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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 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Revenue	243,399	299,756
Gross profit	63,170	69,452
Profit before income tax	27,670	31,233
Profit for the year	23,299	26,366
Basic earnings per share (<i>HK cents</i>)	2.3	2.6
Diluted earnings per share (<i>HK cents</i>)	2.3	2.6

The Board recommended the payment of a final dividend of HK1.1 cents per share for the year ended 31 December 2020.

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 2020 (the “**Year 2020**”), together with the comparative figures for the corresponding year ended 31 December 2019 (the “**Year 2019**”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	243,399	299,756
Cost of revenue		<u>(180,229)</u>	<u>(230,304)</u>
Gross profit		63,170	69,452
Other income, gains and losses		4,183	570
Administrative and other operating expenses		(39,283)	(38,402)
Finance costs		<u>(400)</u>	<u>(387)</u>
Profit before income tax	5	27,670	31,233
Income tax expense	6	<u>(4,371)</u>	<u>(4,867)</u>
Profit for the year		23,299	26,366
Other comprehensive income for the year			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference arising from translation of foreign operation		<u>(5)</u>	<u>(10)</u>
Total comprehensive income for the year		<u>23,294</u>	<u>26,356</u>
Profit for the year attributable to owners of the Company		<u>23,299</u>	<u>26,366</u>
Total comprehensive income for the year attributable to owners of the Company		<u>23,294</u>	<u>26,356</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
– Basic	8	<u>2.3</u>	<u>2.6</u>
– Diluted	8	<u>2.3</u>	<u>2.6</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,321	2,211
Deposits and prepayment	9	3,109	–
Right-of-use assets		<u>13,956</u>	<u>3,489</u>
		19,386	5,700
Current assets			
Inventories		1,328	805
Contract assets		90,628	74,661
Trade and other receivables	9	83,440	77,314
Pledged bank deposits		5,000	5,000
Cash and bank balances		<u>149,157</u>	<u>128,467</u>
		329,553	286,247
Current liabilities			
Contract liabilities		50,571	3,357
Trade and other payables	10	46,297	55,576
Tax payable		57	878
Bank borrowings	11	1,127	1,000
Lease liabilities		<u>2,886</u>	<u>2,377</u>
		100,938	63,188
Net current assets		<u>228,615</u>	<u>223,059</u>
Total assets less current liabilities		<u>248,001</u>	<u>228,759</u>
Non-current liabilities			
Lease liabilities		<u>11,128</u>	1,180
Net assets		<u>236,873</u>	<u>227,579</u>
CAPITAL AND RESERVES			
Share capital	12	10,000	10,000
Reserves		<u>226,873</u>	<u>217,579</u>
Total equity		<u>236,873</u>	<u>227,579</u>

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 was located at Units 1709–14, 17th Floor, Manhattan Centre, 8 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong and has subsequently been changed to 11/F., Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong since 8 February 2021.

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 2020 were approved and authorised for issue by the directors on 31 March 2021.

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 2020

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.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a Business

The adoption of these new/revised HKFRSs did not have any significant impact on the Group’s consolidated financial statements.

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

The following new/revised HKFRSs have been issued, potentially relevant to the Group’s financial statements, 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 HKAS 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to HKAS 16	Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 9 – Financial Instruments and Amendments to HKFRS 16 ³

¹ Effective for annual periods beginning on or after 1 June 2020

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

³ Effective for annual periods beginning on or after 1 January 2022

⁴ 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

⁵ Effective for annual periods beginning on or after 1 January 2023

The new/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 Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, 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 92% (2019: 88%) 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:

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Customer I	119,106	168,717
Customer II	64,614	N/A*
Customer III	50,366	N/A*
Customer IV	N/A*	68,568

* 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:

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Revenue from contracts with customers and recognised over time:		
Design and build projects		
– Podium facade and related works	159,406	142,634
– Curtain wall works	73,449	142,621
	232,855	285,255
Repair and maintenance services	10,544	14,501
	243,399	299,756

5. PROFIT BEFORE INCOME TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration	630	670
Cost of inventories recognised as expenses [#]	64,986	80,236
Depreciation in respect of:		
property, plant and equipment*	1,136	1,475
right-of-use assets*		
– Properties and machinery leased for own use	2,779	2,526
Employee benefit expenses, including directors' emoluments		
– Salaries, allowances and other benefits	56,447	50,449
– Contributions to defined contribution retirement plan	1,184	1,072
– Equity settled share-based payments	–	204
	57,631	51,725
Exchange losses, net	4	91
Gain on lease modification	(22)	–
Loss on disposal of property, plant and equipment	–	297
Provision/(reversal) of expected credit losses allowance		
for contract assets	182	(643)
Reversal of expected credit losses allowance for		
retention receivables	(342)	(42)
Reversal of expected credit losses allowance for trade receivables	(3)	(116)
Short-term leases expenses	1,426	2,133
Warranty expenses [#]	3	100
	<u>3</u>	<u>100</u>

[#] 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong Profits Tax		
– current tax for the year	4,224	5,283
– Under/(over)-provision in respect of prior years	143	(449)
PRC Enterprise Income tax		
– current tax for the year	<u>4</u>	<u>33</u>
Income tax expense	<u><u>4,371</u></u>	<u><u>4,867</u></u>

The Group is subject to Hong Kong Profits Tax under the two-tiered profits tax rates regime. For the years ended 31 December 2020 and 2019, the first HK\$2 million of assessable profits of a qualifying corporation in the Group will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% on their estimated assessable profit.

For the years ended 31 December 2020 and 2019, the Group's PRC subsidiary was eligible to be classified as small enterprise by the local bureau and the corresponding assessable profits are taxed at progressive rate. The first RMB1,000,000 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividends (<i>note</i>)	<u><u>11,000</u></u>	<u><u>14,000</u></u>

Note:

Final dividends in respect of the year ended 31 December 2020 of HK1.1 cents per share (2019: HK1.4 cents), amounting to HK\$11,000,000 (2019: HK\$14,000,000) 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 dividends are not reflected as dividend payable in these financial statements for the year ended 31 December 2020. 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 HK1.4 cents per share, amounting a total dividend of HK\$14,000,000.

8. EARNINGS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>23,299</u>	<u>26,366</u>
	<i>'000</i>	<i>'000</i>
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>1,000,000</u>	<u>1,000,000</u>

For the purpose of calculating diluted earnings per share for the years ended 31 December 2020 and 2019, no adjustment has been made as the exercise of the outstanding share options has an anti-dilutive effect of the basic earnings per share.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current		
Prepayment for acquisition of property, plant and equipment	1,764	–
Refundable rental deposits	<u>1,345</u>	<u>–</u>
	<u>3,109</u>	<u>–</u>
Current		
Trade receivables	55,905	46,166
Expected credit losses allowance	(75)	(78)
	55,830	46,088
Retention receivables	1,791	17,503
Expected credit losses allowance	(1,526)	(1,868)
	265	15,635
Deposits and prepayment	<u>27,345</u>	<u>15,591</u>
	<u>83,440</u>	<u>77,314</u>

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:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	53,563	38,528
31 to 60 days	216	3,239
61 to 90 days	247	1,479
Over 90 days but less than 1 year	1,620	859
Over 1 year	184	1,983
	<u>55,830</u>	<u>46,088</u>

As at 31 December 2020, based on due date, the Group's retention receivables, net of expected credit losses allowance, of HK\$83,000 (2019: HK\$15,588,000) were not yet past due and the remaining balance of HK\$182,000 (2019: HK\$47,000) were past due, of which HK\$18,000 (2019: nil) 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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	26,978	37,586
Retention payables	8,241	7,806
Accruals and other payables	11,078	10,184
	<u>46,297</u>	<u>55,576</u>

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	17,219	23,756
31 to 60 days	3,237	7,612
61 to 90 days	400	1,691
Over 90 days	6,122	4,527
	<u>26,978</u>	<u>37,586</u>

As at 31 December 2020, retention payables of HK\$2,179,000 (2019: HK\$5,867,000) were aged one year or below and the remaining balance of approximately HK\$6,062,000 (2019: HK\$1,939,000) were aged over one year.

11. BANK BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank borrowings repayable within one year	<u>1,127</u>	<u>1,000</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 2020 granted under banking facilities was 3.13% (2019: 4.78%) per annum.

As at 31 December 2020 and 2019, the banking facilities (including bank borrowings and surety bonds) granted to the Group were secured by the bank deposits and the corporate guarantee provided by the Company.

12. SHARE CAPITAL

	2020 Number of shares	2020 Amount <i>HK\$'000</i>	2019 Number of shares	2019 Amount <i>HK\$'000</i>
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Ordinary share of HK\$0.01 each

Authorised:

At 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>
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Issued and fully paid:

At 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>
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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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>47,660</u>	<u>58,518</u>

The surety bonds are required for the entire period of the relevant construction contracts. As at 31 December 2020, the respective construction contracts are expected to be completed in year 2021 (2019: year 2020).

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.

While the Group was previously being predominantly engaged in podium facade design and build projects, it has gradually established a notable presence in the curtain wall design and build market since year 2018 and revenue from podium facade projects and curtain wall projects reached a 50/50 split of the Group's revenue from design and build projects in the Year 2019. Curtain wall projects are generally larger in scale and extend over a longer time period and require more net cash outflows at the early stage and as such, the taking up of curtain wall projects is constrained by availability of Group's operational and financial resources.

Faced with the uncertainties brought on by the prolonged coronavirus disease (“**COVID-19**”) outbreak, the Group has taken a more prudent approach in its bid for projects in the Year 2020, focusing on those involving higher level of design element, technical capability and customised features with an aim to conserve its resources on quality projects by reputable customers with healthy profit margins. The Group's business development approach has proved to be successful as the contract value of its projects on hand as at 31 December 2020 reached a new high, the details of which are set out in the outlook and prospect paragraph below.

FINANCIAL REVIEW

Revenue

During the Year 2020, the Group recorded a revenue of approximately HK\$243.4 million, representing a decrease of approximately HK\$56.4 million or 18.8% from that of approximately HK\$299.8 million for the Year 2019. Design and build projects contributed approximately HK\$232.9 million (Year 2019: HK\$285.3 million) of the Group's total revenue whereas repair and maintenance services brought in revenue of approximately HK\$10.5 million (Year 2019: HK\$14.5 million), representing approximately 95.7% (Year 2019: 95.2%) and 4.3% (Year 2019: 4.8%) of the Group's total revenue, respectively. The decrease in revenue was mainly attributable to delay in progress of a major project as a result of delay by other contractor(s) at the stage prior to commencement of the Group's works. The portion of revenue from design and build projects attributable to podium facade and related works and curtain wall works for the Year 2020 was 68.5% and 31.5% respectively, as compared to a balanced split of 50.0% and 50.0% respectively for the Year 2019, as majority of works for key curtain wall projects had been completed in the Year 2019 and no new curtain wall projects being undertaken by the Group in the Year 2020.

Outlook and prospects

The Group's major projects on hand as at 31 December 2020 can be summarised as follow:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 31 December 2020 <i>HK\$' million</i>
1.	Podium facade	Kaitak, Kowloon	Dec 2022	291.4
2.	Podium facade	Kwun Tong, Kowloon	Jun 2022	218.2
3.	Podium facade	Taikoo, Hong Kong	Dec 2021	197.8
4.	Podium facade	Tin Shui Wai, New Territories	Jun 2021	58.6
5.	Podium facade	Yuen Long, New Territories	Jun 2021	14.1
				<hr/> <u>780.1</u>

Subsequent to the end of the Year 2020 and up to the date of this announcement, the Group is in the process of bidding for or pending the results of 7 sizeable podium facade project tenders with an estimated total contract value of over approximately HK\$285.6 million.

Ever since the 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\$6.3 million or 9.0% from approximately HK\$69.4 million for the Year 2019 to approximately HK\$63.2 million for the Year 2020. Gross profit margin of the Group was approximately 26.0% for the Year 2020 as compared with that of approximately 23.2% for the Year 2019. The increase in the gross profit margin was mainly due to the cost control for various projects.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by approximately HK\$0.9 million or 2.3% from approximately HK\$38.4 million for the Year 2019 to approximately HK\$39.3 million for the Year 2020. Such increase was mainly due to the increase in legal and professional fee for the purpose of recruitment and increase in employee benefit expense.

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 2020, the Group recorded income tax expense of approximately HK\$4.4 million (Year 2019: approximately HK\$4.9 million) representing an effective tax rate of approximately 15.9% (Year 2019: approximately 15.6%).

Profit for the Year

The Group's profit for the Year 2020 amounted to approximately HK\$23.3 million, representing a decrease of approximately HK\$3.1 million or 11.7% as compared to that of approximately HK\$26.4 million for the Year 2019.

Such decrease was mainly due to the drop in gross profit of approximately HK\$6.3 million as discussed above and partially off-set by an increase in other income of approximately HK\$3.6 million which was mainly related to government subsidy for epidemic relief.

Receivable turnover days

The Group's receivable turnover days for the Year 2020 remained similar to approximately 76.4 days as compared to that of approximately 75.2 days for the Year 2019. The Group did not observe any signs of default on any of its trade receivables balance as at 31 December 2020.

Bank borrowings

The Group's bank borrowings as at 31 December 2020 remained stable of approximately HK\$1.1 million (Year 2019: HK\$1.0 million). The Group has minimal need for external financing as its internal resources provided sufficient working capital for its operation needs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's gearing ratio, calculated by dividing bank borrowings by total equity, as at 31 December 2020 remained healthy and stable at approximately 0.5% (31 December 2019: 0.4%).

The Group's cash and cash equivalents balances as at 31 December 2020 amounted to approximately HK\$149.2 million, representing an increase of approximately HK\$20.7 million as compared to that of approximately HK\$128.5 million as at 31 December 2019. Such increase was mainly due to the amount earned from operating activities.

The Group's bank borrowings as at 31 December 2020 were all denominated in European Dollars. The interest rates were 3.13% 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 2020.

Capital expenditures and commitments

As at 31 December 2020, the Group had capital commitments of approximately HK\$2.0 million.

Significant investments held

The Group had not held any significant investments during the Year 2020.

Material acquisitions and disposals

During the Year 2020, the Group did not have any material acquisitions and disposal of subsidiaries, associations and joint ventures.

Pledge of assets

As at 31 December 2020, pledged deposits in the sum of HK\$5.0 million (31 December 2019: 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 2020.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 103 staff as at 31 December 2020 (31 December 2019: 100 staff) and the total employee benefit expenses for the Year 2020 amounted to approximately HK\$57.6 million (Year 2019: HK\$51.7 million). Such increase was mainly contributed to the increase in 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 2020 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 Listing Rules and has complied with the CG Code during the Year 2020, 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 2020 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 2020, representing a dividend ratio of approximately 47.2%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 22 June 2021 (the “**AGM**”) and is expected to be paid on or about 21 July 2021.

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 Thursday, 17 June 2021 to Tuesday, 22 June 2021 (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 Wednesday, 16 June 2021 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 Monday, 28 June 2021 to Wednesday, 30 June 2021 (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 Friday, 25 June 2021.

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 2020.

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 2020.

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 2020 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 2020 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 2020 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, 31 March 2021

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.