HKFRSs – effective on 1 January 2022

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 2022:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRS 2018–2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Lease

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

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
HK Interpretation 5 (2022)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

#### 4. 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 mainly operates in Hong Kong. All of the Group's revenue for the current year and prior year was derived in Hong Kong (place of domicile) whereas approximately 96% (2021: 94%) of the Group's non-current assets as at 31 December 2022 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer I	171,326	164,781
Customer II	<u>133,861</u>	<u>210,275</u>

#### 5. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Design and build projects		
– Podium facade and related works	354,494	378,264
– Curtain wall works	<u>8,148</u>	<u>1,749</u>
	362,642	380,013
Repair and maintenance services	<u>20,144</u>	<u>23,198</u>
	<u>382,786</u>	<u>403,211</u>

## 6. PROFIT BEFORE INCOME TAX

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Auditor's remuneration	<b>695</b>	670
Cost of inventories recognised as expense <sup>#</sup>	<b>130,666</b>	171,957
Depreciation		
– Property, plant and equipment*	<b>3,438</b>	3,159
– Right-of-use assets*		
Properties and machinery leased for own use	<b>2,901</b>	3,575
	<b>6,339</b>	6,734
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	<b>66,328</b>	63,396
– Contributions to defined contribution retirement plans <sup>@</sup>	<b>1,316</b>	1,263
– Equity-settled share-based payment expense	–	123
	<b>67,644</b>	64,782
Exchange losses/(gain), net*	<b>240</b>	(190)
Impairment loss on trade receivables	–	4
Short-term leases expenses	<b>5,143</b>	1,166

<sup>#</sup> Included in cost of revenue

<sup>\*</sup> Included in administrative and other operating expenses

<sup>@</sup> For the year ended 31 December 2022, no forfeited contribution in respect of the defined contribution retirement plans were utilised by the Group to reduce the contribution payable to the plans (2021: nil). As at 31 December 2022, no forfeited contribution under these plans is available to reduce future contribution (2021: nil).

## 7. INCOME TAX EXPENSE

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Hong Kong Profits Tax		
– Current tax for the year	<b>8,406</b>	7,455
– Over-provision in respect of prior years	<u>(9)</u>	<u>(52)</u>
	<b>8,397</b>	7,403
PRC Enterprise Income Tax		
– Current tax for the year	<u>3</u>	<u>6</u>
	<b><u>8,400</u></b>	<b><u>7,409</u></b>

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 2022 and 2021, the subsidiary of the Company established in the People's Republic of China (“PRC”) 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%.

## 8. DIVIDENDS

### Dividends payable to owners of the Company attributable to the year

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Interim dividend declared and paid of nil (2021: HK0.55 cents) per share	–	5,500
Proposed final dividend of HK1.8 cents (2021: HK1.1 cents) per share	<u>18,000</u>	<u>11,000</u>
	<b><u>18,000</u></b>	<b><u>16,500</u></b>

Final dividend in respect of the year ended 31 December 2022 of HK1.8 cents (2021: HK1.1 cents) per share, amounting to HK\$18,000,000 (2021: 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 2022. There are no income tax consequences for the Group related to the payment of dividends by the Company to its shareholders.



## 9. EARNINGS PER SHARE

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Profit for the year attributable to owners of the Company	<u>43,404</u>	<u>36,800</u>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>1,000,000</b>	1,000,000
Effect of dilutive potential ordinary shares – Share options	<u>–</u>	<u>182</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u><b>1,000,000</b></u>	<u>1,000,182</u>

For the purpose of calculating diluted earnings per share for the year ended 31 December 2022, no adjustment has been made as the exercise of the outstanding share options has an anti-dilutive effect on the basic earnings per share. For the purposes of calculating diluted earnings per share for the year ended 31 December 2021, the weighted average number of ordinary shares had been adjusted for the dilutive effect arising from the share options issued during the year.

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current</b>		
Refundable rental deposits	<u>1,345</u>	<u>1,345</u>
<b>Current</b>		
Trade receivables ( <i>note (a)</i> )	44,363	173,045
Less: Loss allowance ( <i>note (b)</i> )	(79)	(79)
Trade receivables, net ( <i>note (a)</i> )	44,284	172,966
Retention receivables	605	267
Less: Loss allowance ( <i>note (b)</i> )	(22)	(22)
Retention receivables, net	583	245
Deposits and prepayments	<u>36,203</u>	<u>25,107</u>
	<u>81,070</u>	<u>198,318</u>

### Notes:

- (a) 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	37,245	157,654
31-60 days	2,552	13,935
61-90 days	401	52
Over 90 days but less than 1 year	3,022	488
Over 1 year	<u>1,064</u>	<u>837</u>
	<u>44,284</u>	<u>172,966</u>

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the year	101	1,601
Impairment loss recognised	–	4
Amount written off during the year	–	(1,504)
	<u>–</u>	<u>(1,504)</u>
At the end of the year	<u><b>101</b></u>	<u>101</u>

#### 11. TRADE AND OTHER PAYABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	25,200	40,718
Retention payables	9,144	9,218
Accruals and other payables	17,841	14,172
	<u>17,841</u>	<u>14,172</u>
	<u><b>52,185</b></u>	<u>64,108</u>

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

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	10,233	28,564
31–60 days	7,440	9,391
61–90 days	687	328
Over 90 days	6,840	2,435
	<u>6,840</u>	<u>2,435</u>
	<u><b>25,200</b></u>	<u>40,718</u>

## 12. BANK BORROWINGS

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Bank borrowings repayable within one year	<u>–</u>	<u>15,850</u>

The bank borrowings as at 31 December 2021, included trade financing, were 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 ranged from 2.16% to 2.56% per annum and the bank borrowings were subject to repayment on demand clause. The Group had no bank borrowing as at 31 December 2022.

As at 31 December 2022 and 2021, the banking facilities (including bank borrowings and surety bonds/letters of guarantee) granted to the Group were secured by the bank deposits, the proceeds of a design and build project and the corporate guarantee provided by the Company.

## 13. SHARE CAPITAL

	<b>2022</b> <b>Number</b> <b>of shares</b>	<b>2022</b> <b>Amount</b> <b>HK\$'000</b>	2021 Number of shares	2021 Amount <i>HK\$'000</i>
<b>Ordinary share of HK\$0.01 each</b>				
<b>Authorised:</b>				
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>
<b>Issued and fully paid:</b>				
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>

## 14. 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 a bank in favour of a supplier in relation to certain machineries provided by the supplier.

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

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Aggregate value of:		
– surety bonds issued in favour of customers ( <i>note (i)</i> )	<b>74,460</b>	74,608
– letters of guarantee issued in favour of a supplier ( <i>note (ii)</i> )	<u>–</u>	<u>20,371</u>
	<b><u>74,460</u></b>	<b><u>94,979</u></b>

### Notes:

- (i) The surety bonds are required for the entire period of the relevant construction contracts. As at 31 December 2022, the relevant construction contracts were expected to be completed in year 2023 or 2024 (2021: 2022 or 2023).
- (ii) For the year ended 31 December 2021, the letters of guarantee were required until the concerned machineries were returned to the supplier or upon expiry of the letters of guarantee on 31 January 2022, whichever was earlier. Upon expiry, one of the letters of guarantee with guarantee amount of HK\$2,657,000 had been extended to June 2022. The letters of guarantee were released during the year.

As assessed by the directors, it is 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 almost 30 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.

As the situation of COVID-19 in Hong Kong became stable, the society activities turns to normal. The construction market remains stable as the residential and commercial developments projects in Hong Kong resume its momentum. However, the global financial market is facing complex and challenging situation, the inflation in commodity price has added burden on the operation cost to the business. Faced with the uncertainties, the Group had a tighter cost control over the projects so that there are a slightly increase in the gross profit margin from 23.0% of the Year 2021 to 25.5% of the Year 2022.

The Group's outstanding contracts on hand as at 31 December 2022 amounted to approximately HK\$578.9 million, while the Group has been awarded two podium facade contracts with contract sum of approximately HK\$388.1 million in January 2023.

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.

## FINANCIAL REVIEW

### Revenue

During the Year 2022, the Group recorded a revenue of approximately HK\$382.8 million, representing a decrease of approximately HK\$20.4 million or 5.1% from that of approximately HK\$403.2 million for the Year 2021. Design and build projects contributed approximately HK\$362.6 million (Year 2021: HK\$380.0 million) of the Group's total revenue whereas repair and maintenance services brought in revenue of approximately HK\$20.1 million (Year 2021: HK\$23.2 million), representing approximately 94.7% (Year 2021: 94.2%) and 5.3% (Year 2021: 5.8%) of the Group's total revenue, respectively.

### Outlook and prospects

The Group's major projects on hand as at 31 December 2022 can be summarised as follows:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 31 December 2022 <i>HK\$ million</i>
1.	Facade	Kai Tak, Kowloon	Oct 2023	201.0
2.	Facade	Kai Tak, Kowloon	Feb 2024	162.9
3.	Facade	Shap Sze Heung, New Territories	Jun 2023	53.4
4.	Facade	Queensway, Hong Kong	Oct 2024	43.8
5.	Facade	Pak Shek Kok, New Territories	Nov 2023	34.8
6.	Facade	Cheung Sha Wan, Kowloon	Dec 2023	<u>27.7</u>
				<u><u>523.6</u></u>

Subsequent to the end of the Year 2022 and up to the date of this announcement, the Group had been awarded two podium facade contracts with contract sum of approximately of HK\$388.1 million. Meanwhile, the Group is in the process of bidding for or pending the results of 2 sizeable podium facade project tenders with an estimated total contract value of over approximately HK\$67.2 million.

The Hong Kong government have promulgated a series of policies and incentives to drive Hong Kong back to a business and tourist destination for the international community. It is expected the launch of large scale public projects in relation to the Lantau Tomorrow and the Northern Metropolitan development strategy will speed up in order to stimulate economic growth and private sector project will closely follow suit. The Group will stay vigilant for both public and private sector projects and prepare itself to capture the associated business opportunities.

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

The Group's gross profit increased by approximately HK\$4.6 million or 5.0% from approximately HK\$92.9 million for the Year 2021 to approximately HK\$97.5 million for the Year 2022. Gross profit margin of the Group was approximately 25.5% for the Year 2022 as compared with that of approximately 23.0% for the Year 2021. The increase in the gross profit margin was mainly due to the better cost control for a major project.

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

The Group's administrative and other operating expenses increased by approximately HK\$1.5 million or 3.1% from approximately HK\$47.9 million for the Year 2021 to approximately HK\$49.4 million for the Year 2022. Such increase was mainly due to the increase in employee benefit expenses.

### **Income tax expense**

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 profits under two-tiered profit tax rates regime during the reporting periods.

For the Year 2022, the Group recorded income tax expense of approximately HK\$8.4 million (Year 2021: approximately HK\$7.4 million) representing an effective tax rate of approximately 16.2% (Year 2021: approximately 16.7%).

### **Profit for the Year**

The Group's profit for the Year 2022 amounted to approximately HK\$43.4 million, representing an increase of approximately HK\$6.6 million or 17.9% as compared to approximately HK\$36.8 million for the Year 2021.



Such increase was mainly due to the increase in gross profit of approximately HK\$4.6 million as discussed above and the Group received the government subsidy for epidemic relief in the Year 2022 of HK\$2.0 million and interest income from fixed deposits of HK\$1.5 million and partially off settled by increased in administrative and other operating expenses of approximately HK\$1.5 million.

### **Receivable turnover days**

The Group's receivable turnover days for the Year 2022 was relatively stable approximately 103.6 days which is the same as the Year 2021. The Group did not observe any signs of default on any of its trade receivables balance as at 31 December 2022.

### **Bank borrowings**

The Group's bank borrowings as at 31 December 2022 decreased to nil (Year 2021: HK\$15.9 million), which is mainly due to repayment of the bank borrowings.

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

The Group's gearing ratio, calculated by dividing bank borrowings by total equity, as at 31 December 2022 was zero (31 December 2021: 6.2%) as there was no bank borrowings as at 31 December 2022.

The Group's cash and cash equivalents balances as at 31 December 2022 amounted to approximately HK\$38.8 million, representing a decrease of approximately HK\$49.5 million as compared to approximately HK\$88.3 million as at 31 December 2021. Such decrease was mainly due to the Group has placed fixed time deposits that over three months with aggregated amount of HK\$140.0 million. The interest rates ranged from 4% to 5.2% per annum.

The Group had no bank borrowings as at 31 December 2022.

### **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 2022.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

As at 31 December 2022, the Group did not have any capital commitments.

## **SIGNIFICANT INVESTMENTS HELD**

The Group had not held any significant investments during the Year 2022.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the Year 2022, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures.

## **PLEDGE OF ASSETS**

As at 31 December 2022, pledged deposits in the sum of approximately HK\$5.0 million (31 December 2021: 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 2022.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 108 staff as at 31 December 2022 (31 December 2021: 108 staff) and the total employee benefit expenses for the Year 2022 amounted to approximately HK\$67.6 million (Year 2021: HK\$64.8 million). Such increase was mainly contributed to the increase in 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 the 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 2022 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 2022, 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 25 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 2022 and up to the date of this announcement.

## **RESULTS AND DIVIDENDS**

The Directors recommended the payment of a final dividend of HK1.8 cents per share, amounting to a total of HK\$18.0 million for the Year 2022, representing a dividend ratio of approximately 41.5%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on 15 June 2023 (the “**AGM**”) and is expected to be paid on or about 14 July 2023.

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, 12 June 2023 to Thursday, 15 June 2023 (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, 9 June 2023 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, 21 June 2023 to Monday, 26 June 2023 (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, 20 June 2023.

## **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 2022.

## **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 2022.

## **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 2022 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 2022 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 2022 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, 22 March 2023

*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.*