



# GME Group Holdings Limited 駿傑集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8188

FIRST  
QUARTERLY  
REPORT  
2017

## **CHARACTERISTIC OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “**Directors**”) of GME Group Holdings Limited (the “**Company**”), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## CORPORATE INFORMATION

### Board of Directors

#### **Executive Directors**

Mr. Chuang Chun Ngok Boris (*Chairman*)  
Mr. Chuang Wei Chu

#### **Independent non-executive Directors**

Mr. Lam Man Bun Alan  
Mr. Lau Chun Fai Douglas  
Ir Ng Wai Ming Patrick

### Audit Committee

Mr. Lau Chun Fai Douglas (*Chairman*)  
Ir Ng Wai Ming Patrick  
Mr. Lam Man Bun Alan

### Remuneration Committee

Mr. Lam Man Bun Alan (*Chairman*)  
Mr. Lau Chun Fai Douglas  
Ir Ng Wai Ming Patrick  
Mr. Chuang Chun Ngok Boris

### Nomination Committee

Ir Ng Wai Ming Patrick (*Chairman*)  
Mr. Chuang Chun Ngok Boris  
Mr. Lam Man Bun Alan  
Mr. Lau Chun Fai Douglas

### Compliance Officer

Mr. Chuang Chun Ngok Boris

### Company Secretary

Mr. Sze Chun Kit (*HKICPA*)

### Authorised Representatives

Mr. Chuang Chun Ngok Boris  
Mr. Sze Chun Kit

### Registered Office

4th Floor  
Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

### Headquarters and Principal Place of Business in Hong Kong

Room 1001-2, 10/F  
148 Electric Road  
Hong Kong

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### Auditor

BDO Limited  
*Certified Public Accountants*  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## **Legal Adviser**

Howse Williams Bowers  
27/F Alexandra House  
18 Chater Road  
Central  
Hong Kong

## **Compliance Adviser**

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

## **Principal Bankers**

DBS Bank (Hong Kong) Limited  
G/F  
The Center  
99 Queen's Road Central  
Central  
Hong Kong

Dah Sing Bank, Limited  
36th Floor  
Dah Sing Financial Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

## **Company Website**

[www.gmehk.com](http://www.gmehk.com)

## **Stock Code**

8188

## FINANCIAL HIGHLIGHTS (UNAUDITED)

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2017 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2016.

The Group’s revenue increased from approximately HK\$25,275,000 for the three months ended 31 March 2016 to approximately HK\$37,584,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$12,309,000 or 48.7%.

The Group’s gross profit decreased from approximately HK\$5,124,000 for the three months ended 31 March 2016 to approximately HK\$4,495,000 for the three months ended 31 March 2017, representing a decrease of approximately HK\$629,000 or 12.3%. A reversal of expected loss recognised in prior years of approximately HK\$391,000 was recognised in the cost of services for the three months ended 31 March 2016 in relation to a loss making project which commenced in 2013 and subsequently completed in May 2016. If this reversal of expected loss recognised is excluded, the Group’s gross profit would be approximately HK\$4,733,000 for the three months ended 31 March 2016.

The Group’s loss and total comprehensive loss for the period attributable to the owners of the Company (“**Net Loss**”) increased from approximately HK\$327,000 for the three months ended 31 March 2016 to approximately HK\$7,680,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$7,353,000. Such increase in Net Loss was mainly due to the combined effects of (i) the recognition of listing expenses of approximately HK\$6,338,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: approximately HK\$2,392,000); (ii) other expenses in relation to the listing, resumption of trading in Shares and professional fees in relation to the continuous compliance with the GEM Listing rules was approximately HK\$2,022,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: nil) and (iii) a reversal of expected loss recognised in prior years of approximately HK\$391,000 for the three months ended 31 March 2016. If the items mentioned above were excluded, we recorded a profit and total comprehensive income for the period (“**Net Profit**”) of approximately HK\$680,000 for the three months ended 31 March 2017 (Net Profit for the three months ended 31 March 2016: approximately HK\$1,674,000).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2017

	Notes	Three months ended	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	37,584	25,275
Cost of services		(33,089)	(20,151)
Gross profit		4,495	5,124
Other income		132	115
Administrative and other expenses		(12,196)	(5,045)
Finance costs		(74)	(113)
(Loss)/profit before income tax expense	5	(7,643)	81
Income tax expense	6	(37)	(408)
Loss and total comprehensive loss for the period attributable to the owners of the Company		(7,680)	(327)
<b>Loss per share</b>			
– Basic and diluted (HK cents)	8	1.8	0.1

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited)	Retained earnings HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>For the three months ended 31 March 2017</b>						
As at 1 January 2017	– *	37,904	90	(36,104)	38,066	39,956
Loss and total comprehensive loss for the period	–	–	–	–	(7,680)	(7,680)
Capitalisation issue of shares	3,750	(3,750)	–	–	–	–
Issuance of new shares by placing	1,250	66,250	–	–	–	67,500
Share issuance expenses	–	(7,998)	–	–	–	(7,998)
As at 31 March 2017	5,000	92,406	90	(36,104)	30,386	91,778
<b>For the three months ended 31 March 2016</b>						
As at 1 January 2016	1,800	–	90	–	20,358	22,248
Loss and total comprehensive loss for the period	–	–	–	–	(327)	(327)
As at 31 March 2016	1,800	–	90	–	20,031	21,921

\* Represented amount less than HK\$1,000.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 March 2017*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 18 January 2016, as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The registered office and principal place of business of the Company are located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and Room 1001-2, 10/F, 148 Electric Road, Hong Kong, respectively.

The shares of the Company ("**Shares**") were listed on the GEM of the Stock Exchange on 22 February 2017 ("**Listing Date**") by way of placing ("**IPO Placing**").

The Company is an investment holding company and the Group is principally engaged in the provision of underground construction services.

Pursuant to a group reorganisation (the "**Group Reorganisation**") carried out by the Group in preparation for the listing of Shares of the Company on the GEM of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group on 17 October 2016. Details of the Group Reorganisation are set out in the section headed "History and Reorganisation" to the prospectus issued by the Company dated 14 February 2017 (the "**Prospectus**").

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group Reorganisation only involved inserting new holdings entities at the top of an existing company and has not resulted in any change of economic substances and does not involve business combination.

Upon the completion of the Group Reorganisation, the Company holds the entire equity interests, directly or indirectly, of companies comprising the Group.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Accordingly, the unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the three months ended 31 March 2016 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout those years, or since their respective dates of incorporation or establishment of the combining companies, whichever was shorter. All significant intra-group transactions and balances have been eliminated on consolidation.

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASS**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Hong Kong Companies Ordinance**”). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules. The principal accounting policies used in the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2017 (the “**First Quarterly Results**”) are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

The Group has not early applied the new and revised HKFRS that have been issued by HKICPA but are not effective.

The First Quarterly Results have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Company (“**Audit Committee**”).

### 3. SEGMENT INFORMATION

#### *Operating segments*

The Group was principally engaged in the provision of underground construction services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

#### *Geographical information*

All of the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

#### *Information about major customers*

Revenue attributed from customers that accounted for 10% or more of the Group's revenue during the Reporting Period is as follows:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Customer B	<b>5,700</b>	12,905
Customer C	<b>18,478</b>	8,508
Customer K	<b>11,806</b>	–

### 4. REVENUE

The Group's revenue represents amount received and receivable from contract work performed during the Reporting Period.

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed.

## 5. LOSS/PROFIT BEFORE INCOME TAX EXPENSE

Loss/profit before income tax expense is arrived after charging:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Auditor's remuneration	<b>150</b>	150
Listing expense	<b>6,338</b>	2,392
Loss on disposal of property, plant and equipment	<b>11</b>	–
Depreciation of property, plant and equipment	<b>986</b>	388
Operating lease rentals in respect of:		
– Land and buildings	<b>425</b>	221
Finance costs:		
– Interest on borrowing wholly repayable within five years	<b>–</b>	113
– Interest on bank overdrafts	<b>71</b>	–
– Interest on finance leases	<b>2</b>	–
Employee benefit expenses, including Directors' remuneration	<b>25,539</b>	14,137

## 6. INCOME TAX EXPENSE

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax – Hong Kong profits tax		
– charge for the Reporting Period	<b>37</b>	408
Deferred tax	<b>–</b>	–
Income tax expense	<b>37</b>	408

Hong Kong profits tax is calculated at 16.5% (For the three months ended 31 March 2016: 16.5%) of the estimated assessable profits during the Reporting Period.

## 7. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2017.

## 8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the ordinary equity holders of the Group is based on the following data:

	<b>Three months ended 31 March</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss:		
Loss for the purpose of basic loss per share	<b>7,680</b>	327
	<b>2017</b>	2016
	<b>Number of</b>	Number of
	<b>shares</b>	shares
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic loss per share (Note)	<b>427,778</b>	375,000

Note: The weighted average number of 427,778,000 ordinary shares in issue during the Reporting Period (2016: 375,000,000) on the basis that the 375,000,000 ordinary shares of the Company in issue immediately after the completion of capitalisation issue were deemed to have been issued on 1 January 2016. Details of the capitalisation issue are set out in the section headed "Share Capital" to the Prospectus.

Diluted loss per share is same as basic loss per share as there was no dilutive potential shares for the three months ended 31 March 2017 and 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is an established subcontractor engaged in civil engineering works operating solely in Hong Kong. The Group is principally engaged in the provision of underground construction services and mainly serves private main contractors in public sector infrastructure projects. Public sector projects refer to the projects in which the main contractors are employed by the government of the Hong Kong Special Administrative Region, its statutory bodies or statutory corporations. The Group has also been involved in some private sector projects, which covered all other types of engagements.

The Group provides underground construction services, in particular, tunnel construction services (including excavation, shotcreting, shutter design and fabrication, tunnel lining services and advanced works) and utility construction and others (including layout and refurbishment of gas pipes and structural works). We also provide programme design, costing and management for underground construction services and as a result, we work routinely with our key clients in pre-tenders.

Our focus on the development of a complete suite of tunnel construction services since 2014 has laid a solid foundation for the Group's growth and provides the Group with a strong advantage in securing contracts.

For the three months ended 31 March 2017, the Group had been engaged in nine public sector projects, of which three public sector projects were newly commenced in 2017.

The Group is reliant on the availability of public sector projects. Due to the fact that the public sector projects are civil engineering projects which are non-recurring in nature, the amount of revenue from the public sector projects may vary from period to period.

## OUTLOOK OF TUNNEL CONSTRUCTION INDUSTRY IN HONG KONG

The Group will continue to focus on growing our tunnel construction services business, as we expect this to be our major growth driver and long term, sustainable source of revenue.

The Directors anticipate the demand for tunnel construction services in Hong Kong continues growing in the foreseeable future. The growth in tunnel construction industry will mainly be sustained by several major transport infrastructure projects including the Hong Kong–Zhuhai–Macau Bridge, the Tuen Mun–Chek Lap Kok Link, and the Central–Wan Chai Bypass, which are all expected to be completed by 2020. Other new infrastructure projects such as the Airport Third Runway, Tseung Kwan O–Lam Tin Tunnel and the Central Kowloon Route are expected to come on stream in 2017 and will provide further demand support for Hong Kong’s tunnel construction industry.

Apart from transportation infrastructures, the Drainage Services Department has also released the project profile for Sha Tin Cavern Sewage Treatment Works which is expected to commence construction in 2017 and will involve tunnel constructions using the drill and blast technique. All of these new projects, coupled with the ongoing projects, will provide significant revenue receipts for the tunnel construction industry in the future. The Directors are of the view that given the scale of these projects are relatively large, main contractors would continue to subcontract various tunnel construction parts of the contract to subcontractors such as the Group and therefore we will be able to benefit from this demand.

In respect of the Central Kowloon Route project mentioned above, the Directors noted from the website of the government of the Hong Kong Special Administrative Region that the tender period for main contractors for Central Kowloon Route has recently been delayed from first quarter to the latter part of second quarter of 2017. As a result, this may delay the subcontractors tendering period for the project to the latter part of the year. Delays in tenders such as these may have an impact on the potential revenue source of the Group. In turn, the period to period performance of the Group may also be affected as set out in the section headed “Risk factors” of the Prospectus.

## FINANCIAL REVIEW

### *Revenue*

The Group’s revenue increased from approximately HK\$25,275,000 for the three months ended 31 March 2016 to approximately HK\$37,584,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$12,309,000 or 48.7%. The increase in the revenue was mainly attributable to an increase in revenue generated from our public sector projects – tunnel construction services from approximately HK\$19,839,000 for the three months ended 31 March 2016 to approximately HK\$35,839,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$16,000,000 or 80.6%. Such increase was mainly attributable to the fact that the customers of two projects which commenced prior to 1 January 2016 requesting for more works to be performed by the Group during 2017 which was outside of the scope of the original contracts. The Group recognised revenue of these two projects amounting to approximately HK\$18,333,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: approximately HK\$7,348,000), representing an increase of approximately HK\$10,985,000 or 149.5%.

## ***Cost of services***

The Group's cost of services mainly consisted of (i) staff costs; (ii) rental of plant and machinery; (iii) construction materials and supplies; (iv) depreciation charges; (v) subcontracting charges; and (vi) other expenses.

The Group's cost of services increased from approximately HK\$20,151,000 for the three months ended 31 March 2016 to approximately HK\$33,089,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$12,938,000 or 64.2%. Such increase was mainly due to an increase in our staff costs from approximately HK\$12,545,000 for the three months ended 31 March 2016 to approximately HK\$23,428,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$10,883,000 or 86.8%. Such increase was mainly due to more labour intensive projects during the Reporting Period. The costs of construction materials and supplies were approximately HK\$3,749,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: approximately HK\$3,743,000). In general, our purchase of construction materials and supplies depends on the terms of our contracts, which may vary on a project-by-project basis. Due to the nature of the existing projects which relied heavily on machineries, we recorded a rental of plant and machinery expenses of approximately HK\$3,055,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: approximately HK\$2,663,000), representing an increase of approximately HK\$392,000 or 14.7% from the previous period, which is in line with the increase in the revenue during the Reporting Period. A reversal of expected loss recognised in prior years of approximately HK\$391,000 was recognised in the cost of services for the three months ended 31 March 2016 in relation to a loss making project which commenced in 2013 and subsequently completed in May 2016.

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

The Group's gross profit decreased from approximately HK\$5,124,000 for the three months ended 31 March 2016 to approximately HK\$4,495,000 for the three months ended 31 March 2017, representing a decrease of approximately HK\$629,000 or 12.3%. A relatively higher gross profit margin of approximately 20.3% was recorded for the three months ended 31 March 2016 (as compared to the gross profit margin of approximately 12.0% for the three months ended 31 March 2017). Such decrease in gross profit margin was mainly attributable to the increase in operating expenses incurred in order to meet additional requirements including additional labour and variation orders of certain tunnel construction projects, recovery of which is in progress. Additionally, a higher gross profit margin of a tunnel construction project which commenced in October 2015 was subsequently completed in January 2017. The average gross profit margin of this project was approximately 21.0% for the three months ended 31 March 2016. Besides, a reversal of expected loss recognised in prior years of approximately HK\$391,000 was recognised in the cost of services for the three months ended 31 March 2016 in relation to a loss making project which commenced in 2013 and subsequently completed in May 2016. If this reversal of expected loss recognised is excluded, the Group's gross profit and gross profit margin would be approximately HK\$4,733,000 and 18.7%, respectively, for the three months ended 31 March 2016.



### ***Other income***

The Group's other income mainly consisted of the income received from the rental of our machinery.

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

The Group's administrative and other expenses mainly comprised (i) staff costs and benefits; (ii) Directors' remuneration; (iii) entertainment expenses; (iv) motor vehicles expenses; (v) rent and rates; (vi) professional fees; and (vii) listing expenses.

The Group's administrative and other expenses increased from approximately HK\$5,045,000 for the three months ended 31 March 2016 to approximately HK\$12,196,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$7,151,000 or 141.7%. This increase was mainly attributable to the increase in listing expenses from approximately HK\$2,392,000 for the three months ended 31 March 2016 to approximately HK\$6,338,000 for the three months ended 31 March 2017. Besides, the staff costs and benefits increased from approximately HK\$1,108,000 for the three months ended 31 March 2016 to approximately HK\$1,509,000 for the three months ended 31 March 2017, representing an increase of approximately HK\$401,000 or 36.2%. The increase in staff costs and benefit was mainly attributable to salary increment and increase in our administrative headcounts in line with our business expansion and revenue growth. Our Directors' remuneration increased from approximately HK\$484,000 for the three months ended 31 March 2016 to approximately HK\$602,000 due to the Directors' fee payable by the Company since the Listing Date. Other expenses in relation to listing, resumption of trading in Shares and professional fees in relation to the continuous compliance with the GEM Listing Rules was approximately HK\$2,022,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: nil). Please refer to the section headed "Background of the trading suspension in the Shares, the vender placing and resumption of trading in the Shares" of this report for information regarding the resumption of trading in the Shares.

### ***Finance costs***

The Group's finance costs mainly comprised (i) interest expenses on bank overdrafts and (ii) finance costs of the obligations under finance leases.

The Group's finance costs decreased from approximately HK\$113,000 for the three months ended 31 March 2016 to approximately HK\$74,000 for the three months ended 31 March 2017.

### ***Income tax expense***

The Group's generated income only in Hong Kong and was subject only to Hong Kong profits tax. The income tax expense was provided at the rate of 16.5% on the Group's assessable profits for the three months ended 31 March 2017 and 2016. The income tax expense for the three months ended 31 March 2017 was approximately HK\$37,000 (For the three months ended 31 March 2016: approximately HK\$408,000). Such decrease was consistent with the decrease in the Group's assessable profits during the Reporting Period.

### ***Net Loss***

The Group recorded the Net Loss of approximately HK\$7,680,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: approximately HK\$327,000). Such increase in Net Loss was mainly due to the combined effects of (i) the recognition of listing expenses of approximately HK\$6,338,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: approximately HK\$2,392,000); (ii) other expenses in relation to the listing, resumption of trading in Shares and professional fees in relation to the continuous compliance with the GEM Listing Rules was approximately HK\$2,022,000 for the three months ended 31 March 2017 (For the three months ended 31 March 2016: nil); and (iii) a reversal of expected loss recognised in prior years of approximately HK\$391,000 for the three months ended 31 March 2016 in relation to a loss making project which commenced in 2013 and subsequently completed in May 2016. If the items mentioned above were excluded, we recorded a Net Profit of approximately HK\$680,000 for the three months ended 31 March 2017 (Net Profit for the three months ended 31 March 2016: approximately HK\$1,674,000).

### ***Dividend***

The Board does not recommend the payment of any dividend for the three months ended 31 March 2017 (For the three months ended 31 March 2016: nil).

### ***Contingent liabilities***

The Group had no material contingent liabilities for the three months ended 31 March 2017 and 2016.

### ***Foreign currency exposure***

The Group's reporting currency is Hong Kong dollar. During the three months ended 31 March 2017 and 2016, the Group's transactions were denominated in Hong Kong dollar. The Group had no material exposure to foreign currency risk.

### ***Event after the Reporting Period***

There is no significant event subsequent to 31 March 2017 which would materially affect the Group's operating and financial performance.

## **USE OF NET PROCEEDS FROM THE IPO PLACING**

The net proceeds received by the Company from the IPO Placing, after deducting underwriting fees and other expenses, were approximately HK\$45.9 million, which has been/will be deployed as to:

- (i) HK\$16.9 million for machinery purchase;
- (ii) HK\$12.7 million for additional prospective and/or experienced employees recruitment for our projects;
- (iii) HK\$9.5 million for repayment of overdraft facilities from a bank;
- (iv) HK\$1.3 million for our newly rented office rental expense;
- (v) HK\$1.2 million for the new office space refurbishment and decoration;
- (vi) HK\$1.3 million for information technology and project management systems upgrade; and
- (vii) HK\$3.0 million for the funding of the working capital and general corporate purposes of the Group.

As at 31 March 2017, the net proceeds had been utilised as follows:

	<b>Actual net proceeds</b>	<b>Amount utilised as at 31 March 2017</b>	<b>Balance</b>
	HK\$ million	HK\$ million	HK\$ million
Machinery purchase	16.9	–	16.9
Additional prospective and/or experienced employees recruitment for our projects	12.7	0.4	12.3
Repayment of overdraft facilities from a bank	9.5	9.5	–
Newly rented office rental expense	1.3	0.2	1.1
New office space refurbishment and decoration	1.2	–	1.2
Information technology and project management systems upgrade	1.3	–	1.3
Working capital and general corporate purposes	3.0	2.0	1.0
<b>Total</b>	<b>45.9</b>	<b>12.1</b>	<b>33.8</b>

## OTHER INFORMATION

### Background of the trading suspension in the Shares, the vendor placing and resumption of trading in the Shares

The Company was notified by the Securities and Futures Commission (the “**Commission**”) through a letter on 22 February 2017 (the “**Letter**”) that given the activity in the Shares in the morning session on 22 February 2017 and the significant increase in the price of the Shares, it appeared to the Commission that there may not be an open market in the trading of the Shares. Accordingly, the Commission directed the Stock Exchange to suspend all dealings in the Shares with effect from 1:00 p.m. on 22 February 2017.

To address the concerns of the Commission and with a view to resuming trading of the Shares as soon as practicable, the controlling shareholders (“**Controlling Shareholders**”) entered into a placing agreement with two independent placing agents, pursuant to which the placing agents would on a best-effort basis, place 25,000,000 existing Shares held by the Controlling Shareholders, to not less than 150 independent placees at HK\$0.54 per Share (the “**Vendor Placing**”).

The Commission informed the Company on 24 March 2017 that it has decided to give notice to the Stock Exchange under Rule 9(3)(c) of the Securities and Futures (Stock Market Listing) Rules permitting dealings in the Shares to recommence with effect on 28 March 2017. The Vendor Placing had subsequently been completed on 27 March 2017.

For details of the suspension of trading in Shares, Vendor Placing and resumption of trading in Shares, please refer to the announcements of the Company dated 22 February 2017 regarding the suspension of trading and Share price movement, 15 March 2017 regarding update on financial information, 15 March 2017 regarding proposal for resumption of trading in Shares, 15 March 2017 regarding update on the Vendor Placing, 23 March 2017 regarding update on the Vendor Placing, 27 March 2017 regarding the approval and waiver in relation to Vendor Placing and resumption of trading in Shares and 27 March 2017 regarding completion of the Vendor Placing and resumption of trading.

## **Directors' and Chief Executives' Interest and Short Positions in Shares, Underlying Shares and Debentures**

As at 31 March 2017, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### ***Long Position in Shares of the Company***

Name of Directors	Notes	Directly beneficially owned	Through spouse	Acting in concert	Percentage of	
					Total	Company's issued share capital
Mr. Chuang Chun Ngok Boris	(a)	103,000,000	–	172,000,000	275,000,000	55.0%
Mr. Chuang Wei Chu	(b)	103,000,000	34,500,000	137,500,000	275,000,000	55.0%

## Notes

- (a) Mr. Chuang Chun Ngok Boris (i) personally holds 103,000,000 Shares; and (ii) is a party to the acting in concert deed dated 21 March 2016 entered into by the Controlling Shareholders (the **"Acting in Concert Deed"**) pursuant to which each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Chun Ngok Boris is therefore deemed to be interested in the Shares held by Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Chun Ngok Boris is the son of Mr. Chuang Wei Chu and Ms. To Yin Ping and the brother of Ms. Chuang Yau Ka.
- (b) Mr. Chuang Wei Chu (i) personally holds 103,000,000 Shares; (ii) is the spouse of Ms. To Yin Ping, who personally holds 34,500,000 Shares and is deemed to be interested in the Shares personally interested by Ms. To Yin Ping; and (iii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Wei Chu is therefore deemed to be interested in the Shares held by Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Wei Chu is the father of Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka.

Saved as disclosed above, as at 31 March 2017, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares or Underlying Shares

As at 31 March 2017, the following persons' interests and short positions of the share capital and underlying Shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

### Long Position in Shares of the Company

Name of shareholders	Notes	Nature of interest	Total	Percentage of Company's issued share capital
Ms. To Yin Ping	(a)	Beneficial owner, interest held jointly with another person and interest of a spouse	275,000,000	55.0%
Ms. Chuang Yau Ka	(b)	Beneficial owner and interest held jointly with another person	275,000,000	55.0%
Mr. Ng Kwok Lun		Beneficial owner	37,500,000	7.5%

#### Notes

- (a) Ms. To Yin Ping (i) personally holds 34,500,000 Shares in the Company; (ii) is the spouse of Mr. Chuang Wei Chu and is deemed to be interested in the Shares of the Company which are deemed to be interested by Mr. Chuang Wei Chu under the SFO; and (iii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any shareholders' meeting of the Company in a unanimous manner. Ms. To Yin Ping is therefore deemed to be interested in the Shares in the Company held by Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Ms. To Yin Ping is the mother of Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka.
- (b) Ms. Chuang Yau Ka (i) personally holds 34,500,000 Shares in the Company; and (ii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner. Ms. Chuang Yau Ka is therefore deemed to be interested in the Shares in the Company held by Mr. Chuang Wei Chu, Ms. To Yin Ping and Mr. Chuang Chun Ngok Boris respectively under the SFO. Each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares of the Company held by them in aggregate by virtue of the SFO. Ms. Chuang Yau Ka is the daughter of Mr. Chuang Wei Chu and Ms. To Yin Ping and the sister of Mr. Chuang Chun Ngok Boris.

## Audit Committee

The Group has established an Audit Committee pursuant to a resolution of the Board passed on 10 February 2017 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules.

The Audit Committee currently consists of all three of our independent non-executive Directors, namely Mr. Lau Chun Fai Douglas, Ir Ng Wai Ming Patrick and Mr. Lam Man Bun Alan and the chairman is Mr. Lau Chun Fai Douglas, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2017 had been reviewed by the Audit Committee, which was of the opinion that the unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

## Purchase, sales or redemption of the Company's listed Shares

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the three months ended 31 March 2017.

## Interest of the compliance adviser

As at 31 March 2017, except for (i) the participation of Altus Capital Limited ("**Altus**") as the sponsor in relation to the listing of the Company on GEM; (ii) the compliance adviser agreement entered into between the Company and Altus dated 26 April 2016; and (iii) the financial advisory mandate entered into between the Company and Altus dated 6 March 2017, neither Altus nor any of its directors, employees or associates had any interests in relation to the Group which requires to be notified to the Company pursuant to Rule 6A.32 of GEM Listing Rules.

By order of the Board  
**GME Group Holdings Limited**  
**Chuang Chun Ngok Boris**  
*Chairman and executive Director*

Hong Kong, 8 May 2017

*As at the date of this report, the executive Directors are Mr. Chuang Chun Ngok Boris and Mr. Chuang Wei Chu and the independent non-executive Directors are Mr. Lam Man Bun Alan, Mr. Lau Chun Fai Douglas and Ir Ng Wai Ming Patrick.*