

The background of the entire page is a complex, low-angle perspective of a blue, metallic-looking grid or lattice structure. The lines of the grid converge towards the top center, creating a sense of depth and upward movement. The lighting is bright, causing some areas to appear overexposed or washed out, particularly in the center and upper right.

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

INTERIM
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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*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.*

CONTENTS

	Page
Corporate Information	2
Financial Highlights (Unaudited)	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Unaudited Condensed Consolidated Financial Statements	10
Management Discussion and Analysis	25
Other Information	34

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

Principal Share Registrar and Transfer Office

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

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

Company Website

www.gmehk.com

Stock Code

8188

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

FINANCIAL HIGHLIGHTS (UNAUDITED)

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2016.

The Group’s revenue increased from approximately HK\$55,827,000 for the six months ended 30 June 2016 to approximately HK\$74,235,000 for the six months ended 30 June 2017, representing an increase of approximately HK\$18,408,000 or 33.0%.

The Group’s gross profit decreased from approximately HK\$13,288,000 for the six months ended 30 June 2016 to approximately HK\$11,937,000 for the six months ended 30 June 2017, representing a decrease of approximately HK\$1,351,000 or 10.2%.

The Group’s loss and total comprehensive loss for the period (“**Net Loss**”) was approximately HK\$6,078,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: profit and total comprehensive income for the period (“**Net Profit**”) of approximately HK\$855,000). The Net Loss was mainly due to the combined effects of (i) the recognition of listing expenses of approximately HK\$6,338,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: approximately HK\$5,869,000) and (ii) other expenses in relation to the listing, resumption of trading in shares of the Company (“**Shares**”) and professional fees in relation to the continuous compliance with the GEM Listing Rules, which was approximately HK\$2,842,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: nil). If these items mentioned above were excluded, we would have recorded a Net Profit of approximately HK\$3,102,000 (For the six months ended 30 June 2016: approximately HK\$6,724,000).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	36,651	30,552	74,235	55,827
Cost of services		(29,209)	(22,388)	(62,298)	(42,539)
Gross profit		7,442	8,164	11,937	13,288
Other income		85	187	217	302
Administrative and other expenses		(5,380)	(6,114)	(17,576)	(11,159)
Finance costs		(2)	(130)	(76)	(243)
(Loss)/profit before income tax expense	5	2,145	2,107	(5,498)	2,188
Income tax expense	6	(543)	(925)	(580)	(1,333)
(Loss)/profit and total comprehensive (loss)/income for the period attributable to the owners of the Company		1,602	1,182	(6,078)	855
(Loss)/earnings per share					
– Basic and diluted (HK cents)	8	0.3	0.3	(1.3)	0.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	9,967	8,776
Current assets			
Amounts due from customers for contract work		546	546
Trade and other receivables	10	59,116	55,884
Pledged bank deposits	11	8,000	–
Cash and cash equivalents	11	27,810	2,104
		95,472	58,534
Current liabilities			
Trade and other payables	12	8,655	15,520
Bank overdrafts	13	–	8,772
Obligations under finance leases	14	174	63
Current tax liabilities		1,561	1,787
		10,390	26,142
Net current assets		85,082	32,392
Total assets less current liabilities		95,049	41,168
Non-current liabilities			
Obligations under finance leases	14	603	146
Deferred tax liabilities		1,066	1,066
		1,669	1,212
NET ASSETS		93,380	39,956
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	5,000	–
Reserves		88,380	39,956
TOTAL EQUITY		93,380	39,956

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to the owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	
For the six months ended 30 June 2017						
As at 1 January 2017 (Audited)	–*	37,904	90	(36,104)	38,066	39,956
Loss and total comprehensive loss for the period	–	–	–	–	(6,078)	(6,078)
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 30 June 2017 (Unaudited)	5,000	92,406	90	(36,104)	31,988	93,380
For the six months ended 30 June 2016						
As at 1 January 2016 (Audited)	1,800	–	90	–	20,358	22,248
Profit and total comprehensive income for the period	–	–	–	–	855	855
As at 30 June 2016 (Unaudited)	1,800	–	90	–	21,213	23,103

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before income tax expense	(5,498)	2,188
Adjustments for:		
Depreciation of property, plant and equipment	1,981	892
Finance costs	76	243
Loss on disposal of property, plant and equipment	86	48
Operating (loss)/profit before working capital changes	(3,355)	3,371
Increase in amounts due from customers for contract work	–	(272)
Increase in trade and other receivables	(3,232)	(1,605)
Decrease in amount due from shareholders	–	410
(Decrease)/increase in trade and other payables	(6,865)	2,148
Decrease in amounts due to customers for contract work	–	(169)
Cash (used in)/generated from operations	(13,452)	3,883
Income tax paid, net	(806)	–
Net cash (used in)/generated from operating activities	(14,258)	3,883
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,850)	(3,288)
Proceeds from disposal of property, plant and equipment	197	82
Net cash used in investing activities	(2,653)	(3,206)

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from issuance of new Shares by placing	67,500	–
Share issuance expenses	(7,998)	–
Increase in pledged bank deposits	(8,000)	–
Decrease in amounts due to a related company	–	(11,035)
Decrease in amounts due from related companies	–	3,838
Decrease in amounts due to directors	–	(1,866)
Interest paid	(76)	(130)
Repayment of obligations under finance leases	(37)	(6)
Net cash generated from/(used in) financing activities	51,389	(9,199)
Net increase/(decrease) in cash and cash equivalents	34,478	(8,522)
Cash and cash equivalents at beginning of the period	(6,668)	318
Cash and cash equivalents at end of the period	27,810	(8,204)
Represented by:		
Cash and bank balances	27,810	2,191
Bank overdrafts	–	(10,395)
	27,810	(8,204)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 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 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 ACCOUNTING POLICIES

The Group Reorganisation only involved inserting new holding 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 ACCOUNTING POLICIES (Continued)

Accordingly, the unaudited condensed consolidated statement of comprehensive income of the Group for the three months ended and the six months ended 30 June 2016 and the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 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.

These unaudited condensed consolidated financial statements (“**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules.

The Interim Financial Statements do not include all of the information and disclosures required in the annual consolidated financial statements and thereby should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016 (the “**2016 Consolidated Financial Statements**”), which have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRSs**”), HKASs and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the HKICPA and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The accounting policies applied and the method of computation used in the preparation of the Interim Financial Statements of the Group for the six months ended 30 June 2017 (the “**Interim Results**”) are consistent with those adopted in the preparation of the 2016 Consolidated Financial Statements.

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

The Interim Financial Statements have been prepared under the historical cost basis.

The Interim 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

For the purpose of preparing and presenting the financial information of the Interim Financial Statements, the Group has consistently adopted HKFRS issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2017. The Group has not early applied the new and revised HKFRS that have been issued by HKICPA but are not effective.

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:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Customer B	1,964	18,986	7,664	31,891
Customer C	8,810	11,349	27,288	19,857
Customer K	22,475	–	34,281	–

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 at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Auditor's remuneration	150	150	300	300
Listing expenses	–	3,477	6,338	5,869
Loss on disposal of property, plant and equipment	75	48	86	48
Depreciation of property, plant and equipment	995	504	1,981	892
Operating lease rentals in respect of: – Land and buildings	481	280	906	501
Finance costs:				
– Interest on borrowing wholly repayable within five years	–	–	–	113
– Interest on bank overdrafts	–	130	71	130
– Interest on finance leases	3	–	5	–
Employee benefit expenses, including Directors' remuneration	21,255	16,859	46,794	30,996

6. INCOME TAX EXPENSE

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

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax – Hong Kong profits tax – charge for the Reporting Period	543	925	580	1,333
Deferred tax	–	–	–	–
Income tax expense	543	925	580	1,333

Hong Kong profits tax is calculated at 16.5% (For the six months ended 30 June 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 six months ended 30 June 2017.

8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
(Loss)/earnings:				
(Loss)/earnings for the purpose of basic (loss)/earnings per share	1,602	1,182	(6,078)	855
	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of earnings per share (Note)	500,000	375,000	464,088	375,000

Note: The weighted average number of 464,088,000 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)/earnings per share is the same as basic (loss)/earnings per share as there was no dilutive potential shares for the six months ended 30 June 2017 and 2016.

9. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment amounting to approximately HK\$3,455,000 (For the six months ended 30 June 2016: approximately HK\$3,288,000).

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Trade receivables (Note (a))	33,011	31,857
Retention receivables (Note (b))	20,166	17,231
Prepayments and deposits (Note (c))	5,939	6,796
	59,116	55,884

Notes:

- (a) Trade receivables were mainly derived from provision of underground construction services and non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances. The credit period granted by the Group to its customers is generally 21 to 60 days during the Reporting Period.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Less than 1 month	31,481	31,531
1 to 3 months	689	33
More than 3 months but less than one year	716	268
More than one year	125	25
	33,011	31,857

- (b) Retention monies withheld by customers of contract works are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.
- (c) Prepayments and deposits as at 30 June 2017 and 31 December 2016 were neither past due nor impaired. Financial assets included in these balances are non-interest bearing and relate to receivables for which there was no recent history of default.

11. CASH AND CASH EQUIVALENTS

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Cash at banks and in hand	35,810	2,104
Less: Pledged bank deposits (Note)	(8,000)	–
Cash and cash equivalents	27,810	2,104

Note:

As at 30 June 2017, the pledged bank deposits are placed in a bank to secure a banking facility of a revolving term loan of HK\$10,000,000 granted to the Group with maturity within one year from the end of the Reporting Period and carry a fixed interest rate of 0.8% per annum. The pledged bank deposits are denominated in HK\$.

12. TRADE AND OTHER PAYABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Trade payables (Note (a))	2,170	3,695
Other payables and accruals (Note (b))	6,485	11,825
	8,655	15,520

12. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) An ageing analysis of trade payables, based on the invoice dates, is as follows:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Current or less than 1 month	1,259	1,659
1 to 3 months	903	2,036
More than 3 months but less than one year	8	–
	2,170	3,695

The Group's trade payables are non-interest bearing and generally have payment terms of 0 to 30 days during the Reporting Period.

- (b) Other payables are non-interest bearing and have average payment terms of one to three months during the Reporting Period.

13. BANK OVERDRAFTS

The bank overdrafts were repayable on demand and bore interest rate at Hong Kong Prime Rate per annum, which were secured by the personal guarantee from Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Mr. Chuang Wei Chu and the properties owned by Mr. Chuang Chun Ngok Boris and Mr. Chuang Wei Chu. After Listing Date, these securities were released and the Group has obtained a banking facility of a revolving term loan of HK\$10,000,000 from a bank to replace the bank overdraft facilities of HK\$11,000,000 and a lease facility of HK\$2,460,000. The banking facility of the revolving term loan is secured by the corporate guarantee of the Company and the pledged bank deposits of HK\$8,000,000 as at 30 June 2017.

14. LEASES

(a) Finance leases

The Group leases office equipments and motor vehicles for business use. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount. The lease obligations are secured by the underlying leased assets.

Future lease payments are due as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
As at 30 June 2017 (Unaudited)			
Not later than one year	205	31	174
Later than one year and not later than two years	206	23	183
Later than two years and not later than five years	446	26	420
	857	80	777

14. LEASES (Continued)

(a) Finance leases (Continued)

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
As at 31 December 2016 (Audited)			
Not later than one year	72	9	63
Later than one year and not later than two years	73	6	67
Later than two years and not later than five years	82	3	79
	227	18	209

The present value of future lease payments are analysed as:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Current liabilities	174	63
Non-current liabilities	603	146
	777	209

Note:

Pursuant to the finance lease agreement of the Group's office equipments, no interest was charged within the lease period.

14. LEASES (Continued)

(b) Operating leases – Lessee

The Group leased its office and land for storing machineries under operating leases. The leases run for an initial period of one to two years. None of these leases include any contingent rentals.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Not later than one year	1,343	476
Later than one year and not later than five years	573	–
	1,916	476

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary share of HK\$0.01 each		
As at 31 December 2016	38,000,000	380
Increase in authorised share capital on 10 February 2017	1,962,000,000	19,620
As at 30 June 2017	2,000,000,000	20,000
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
As at 31 December 2016 (audited)	1,800	–
Capitalisation issue	374,998,200	3,750
Issue of new Shares upon IPO Placing	125,000,000	1,250
As at 30 June 2017 (unaudited)	500,000,000	5,000

Notes: On 10 February 2017, the authorised share capital of the Company increased from HK\$380,000 to HK\$20,000,000 by creation of an additional 1,962,000,000 shares.

On 22 February 2017, the capitalisation issue was completed. The Company capitalised an amount of HK\$3,749,982 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par of 374,998,200 ordinary shares of the Company.

On 22 February 2017, the Shares were listed on the GEM of the Stock Exchange by IPO Placing. In connection to the IPO Placing, 125,000,000 ordinary shares were issued at HK\$0.54 per share.

16. MAJOR NON-CASH TRANSACTIONS

The Group entered into a finance lease agreement in respect of purchase of property, plant and equipment with a capital value at the inception of the leases of HK\$605,000 during the six months ended 30 June 2017 (As at 31 December 2016: HK\$214,000).

17. CONTINGENT LIABILITIES

After Listing Date, the corporate guarantee provided by a subsidiary of the Company, Good Mind Engineering Limited, to a bank in respect of overdraft facilities of HK\$12,000,000 granted to a related company, GME International Company Limited, was released.

18. RELATED PARTY TRANSACTIONS

(a) Transactions

The Group entered into the following related party transactions during the Reporting Period:

Name of related party	Nature of transaction	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
GME International Company Limited (Note (a) and (b))	Purchase of fixed assets	–	170
	Loan interest expenses	–	130

Notes:

- (a) Mr. Chuang Chun Ngok Boris, being the director and shareholder of GME International Company Limited, is also the executive Director and shareholder of the Company.
- (b) The loan interest expenses paid to GME International Company Limited at 5.25% per annum during the six months ended 30 June 2016. The interest rate was determined by reference to the bank interest rate of GME International Company Limited's banking facilities for the corresponding periods.
- (c) The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Company.

18. RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel compensation

The key management personnel of the Group are the Directors of the Company. Details of the remuneration paid to them during the Reporting Period are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Fees	300	–	418	–
Salaries and benefits	480	480	960	960
Pension scheme contributions	9	5	13	9
	789	485	1,391	969

19. CAPITAL COMMITMENTS

As at 30 June 2017, the Group did not have any capital commitments (As at 31 December 2016: nil).

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements of the Group were approved and authorised for issue by the Board on 8 August 2017.

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 (the “**Hong Kong Government**”), 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 six months ended 30 June 2017, the Group had been engaged in thirteen public sector projects, of which three public sector projects and one public sector project were newly commenced in the first quarter of 2017 and second quarter of 2017, respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is reliant on the availability of public sector civil engineering projects in Hong Kong which by their nature are procured by a limited number of main contractors. Due to the fact that the civil engineering projects are non-recurring in nature, there is no guarantee that the Group will be able to secure new business from past or existing customers on a recurring basis. Accordingly, the number and scale of projects, and the amount of revenue from the public sector projects may vary from period to period, therefore it may be difficult to forecast the volume of future businesses and the amount of revenue.

The Group’s business is subject to the budgeting process on public infrastructure and construction projects of the Hong Kong Government. The budgeting process on public infrastructure and construction projects may be lengthened and the expected timetable of projects may be delayed. As a result, the availability of construction projects may decrease owing to the decrease in the available funding of public sector projects in Hong Kong. The Hong Kong Government’s policy and public spending patterns on the civil engineering construction industry may also affect the availability of construction projects in Hong Kong.

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 sustainable source of long term revenue.

The Directors anticipate the demand for tunnel construction services in Hong Kong will continue to grow 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. The construction of other new infrastructure projects such as the Airport Third Runway and Tseung Kwan O–Lam Tin Tunnel have commenced in 2017. The Central Kowloon Route is expected to come on stream in late 2017 and will provide further support to the demand for Hong Kong’s tunnel construction industry.

In respect of the Central Kowloon Route, the funding approval from the Legislative Council of Hong Kong Special Administrative Region (“**Legco**”) has recently been delayed to later period in 2017. In turn, the period to period performance of the Group will vary and may also be affected by factors as set out in the section headed “Risk factors” of the Prospectus. Despite the challenging timing, the Directors remain confident in the growth potential of the tunnel construction services business.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK\$55,827,000 for the six months ended 30 June 2016 to approximately HK\$74,235,000 for the six months ended 30 June 2017, representing an increase of approximately HK\$18,408,000 or 33.0%. 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\$49,708,000 for the six months ended 30 June 2016 to approximately HK\$68,464,000 for the six months ended 30 June 2017, representing an increase of approximately HK\$18,756,000 or 37.7%. 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 which was outside of the scope of the original contracts to be performed by the Group during 2017. The Group's recognised revenue of these two projects amounted to approximately HK\$26,519,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: approximately HK\$18,747,000), representing an increase of approximately HK\$7,772,000 or 41.5% as compared to the corresponding period in 2016.

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\$42,539,000 for the six months ended 30 June 2016 to approximately HK\$62,298,000 for the six months ended 30 June 2017, representing an increase of approximately HK\$19,759,000 or 46.4%. Such increase was mainly due to an increase in our staff costs from approximately HK\$27,692,000 for the six months ended 30 June 2016 to approximately HK\$42,313,000 for the six months ended 30 June 2017, which was contributed by the additional labour during the Reporting Period. The costs of construction materials and supplies were approximately HK\$8,808,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: approximately HK\$6,878,000), representing an increase of approximately HK\$1,930,000 or 28.1% as compared to the corresponding period in 2016. 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 machinery, we recorded a rental of plant and machinery expenses of approximately HK\$4,880,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: approximately HK\$4,786,000), representing an increase of approximately HK\$94,000 or 2.0% from that of the six months ended 30 June 2016.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately HK\$13,288,000 for the six months ended 30 June 2016 to approximately HK\$11,937,000 for the six months ended 30 June 2017, representing a decrease of approximately HK\$1,351,000 or 10.2%. A relatively higher gross profit margin of approximately 23.8% was recorded for the six months ended 30 June 2016 as compared to the gross profit margin of approximately 16.1% for the six months ended 30 June 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 during the Reporting Period, recovery of which is in progress. Additionally, a relatively high gross profit margin (approximately 30.9% for the six months ended 30 June 2016) of a tunnel construction project which commenced in October 2015 was subsequently completed in January 2017.

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\$11,159,000 for the six months ended 30 June 2016 to approximately HK\$17,576,000 for the six months ended 30 June 2017, representing an increase of approximately HK\$6,417,000 or 57.5%. This increase was mainly attributable to the increase in listing expenses from approximately HK\$5,869,000 for the six months ended 30 June 2016 to approximately HK\$6,338,000 for the six months ended 30 June 2017. Besides, the staff costs and benefits increased from approximately HK\$2,335,000 for the six months ended 30 June 2016 to approximately HK\$3,090,000 for the six months ended 30 June 2017, representing an increase of approximately HK\$755,000 or 32.3%. The increase in staff costs and benefit was mainly attributable to salary increment and increase in our administrative headcounts which is in line with our business expansion and revenue growth. Our Directors' remuneration increased from approximately HK\$969,000 for the six months ended 30 June 2016 to approximately HK\$1,391,000 for the six months ended 30 June 2017 due to the additional 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\$2,842,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: nil). Please refer to the section headed "Background of the trading suspension in the Shares, the vendor 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\$243,000 for the six months ended 30 June 2016 to approximately HK\$76,000 for the six months ended 30 June 2017.

Income tax expense

The Group 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 six months ended 30 June 2017 and 2016. The income tax expense for the six months ended 30 June 2017 was approximately HK\$580,000 (For the six months ended 30 June 2016: approximately HK\$1,333,000). Such decrease was consistent with the decrease in the Group's assessable profits during the Reporting Period.

Net Loss/Net Profit

The Group recorded the Net Loss of approximately HK\$6,078,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: Net Profit of approximately HK\$855,000). The Net Loss was mainly due to the combined effects of (i) the recognition of listing expenses of approximately HK\$6,338,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: approximately HK\$5,869,000); and (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, which was approximately HK\$2,842,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: nil). If these items mentioned above were excluded, we would have recorded a Net Profit of approximately HK\$3,102,000 for the six months ended 30 June 2017 (Net Profit for the six months ended 30 June 2016: approximately HK\$6,724,000).

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2017 (For the six months ended 30 June 2016: nil).

Liquidity, financial resources and funding

As at 30 June 2017, our cash and cash equivalents amounted to approximately HK\$27,810,000 (As at 31 December 2016: approximately HK\$2,104,000), which were denominated in Hong Kong dollar. The increase was mainly due to the net cash generated from the financing activities by the IPO Placing.

After Listing Date, the Group utilised HK\$9,500,000 of the net proceeds from the IPO Placing to repay the bank overdrafts. The overdraft banking facilities of HK\$11,000,000 together with a lease facility of HK\$2,460,000 from the same bank were secured by the properties owned by two of our controlling shareholders and the personal guarantees by three of our controlling shareholders. These securities were released and the overdraft banking facilities and the lease facility were replaced by the banking facility of the revolving term loan of HK\$10,000,000, which were secured by the corporate guarantee provided by the Company and the pledged bank deposits of HK\$8,000,000. The Group did not utilise the banking facility of the revolving term loan during the Reporting Period.

As at 30 June 2017, the obligations under finance leases amounted to approximately HK\$777,000 (As at 31 December 2016: approximately HK\$209,000), which represented the finance leases arrangement of our office equipment and motor vehicles.

The Group's gearing ratio, which is calculated by total debts divided by total capital plus net debts, decreased to 7.8% as at 30 June 2017 (As at 31 December 2016: approximately 52.1%) due to the combined effects of the decrease in the total debts after the repayment of bank overdrafts and the increase in total capital after IPO Placing.

Capital structure

As at 30 June 2017, the capital structure of the Company comprised issued share capital and reserves.

Commitments

As at 30 June 2017, the capital commitment and operating lease commitments of the Group was nil (As at 31 December 2016: nil) and approximately HK\$1,916,000 (As at 31 December 2016: approximately HK\$476,000), respectively.

Significant investments, material acquisitions or disposal of subsidiaries and associated companies

On 10 February 2017, the Company carried out reorganisation of the Group's structure, as set out in the section headed "History and Reorganisation" in the Prospectus. Save as disclosed in the Prospectus, there was no significant investments, material acquisitions or disposal of subsidiaries and associated companies by the Company for the six months ended 30 June 2017.

Future plans for material investments and capital assets

Save as disclosed in the section headed “Future plans and use of proceeds” in the Prospectus, the Group did not have other plans for material investment or capital assets as at 30 June 2017.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2017.

Foreign currency exposure

The Group’s reporting currency is Hong Kong dollar. During the six months ended 30 June 2017 and 2016, the Group’s transactions were denominated in Hong Kong dollar. The Group had no material exposure to foreign currency risk.

Charge on the Group’s assets

There were no charges on the Group’s assets as at 30 June 2017, except for the bank deposits of HK\$8,000,000 pledged as the securities for a banking facility of a revolving term loan granted to the Group from a bank during the Reporting Period.

Information on employees

As at 30 June 2017, the Group had 644 employees which comprises management, technical staff, administration, accounting and finance staff and workers (As at 31 December 2016: 539 employees) in Hong Kong. Employee remuneration package is based on their previous working experience and actual performance. Apart from the basic salary, discretionary bonus and allowance will be granted to employees based on their individual performance by the executive Directors’ approval. The total staff costs (included in cost of services and administrative and other expenses) and Directors’ remuneration amounted to approximately HK\$46,794,000 for the six months ended 30 June 2017 (For the six months ended 30 June 2016: approximately HK\$30,996,000) which was in line with the increase in revenue. Depending on the nature of works and the need of the projects, the Group will provide training to our employees from time to time. Our customers sometimes require our employees to attend their own on-site occupational safety trainings.

Event after the Reporting Period

There is no significant event subsequent to 30 June 2017 which would materially affect the Group’s operating and financial performance.

Comparison between business objectives and actual business progress

The following table is a comparison between the Group's business objectives as set out in the Prospectus and the Group's actual business progress during the Reporting Period.

Business objectives

Actual business progress

To further develop the Group's reputation as a quality provider of integrated tunnel construction services.

The Group has hired one engineer, two experienced foremen and 10 trained tunnel construction workers for our project team.

Since the agenda and approval of certain public infrastructure projects from the Hong Kong Government has recently been postponed, the Directors are of the view that the subcontractors tendering period will also be postponed accordingly. Therefore, the Group will postpone the purchase of certain machinery for site operations to a later date when there is more certainty in the need of machinery after the public infrastructure projects are approved, as set out in the section headed "Future plan and use of proceeds" in the Prospectus.

To expand the Group's services into other high-value construction services, such as marine construction works – mainly for public construction projects.

The Group has received additional works and variation orders from our public sector projects – tunnel construction services, including marine construction projects.

Moving forward, the Group will continue to explore other business opportunity in high-value construction services

To enhance the efficiency of the Group's operations in order to better serve our customers and improve our financial results.

The Group has utilised part of the net proceeds from the IPO Placing for the rental expenses of the newly leased office. Part of the office space refurbishment work will be commenced in the third quarter of 2017 to accommodate the Group's business expansion.

The Group is in the process of formulating the plan for the project management system upgrade to improve the efficiency of the Group's operation. The information technology and project management system upgrade will be commenced in the latter part of 2017.

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 leased office rental expenses;
- (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 30 June 2017, the net proceeds had been utilised as follows:

	Actual net proceeds HK\$ million	Amount utilised as at 30 June 2017 HK\$ million	Balance HK\$ million
Machinery purchase	16.9	–	16.9
Additional prospective and/or experienced employees recruitment for our projects	12.7	1.6	11.1
Repayment of overdraft facilities from a bank	9.5	9.5	–
Newly leased office rental expense	1.3	0.6	0.7
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
Total	45.9	13.7	32.2

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 of the Company (“**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 (Cap. 571V of the Laws of Hong Kong) 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 30 June 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 Company's issued shares capital	
					Total	shares 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 30 June 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 30 June 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	Percentage of	
			Total	Company's issued shares 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 of 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 of 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.

Save as disclosed above, as at 30 June 2017, the Directors were not aware of any person who had an interest or short positions in any Shares, underlying Shares and debenture of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the Shares of the Company (the **"Code of Conduct"**). For the purpose of implementing the Vendor Placing, the Company has made an application for and the Stock Exchange has agreed to grant a waiver from strict compliance with Rules 5.56(a) and 5.59 of the GEM Listing Rules regarding the restrictions on Directors dealing in Shares during the black-out period, subject to certain conditions. The Company had made specific enquiry with the Directors and all Directors confirmed that they had fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance during the Reporting Period up to the date of this report (**"Relevant Period"**).

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 six months ended 30 June 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 Relevant Period.

Share Option Scheme

The Company has not granted or issued any option or adopted any share option scheme up to 30 June 2017.

Competing Interests

As far as the Directors are aware of, during the six months ended 30 June 2017, none of the Directors and their respective associates (as defined in the GEM Listing Rules) or the controlling shareholders (as defined in the GEM Listing Rules) have any interests in a business which competed or may compete (directly or indirectly) with the business of the Group.

Corporate Governance

Since Listing Date, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

Interest of the Compliance Adviser

During the Relevant Period, 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 August 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.