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**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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE ACQUISITION OF THE TOTAL NUMBER  
OF SHARES IN THE TARGET COMPANY**

On 4 November 2024 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Company as the guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, representing the total number of shares in the Target Company, subject to the terms and conditions of the Sale and Purchase Agreement, for a Consideration of HK\$15,700,000, and the Company agreed to guarantee the performance of the obligations of the Purchaser under the Sale and Purchase Agreement.

As at the date of this announcement, the Completion has taken place.

Upon Completion, the Target Company has become an indirect wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Company.

**GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is 5% or more but is less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Board hereby announces that, on 4 November 2024 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Company entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, representing the total number of shares in the Target Company, subject to the terms and conditions of the Sale and Purchase Agreement, for a Consideration of HK\$15,700,000, and the Company agreed to guarantee the performance of the obligations of the Purchaser under the Sale and Purchase Agreement.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 4 November 2024

Parties: (a) Wong Chung Yin Victor (as the Vendor);  
(b) Jade Phoenix Enterprises Limited (as the Purchaser); and  
(c) the Company (as the Purchaser's guarantor)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendor is an Independent Third Party.

### **Subject matter of the Sale and Purchase Agreement**

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares, representing the total number of shares in the Target Company, subject to the terms and conditions set out therein.

### **Consideration**

The Consideration for the sale and purchase of the Sale Shares is HK\$15,700,000, out of which (a) a sum of HK\$7,850,000 shall be payable by the Purchaser in cash to the Vendor on the date of Completion; (b) a sum of HK\$3,925,000 payable by way of the Purchaser's issuance of the Second Instalment Promissory Note in favour of the Vendor; and (c) the remaining sum of HK\$3,925,000 payable by way of the Purchaser's issuance of the Third Instalment Promissory Note in favour of the Vendor.

The Consideration was determined after arms' length negotiations between the parties on normal commercial terms after taking into account of, among other things, the prospects of the business of the Target Company, the License held by the Target Company and the audited net asset value of the Target Company as at 31 December 2023 in the amount of approximately HK\$23,992,000. Based on the above, the Directors are of the view that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Consideration shall be settled by the internal resources of the Group.

### **Purchaser's Guarantor**

The Company guarantees to the Vendor, among other things, the full and complete performance by the Purchaser of all of its obligations and liabilities under the Sale and Purchase Agreement.

### **Completion**

Completion shall take place upon the signing of the Sale and Purchase Agreement.

As at the date of this announcement, the Completion has taken place.

Upon Completion, the Target Company has become an indirect wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Company.

### **Payment of the Net Project Revenue**

The Target Company and the Purchaser shall be entitled to set aside and retain a sum of HK\$1,000,000 from the first payment of the Net Project Revenue and maintain the said sum of HK\$1,000,000, whereby the Purchaser is entitled to deduct the Direct Project Costs and the Indirect Project Costs as and when they are incurred and become due and liable for payment by the Target Company. The Vendor shall be entitled to the monthly payment of the Net Project Revenue by the Target Company during the Project Period calculated as follows:

$$A = B - C + D$$

A = the Net Project Revenue

B = revenue received in cash from the operations of the Project from 16th day of the immediately preceding calendar month to the 15th day of the present month

C = the sum of HK\$1,000,000

D = the balance of the Project Expenses Pool as at the 15th day of the present month

In the event that the Net Project Revenue is negative for a particular month, the Vendor shall pay to the Target Company the Net Project Revenue.

In the event that the DSD Rating is below 54.76, the Purchaser shall be responsible for performing or procuring the Target Company to perform any such remedial actions as necessary to restore the DSD Rating to a score equivalent to or above 54.76.

If any of the following events shall occur, the Vendor shall no longer be responsible for the Project and shall no longer be entitled to the receipt of the Net Project Revenue:

- (a) the Vendor terminates his existing service contract with the Target Company and/or otherwise resigns from and/or no longer involves in the operation and management of the Project for whatever reasons; or
- (b) the Vendor fails to settle the Net Project Revenue due and payable by him pursuant to the terms and conditions of the Sale and Purchase Agreement, and the whole or any part of such amount has become overdue for more than 15 days.

**THE PROMISSORY NOTES**

Set out below are the details of the Second Instalment Promissory Note and the Third Instalment Promissory Note.

**(1) Issuance of the Second Instalment Promissory Note**

The Second Instalment Promissory Note shall be issued by the Purchaser to the Vendor upon Completion. The principal terms of the Second Instalment Promissory Note are as follows:

Issuer:	the Purchaser
Noteholder:	the Vendor
Principal amount:	HK\$3,925,000 (subject to adjustment)
Maturity date:	1 November 2025
Security:	a share charge over the Sale Shares granted by the Purchaser in favour of the Vendor
Interest:	4% per annum on the principal amount of HK\$3,925,000
Repayment:	the principal amount (subject to adjustment) and the interest accrued on the principal amount will be due and payable on the maturity date
Early redemption:	may be repaid in whole or in part at any time prior to the maturity date with not less than 10 business days' prior notice in writing
Transferability:	not transferable

Adjustment:

the principal amount repayable shall be adjusted if any of the following events shall occur:

- (a) the Vendor terminates his existing service contract with the Target Company and/or otherwise resigns from and/or no longer involves in the operation and management of the Project for whatever reasons;
- (b) the Vendor fails to settle the Net Project Revenue due and payable by him pursuant to the terms and conditions of the Sale and Purchase Agreement, and the whole or any part of such amount has become overdue for more than 15 days; and
- (c) the DSD Rating is determined as having a score below 54.76 for two consecutive quarters during the period commencing from the date of issuance of the promissory note to the maturity date.

In the event of the occurrence of the event set out in (a) or (b) above, the principal amount repayable shall be adjusted as follows:

$$A = B - C - D$$

A = the adjusted principal amount repayable

B = the principal amount repayable

C = the outstanding accumulated Direct Project Costs up to the maturity date or the date of full repayment of the principal amount, whichever earlier

D = the outstanding accumulated Indirect Project Costs up to the maturity date or the date of full repayment of the principal amount, whichever earlier

In the event of the occurrence of the event set out in (c) above, the principal amount repayable shall be adjusted as follows:

$$E = F - G$$

E = the adjusted principal amount repayable

F = the principal amount repayable

G = all costs, expenses and disbursements attributable to the remedial actions undertaken by the Target Company and/or the Purchaser to restore the DSD Rating to a score equivalent to or above 54.76 up to the maturity date or the date of full repayment of the principal amount, whichever earlier

**(2) Issuance of the Third Instalment Promissory Note**

The Third Instalment Promissory Note shall be issued by the Purchaser to the Vendor upon Completion. The principal terms of the Third Instalment Promissory Note are as follows:

Issuer:	the Purchaser
Noteholder:	the Vendor
Principal amount:	HK\$3,925,000 (subject to adjustment)
Maturity date:	30 March 2026 or such other earlier date as the Purchaser in its sole and absolute discretion may determine
Security:	a share charge over the Sale Shares granted by the Purchaser in favour of the Vendor
Interest:	4% per annum on the principal amount of HK\$3,925,000
Repayment:	the principal amount (subject to adjustment) and the interest accrued on the principal amount will be due and payable on the maturity date
Early redemption:	may be repaid in whole or in part at any time prior to the maturity date with not less than 10 business days' prior notice in writing
Transferability:	not transferable
Adjustment:	the principal amount repayable shall be adjusted if any of the following events shall occur:

- (a) the Vendor terminates his existing service contract with the Target Company and/or otherwise resigns from and/or no longer involves in the operation and management of the Project for whatever reasons;
- (b) the Vendor fails to settle the Net Project Revenue due and payable by him pursuant to the terms and conditions of the Sale and Purchase Agreement, and the whole or any part of such amount has become overdue for more than 15 days; and
- (c) the DSD Rating is determined as having a score below 54.76 for two consecutive quarters during the period commencing from the date of issuance of the promissory note to the maturity date.

In the event of the occurrence of the event set out in (a) or (b) above, the principal amount repayable shall be adjusted as follows:

$$A = B - C - D$$

A = the adjusted principal amount repayable

B = the principal amount repayable

C = the outstanding accumulated Direct Project Costs up to the maturity date or the date of full repayment of the principal amount, whichever earlier

D = the outstanding accumulated Indirect Project Costs up to the maturity date or the date of full repayment of the principal amount, whichever earlier

In the event of the occurrence of the event set out in (c) above, the principal amount repayable shall be adjusted as follows:

$$E = F - G$$

E = the adjusted principal amount repayable

F = the principal amount repayable

G = all costs, expenses and disbursements attributable to the remedial actions undertaken by the Target Company and/or the Purchaser to restore the DSD Rating to a score equivalent to or above 54.76 up to the maturity date or the date of full repayment of the principal amount, whichever earlier

### **INFORMATION OF THE VENDOR AND THE TARGET COMPANY**

The Vendor is a businessman experienced in construction works.

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in construction and provision of engineering services in Hong Kong.

Immediately prior to Completion, the Target Company was legally and beneficially wholly-owned by the Vendor.

The audited financial information of the Target Company for the two financial years ended 31 December 2022 and 31 December 2023 are set out below:

	<b>For the year ended 31 December 2023 (HK\$'000)</b>	For the year ended 31 December 2022 (HK\$'000)
Profit before taxation	8,145	12,655
Profit after taxation	7,047	10,936

Based on the audited financial information of the Target Company, the audited total assets and net asset of the Target Company as at 31 December 2023 were approximately HK\$30,889,000 and approximately HK\$23,992,000, respectively.



## **REASONS AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company and the Group is an established subcontractor engaged in civil engineering works which operates solely in Hong Kong. The Group is principally engaged in the provision of underground construction services and mainly serves main contractors in public sector infrastructure projects. The Group has also been involved in some private sector projects, which have covered all other types of engagements. The Purchaser is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

As stated in the annual report of the Company for the year ended 31 December 2023 published on 11 April 2024, the Company expected that there will be continuous demand for public infrastructure constructions works in Hong Kong. As such, the Directors are of the view that the Acquisition is in line with the Group's business development strategy and operations of the Target Company has high profitability potential and believe that the Target Company can be well integrated into the Group's business to further expand its scale and scope. Furthermore, the License held by the Target Company is expected to be highly valuable to strengthen the development of the operations of the Group and thereby creating business synergy effect and enhancing the overall performance of the Group's business and bringing substantial returns to the Shareholders upon Completion. Moreover, half of the Consideration is satisfied by the issuance of the Second Instalment Promissory Note and the Third Instalment Promissory Note and as such, immediate cashflow burden of the Group is vastly reduced.

The arrangement of payment of the Net Project Revenue by the Target Company to the Vendor is mutually agreed by the parties to be in place such that the Vendor shall remain responsible for the management and execution of the Project after Completion, which is the only outstanding project of the Target Company as at Completion, and therefore after Completion the Vendor shall be entitled to receive any net revenue of the Target Company generated by the Project while the Project subsists and is still ongoing.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and that the entering into of the Sale and Purchase Agreement and the Acquisition are in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition is 5% or more but is less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	GME Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8188)
“Completion”	completion of the Acquisition
“Consideration”	the aggregate consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares in the amount of HK\$15,700,000 pursuant to the terms and conditions of the Sale and Purchase Agreement
“Direct Project Costs”	all cost, expenses and disbursements directly attributable to the operations of the Project incurred by the Target Company, including but not limited to the government levy
“Director(s)”	the director(s) of the Company
“DSD Rating”	the report on contractor's performance rating issued by Drainage Project Division, Drainage Services Department of the Government of Hong Kong in respect of the Project
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Indirect Project Costs”	all staff cost, mandatory provident fund payment, long service payments and other sundry expenses incurred by the Target Company in relation to the project staff for the Project, including but not limited to construction levies and fee, insurance fee, license fee, rent and rates
“License”	the license issued by the Development Bureau of the Government of Hong Kong for carrying out Roads and Drainage Works (Group B)
“Net Project Revenue”	a payment to be made by the Target Company to the Vendor during the Project Period pursuant to the terms and conditions of the Sale and Purchase Agreement, the computation of which is set out under the section headed “The Sale and Purchase Agreement – Payment of the Net Project Revenue” of this announcement
“Project”	the drainage improvement project carrying out by the Target Company at Southern Hong Kong Island, which includes construction of stormwater drains of diameters in Tin Wan, Aberdeen, Ap Lei Chau, Wong Chuk Hang, Shouson Hill and Stanley of Southern Hong Kong Island and the Peak
“Project Period”	a period commencing from the Completion to the last day of the Project, being 30 March 2026 or such other earlier date as the Purchaser may in its sole and absolute discretion may determine
“Purchaser”	Jade Phoenix Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 November 2024 and entered into between the Purchaser, the Vendor and the Company in relation to the Acquisition
“Sale Shares”	14,650,000 shares of the Target Company, representing the total number of shares in the Target Company as at the date of the Sale and Purchase Agreement
“Second Instalment Promissory Note”	the 4% interest secured promissory note in the principal amount of HK\$3,925,000 (subject to adjustment) to be issued by the Purchaser to the Vendor to settle part of the Consideration, the terms and conditions of which is set out under the section headed “The Promissory Notes – Issuance of the Second Instalment Promissory Note” of this announcement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Best Build Construction Company Limited, a company incorporated in Hong Kong with limited liability and was wholly-owned by the Vendor immediately prior to Completion
“Third Instalment Promissory Note”	the 4% interest secured promissory note in the principal amount of HK\$3,925,000 (subject to adjustment) to be issued by the Purchaser to the Vendor to settle part of the Consideration, the terms and conditions of which is set out under the section headed “The Promissory Notes – Issuance of the Third Instalment Promissory Note” of this announcement
“Vendor”	Mr. Wong Chung Yin Victor
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

“%”

per cent.

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

Hong Kong, 4 November 2024

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting and on the Company’s website at [www.gmehk.com](http://www.gmehk.com).*