



**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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “**Directors**”, each a “**Director**”) 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 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.*

## UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of Directors (the “**Board**”) of the Company hereby announces 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 2020 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2019, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	<b>32,562</b>	12,662	<b>59,196</b>	34,650
Cost of services		<b>(26,805)</b>	(15,134)	<b>(47,303)</b>	(35,922)
Gross profit/(loss)		<b>5,757</b>	(2,472)	<b>11,893</b>	(1,272)
Other income	5	<b>1,126</b>	202	<b>1,179</b>	236
Administrative expenses		<b>(5,475)</b>	(5,234)	<b>(11,378)</b>	(11,164)
Finance costs		<b>(101)</b>	(30)	<b>(147)</b>	(58)
Profit/(loss) before income tax	6	<b>1,307</b>	(7,534)	<b>1,547</b>	(12,258)
Income tax	7	<b>(363)</b>	1,267	<b>(583)</b>	1,820
Profit/(loss) for the period		<b>944</b>	(6,267)	<b>964</b>	(10,438)
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Company		<b>944</b>	(6,267)	<b>965</b>	(10,438)
Non-controlling interests		<b>–</b>	–	<b>(1)</b>	–
		<b>944</b>	(6,267)	<b>964</b>	(10,438)

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Earnings/(loss) per share</b>					
– Basic and diluted ( <i>HK cents</i> )	9	<u>0.2</u>	<u>(1.3)</u>	<u>0.2</u>	<u>(2.1)</u>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequent to profit or loss</i>					
Exchange difference on translating foreign operation		<u>–</u>	<u>–</u>	<u>(4)</u>	<u>–</u>
Other comprehensive income/(expenses) for the period, net of tax		<u>–</u>	<u>–</u>	<u>(4)</u>	<u>–</u>
Profit/(loss) and total comprehensive income/(expenses) for the period		<u>944</u>	<u>(6,267)</u>	<u>960</u>	<u>(10,438)</u>
<b>Profit/(loss) and total comprehensive income/(expenses) for the period attributable to:</b>					
Owners of the Company		<u>944</u>	<u>(6,267)</u>	<u>961</u>	<u>(10,438)</u>
Non-controlling interests		<u>–</u>	<u>–</u>	<u>(1)</u>	<u>–</u>
		<u>944</u>	<u>(6,267)</u>	<u>960</u>	<u>(10,438)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		10,624	7,203
Deferred tax assets		—	573
		<u>10,624</u>	<u>7,776</u>
<b>Current assets</b>			
Contract assets		17,132	15,270
Trade and other receivables	10	36,934	29,857
Amount due from a minority shareholder of a subsidiary		400	400
Cash and cash equivalents		3,911	17,375
		<u>58,377</u>	<u>62,902</u>
<b>Current liabilities</b>			
Trade and other payables	11	9,157	13,285
Bank borrowing		3,000	3,000
Lease liabilities		1,865	1,526
		<u>14,022</u>	<u>17,811</u>
<b>Net current assets</b>		<u>44,355</u>	<u>45,091</u>
<b>Total assets less current liabilities</b>		<u>54,979</u>	<u>52,867</u>

		As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		1,667	526
Deferred tax liabilities		11	–
		<u>1,678</u>	<u>526</u>
<b>NET ASSETS</b>		<b><u>53,301</u></b>	<b><u>52,341</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	4,878	4,878
Reserves		48,028	47,067
		<u>52,906</u>	51,945
Non-controlling interests		395	396
<b>TOTAL EQUITY</b>		<b><u>53,301</u></b>	<b><u>52,341</u></b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2020*

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

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the “**Unaudited Condensed Consolidated Financial Statements**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules.

The Unaudited Condensed Consolidated Financial Statements do not include all of the information and disclosures required in the annual consolidated financial statements and hence should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Consolidated Financial Statements**”), which have been prepared in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Board (“**Audit Committee**”).

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 accounting policies applied and the method of computation used in the preparation of the Unaudited Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of the 2019 Consolidated Financial Statements.

For the purpose of preparing and presenting the financial information of the Unaudited Condensed Consolidated Financial Statements, the Group has consistently adopted HKFRS issued by HKICPA which are effective for the Group’s financial year beginning on 1 January 2020. The Group has not early applied the new and revised HKFRS that have been issued by HKICPA but are yet to be effective.

### 3. SEGMENT INFORMATION

#### *Operating segments*

The Group was principally engaged in the provision of underground construction services in Hong Kong. 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.

During the Reporting Period, the Group was in the process of forming a working team to develop a feature-length motion picture from the intellectual property rights of the short film and script acquired from independent third parties in December 2019.

#### *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		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer B	6,760	5,654	9,234	10,831
Customer C	N/A	1,833	N/A	4,778
Customer L	5,196	N/A	6,251	N/A
Customer M	N/A	966	N/A	3,321
Customer P	N/A	–	N/A	6,500
Customer R	N/A	966	N/A	3,321
Customer S	6,332	–	9,914	–
Customer T	N/A	–	6,709	–
Customer V	7,289	N/A	16,637	N/A

N/A: The relevant revenue figures did not exceed 10% of the Group's revenue.

#### 4. REVENUE

The Group's revenue represents amount received and receivable from contract work performed and is recognised over time using output method, i.e. based on surveys of work completed by the Group to date.

#### 5. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Government subsidies	899	–	949	–
Reimbursement from a main contractor	160	34	160	34
Gain on disposal of property, plant and equipment	53	33	53	33
Sales of surplus materials	14	101	17	108
Bank interest income	–	34	–	61
	<u>1,126</u>	<u>202</u>	<u>1,179</u>	<u>236</u>



## 6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Auditor's remuneration	175	189	350	378
Impairment loss on trade receivables	7	–	7	–
Impairment loss on contract assets	2	–	2	–
Depreciation charge				
– Owned property, plant and equipment	955	1,173	2,040	2,325
– Right-of-use assets included within				
– Leased buildings	406	485	816	919
– Office equipment	4	–	7	–
– Machinery	209	–	209	–
– Motor Vehicle	89	113	177	188
Leased payments not included in the measurement of leased liabilities				
– Buildings	285	102	390	257
Finance costs:				
– Interest on bank borrowing	32	–	58	–
– Interest on lease liabilities	69	30	89	58
Employee benefit expenses, including Directors' remuneration	14,963	9,408	30,152	22,287

## 7. INCOME TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – Hong Kong profits tax				
– charge for the Reporting Period	–	–	–	–
Deferred tax	<u>363</u>	<u>(1,267)</u>	<u>583</u>	<u>(1,820)</u>
Income tax	<u><u>363</u></u>	<u><u>(1,267)</u></u>	<u><u>583</u></u>	<u><u>(1,820)</u></u>

Hong Kong profits tax is calculated at 16.5% (for the six months ended 30 June 2019: 16.5%) of the estimated assessable profits during the Reporting Period.

## 8. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

## 9. EARNINGS/(LOSS) PER SHARE

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

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings/(loss):				
Earnings/(loss) for the purpose of				
basic earnings/(loss) per share	<u>944</u>	<u>(6,267)</u>	<u>965</u>	<u>(10,438)</u>
	<b>Number of</b>	Number of	<b>Number of</b>	Number of
	<b>shares</b>	shares	<b>shares</b>	shares
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of				
ordinary shares for the purpose of				
earnings/(loss) per share ( <i>Note</i> )	<u><b>487,808</b></u>	<u>493,060</u>	<u><b>487,808</b></u>	<u>493,889</u>

*Note:*

The weighted average number of ordinary shares in issue during the six months ended 30 June 2019 was calculated based on the number of ordinary shares in issue after the cancellation of the ordinary shares of the Company (the “**Shares**”) repurchased by the Company during the six months ended 30 June 2019.

Diluted earnings/(loss) per share is same as basic earnings/(loss) per share as there was no dilutive potential Shares for the six months ended 30 June 2020 and 2019.

## 10. TRADE AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> <b>(Audited)</b>
Trade receivables ( <i>Note</i> )	27,934	22,907
Less: impairment	<u>(317)</u>	<u>(310)</u>
	27,617	22,597
Prepayments and deposits	<u>9,317</u>	<u>7,260</u>
	<b><u>36,934</u></b>	<b><u>29,857</u></b>

### Notes:

Trade receivables were mainly derived from provision of underground construction services and are 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.

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

	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> <b>(Audited)</b>
Less than 1 month	17,957	11,195
1 to 3 months	8,763	10,514
More than 3 months but less than one year	897	888
More than one year	<u>—</u>	<u>—</u>
	<b><u>27,617</u></b>	<b><u>22,597</u></b>

## 11. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> <b>(Audited)</b>
Trade payables ( <i>Note</i> )	3,257	2,179
Other payables and accruals	<u>5,900</u>	<u>11,106</u>
	<u><b>9,157</b></u>	<u><b>13,285</b></u>

### *Notes:*

An ageing analysis of trade payables, based on invoice dates, is as follows:

	As at <b>30 June</b> <b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2019 <i>HK\$'000</i> <b>(Audited)</b>
Current or less than 1 month	1,808	1,097
1 to 3 months	890	803
More than 3 months but less than one year	539	261
More than one year	<u>20</u>	<u>18</u>
	<u><b>3,257</b></u>	<u><b>2,179</b></u>

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

## 12. SHARE CAPITAL

	<b>The Company</b>	
	<b>Number of Shares</b>	<b>Amount HK\$'000</b>
Authorised:		
Ordinary share of HK\$0.01 each		
As at 31 December 2019 (audited), 1 January 2020 (unaudited) and 30 June 2020 (unaudited)	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
As at 31 December 2019 (audited), 1 January 2020 (unaudited) and 30 June 2020 (unaudited)	<u>487,808,000</u>	<u>487,808</u>

## 13. CONTINGENT LIABILITIES

### (a) *Contingent liabilities in respect of legal claims*

As at 30 June 2020, there were a number of labour claims lodged against the Group arising from the ordinary course of its civil engineering construction business. No specific claim amount has been specified in the applications of these claims. In the opinion of the Directors, the outflow of resources required in settling these claims, if any, was remote as these claims are usually covered by insurance maintained by relevant main contractors. Therefore, the ultimate liability under these claims would not have a material adverse impact on the financial position or performance of the Group and no provision for the contingent liabilities in respect of these claims is necessary.

**(b) Guarantee issued**

The Group provided guarantee to insurance companies in respect of the followings:

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Surety bonds issued in favour of customers ( <i>Note</i> )	<u>12,767</u>	<u>12,767</u>
	<b><u>12,767</u></b>	<b><u>12,767</u></b>

*Note:*

As at 30 June 2020, surety bonds at an amount of approximately HK\$12,767,000 were given by insurance companies in favour of the Group's customers (as at 31 December 2019: approximately HK\$12,767,000) as security for the due performance and observance of the Group's obligations under the subcontracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom the surety bonds have been given, the customers may demand the insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate the insurance companies accordingly pursuant to the guarantee granted by the Group to such insurance companies. The surety bonds will be released upon completion of the subcontract works for the customers.

The Directors are of the opinion that the amount of approximately HK\$12,767,000 was the maximum exposure to the Group and it is not probable that the insurance companies would claim against the Group for losses in respect of the guaranteed contracts as it is unlikely that the Group will be unable to fulfil the performance requirements of the relevant contracts (as at 31 December 2019: approximately HK\$12,767,000). Accordingly, no provision for the Group's obligations under the guarantee has been made as at 30 June 2020 (as at 31 December 2019: nil).

The controlling shareholders of the Company ("Controlling Shareholders") have entered into a deed of indemnity on 10 February 2017 whereby they have agreed, subject to the terms and conditions therein, to indemnify the Group, among other matters, all losses and liabilities arising from any litigations against the Group prior to the placing of the Shares on 22 February 2017.

## 14. CAPITAL COMMITMENT

	<b>As at 30 June 2020 HK\$'000 (Unaudited)</b>	As at 31 December 2019 HK\$'000 (Audited)
Commitment for the acquisition of:		
short film and script and feature-length motion picture	<u><b>3,140</b></u>	<u>3,504</u>

In October 2019, the Group incorporated a wholly-owned subsidiary, Jade Phoenix Enterprises Limited (“JP”), in the British Virgin Islands, which is engaging in film production.

On 11 December 2019, JP entered into the assignment agreement (the “**Assignment Agreement**”) with independent third parties (the “**Assignors**”) to acquire the rights, titles, interests and benefits of the short film and script and the feature-length motion picture (collectively known as the “**Properties**”) at a consideration of US\$450,000. Pursuant to the Assignment Agreement, the transaction was completed immediately after the signing of the Assignment Agreement and JP settled 10% of the consideration in February 2020 and the remaining 90% of the consideration would be settled in 6 months after the date of the Assignment Agreement.

JP also entered into an option agreement (the “**Option Agreement**”) with the Assignors on the same date of the Assignment Agreement, which includes the following options: (i) the Assignors would grant to JP the right to assign the rights of the Properties back to the Assignors (the “**Put Option**”) and (ii) JP would grant the Assignors the rights to assign the rights of the Properties back to the Assignors (the “**Call Option**”). Pursuant to the Option Agreement, the consideration was US\$1 and the option exercise price was the paid consideration under the Assignment Agreement for both the Put Option and the Call Option. The Option Agreement will expire in 6 months after the signing date.

On 10 June 2020, JP entered into supplemental agreements with the Assignors to extend the payment due date of the remaining 90% of the consideration and the option period of the Put Option and the Call Option to 31 December 2020.

The Group has not obtained control over the Properties because the Option Agreement is binding on both parties as at 30 June 2020 and the assignment of the rights of the Properties back to the Assignors upon the exercise of the Call Option by the Assignors is outside the control of the Group. Therefore, until after the expiry of the option exercise period, and provided the Put Option and the Call Option are not exercised, the Group does not have the power to obtain the future economic benefits in relation to the Properties. Therefore, the Group has a commitment to pay under the above transaction but does not have control over the Properties as at 30 June 2020. When either the Assignors exercise their Call Option or the Company exercises the Put Option, the Company has no obligation to pay the remaining 90% of the consideration to the Assignors.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is an established subcontractor engaged in civil engineering works and operating 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. 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 have 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, advanced and structural works) and utility construction and others (mainly structural works). The Group also provides programme design, costing and management for underground construction services. As a result, the Group works routinely with its key clients in pre-tenders.

Since 2014, the Group has been focusing on the development of a complete suite of tunnel construction services, which has laid a solid foundation for the Group’s growth and a strong advantage in securing contracts. The Group is constantly evaluating opportunities within the underground construction industry and seeking profitable areas in which it can develop, broaden or commence operation. Other than tunnel works, the Group has also participated in earthworks, bridge works and other private construction works. The Group considers that diversification is necessary under the current market condition, and continues to explore opportunity in other fields of the construction industry. As at the date of this announcement, the Group has submitted certain number of tenders to main contractors, the results of which are still pending.

During the six months ended 30 June 2020, the Group had secured five public construction projects and four private sector projects with the aggregate secured contract sum of approximately HK\$36,917,000 and approximately HK\$538,000, respectively (the “**Newly Awarded Contracts**”).

During the six months ended 30 June 2020, the Group had been engaged in 18 public sector projects (during the six months ended 30 June 2019: 12) and six private sector projects (during the six months ended 30 June 2019: eight). Three public sector projects and four private sector projects were newly commenced in 2020. Please refer to the subsection headed “Financial Review” below for the analysis on the Group’s revenue. The total backlog of the Newly Awarded Contracts and contracts carried over from 2019 to be recognised as revenue after 30 June 2020 was approximately HK\$278,367,000.

Subsequent to the Reporting Period, the Group was awarded a subcontract for the RC Structure Construction of West Ventilation Building and Ancillary Buildings at Tseung Kwan O-Lam Tin Tunnel with the total contract sum of approximately HK\$65,000,000 on 21 July 2020. The construction works have commenced in early August 2020 and expected to be completed in 17 months.

During the Reporting Period, the Group was in the process of forming a working team to develop a feature-length motion picture from the intellectual property rights of the short film and script acquired from independent third parties in December 2019.

## **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, which may make it difficult for the Group to forecast the volume of future businesses and the amount of revenue.

The Group operates solely in Hong Kong and derived all its income in Hong Kong during the Reporting Period. Accordingly, the Group's business, financial results and prospects are affected by policies of the Hong Kong Government, political environment, economic and legal development in Hong Kong. In particular, events such as demonstrations, protests and the coronavirus outbreak may affect the budgeting process for public infrastructure and construction projects of the Hong Kong Government and the funding approval from the Legislative Council of the Hong Kong Special Administrative Region ("**Legco**"). Therefore, the budgeting and funding approval process on public infrastructure and construction projects may be lengthened and the expected construction timetable of projects may be delayed. As a result, the availability of construction projects may decrease due to the delay in funding approval for public sector projects in Hong Kong. Besides, 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.

The Group's historical results may not be indicative of its future performance, which may vary from period to period in response to a variety of factors beyond the Group's control, including general economic conditions, regulations pertaining to the underground construction industry in Hong Kong and the ability to secure new business in the future. Besides, adverse weather conditions, natural disasters, potential wars, terrorist attacks, riots, epidemics, pandemics and other disasters which are beyond the Group's control may reduce the number of workdays and therefore hinder the Group's operations, and as a result the Group may incur additional operational costs. These events may also materially and adversely affect the economic condition in Hong Kong and in turn the Group's business and financial results. Potential wars, riots, terrorist attacks, epidemics or pandemics may also cause uncertainties to the economic condition of Hong Kong. Therefore, the profit margin may also vary from project to project due to the aforementioned factors.

## **OUTLOOK OF TUNNEL AND CONSTRUCTION INDUSTRY IN HONG KONG**

It is expected that there will be continuous demand for tunnel construction services in Hong Kong given that the construction works at Central Kowloon Route and Tseung Kwan O-Lam Tin Tunnel are gearing up. As a result, the Group will continue to focus on growing its tunnel construction services business and expects this to be its major growth driver and long term, sustainable source of revenue. The growth in tunnel construction industry will mainly be supported by several major infrastructure projects including Tseung Kwan O-Lam Tin Tunnel, Central Kowloon Route, Sha Tin Cavern Tunnel, Cha Kwo Ling Tunnel and Airport Third Runway. The 2020-21 Budget Speech by the Financial Secretary of the Hong Kong Government on 26 February 2020 has mentioned that the annual capital works expenditure for infrastructure projects by the Hong Kong Government is expected to reach HK\$100 billion on average and the annual total construction output will increase to around HK\$300 billion in the next few years.

In respect of the contribution of the Central Kowloon Route, Legco had approved the funding of approximately HK\$42.3 billion on 20 October 2017. As at the date of this announcement, the Highways Department of the Hong Kong Government has awarded seven construction contracts of the Central Kowloon Route to the main contractors with a total value of approximately HK\$28.9 billion, which included the construction works of (i) the shaft at Ho Man Tin; (ii) the tunnels at Kai Tak East and West; (iii) the tunnels at Yau Ma Tei East and West; (iv) the Central Tunnel; and (v) Buildings, Electrical and Mechanical Works.

The finance committee of Legco approved the funding of HK\$16.0 billion for the construction of Trunk Road T2 and Cha Kwo Ling Tunnel on 25 October 2019. This construction will connect the Central Kowloon Route and Tseung Kwan O-Lam Tin Tunnel to form Route 6 as an East-West Express Link between West Kowloon and Tseung Kwan O. The Civil Engineering and Development Department of the Hong Kong Government signed a works contract with a main contractor on 6 November 2019 for the design and construction of the trunk road with 3.1 kilometres in the form of tunnels, two ventilation buildings at the two ends of the trunk road, and associated works. The total cost of the contract is about HK\$10.9 billion. The whole project is scheduled for completion in 2026.

The coronavirus outbreak since January 2020 may affect the funding process of Legco and the construction progress of the major public infrastructure projects in Hong Kong. Therefore, the financial performance of the Group may also be affected in 2020. The Group remains hopeful that these public infrastructure projects will come on stream in the foreseeable future. The Group is one of the selected few subcontractors experienced in tunnel construction in Hong Kong and is well prepared to capitalise on the opportunities from these public infrastructure projects.

## FINANCIAL REVIEW

### Revenue

The Group's revenue was primarily generated from public sector projects for the provision of (i) tunnel construction services; and (ii) utility construction services and others for the six months ended 30 June 2020. The following table sets out the breakdown of the Group's revenue by project types:

	For the six months ended 30 June			
	2020	2020	2019	2019
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Public sector projects				
– Tunnel construction services	25,625	43.3	10,181	29.4
– Utility construction services and others	30,782	52.0	17,592	50.8
Sub-total	56,407	95.3	27,773	80.2
Private sector projects	2,789	4.7	6,877	19.8
Total	59,196	100.0	34,650	100.0

The Group's revenue increased from approximately HK\$34,650,000 for the six months ended 30 June 2019 to approximately HK\$59,196,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$24,546,000 or 70.8%. Such significant increase in revenue for the Reporting Period was due to the combined effects of (i) an increase in revenue generated from public sector projects – tunnel construction services from approximately HK\$10,181,000 for the six months ended 30 June 2019 to approximately HK\$25,625,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$15,444,000 or 151.7%; (ii) an increase in revenue generated from public sector projects – utility construction services and others from approximately HK\$17,592,000 for the six months ended 30 June 2019 to approximately HK\$30,782,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$13,190,000 or 75.0%; and (iii) a decrease in revenue generated from private sector projects from approximately HK\$6,877,000 for the six months ended 30 June 2019 to approximately HK\$2,789,000 for the six months ended 30 June 2020, representing a decrease of approximately HK\$4,088,000 or 59.4%.

The increase in revenue from the tunnel construction projects was mainly attributable to the commencement of the construction works of the newly awarded contracts in the fourth quarter of 2019 in Tseung Kwan O-Lam Tin Tunnel and Central Kowloon Route during the Reporting Period.

### **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\$35,922,000 for the six months ended 30 June 2019 to approximately HK\$47,303,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$11,381,000 or 31.7%. Such increase was mainly due to: (i) an increase in the construction materials and supplies from approximately HK\$10,497,000 for the six months ended 30 June 2019 to approximately HK\$11,434,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$937,000 or 8.9%; (ii) an increase in the staff costs from approximately HK\$17,303,000 for the six months ended 30 June 2019 to approximately HK\$25,374,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$8,071,000 or 46.6%; and (iii) an increase in the subcontracting charges from approximately HK\$1,874,000 for the six months ended 30 June 2019 to approximately HK\$3,985,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$2,111,000 or 112.6%.

The purchase arrangement of construction materials and supplies and engagement of the subcontractors depend on the terms of the contracts, which may vary on a project-by project basis. The increase in staff costs was due to the increase in number of workers during the Reporting Period.

## **Gross profit and gross profit margin/(gross loss and gross loss margin)**

The gross profit and gross profit margin of the Group for the six months ended 30 June 2020 was approximately HK\$11,893,000 and 20.1%, respectively (the gross loss and gross loss margin of the Group for the six months ended 30 June 2019: approximately HK\$1,272,000 and 3.7%, respectively).

The reported gross profit and gross profit margin of the Group for the Reporting Period was due to the generally higher profit margins of work performed on tunnel construction projects during the Reporting Period as compared to the non-tunnel construction projects in the corresponding period in 2019.

## **Other income**

The Group's other income was approximately HK\$1,179,000 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately HK\$236,000), which was mainly attributable to (i) a subsidy of HK\$50,000 under the first round of the anti-epidemic fund for the construction industry and the receivable of one month of the first tranche of a wage subsidy (June 2020) of approximately HK\$899,000 under the Employment Support Scheme ("ESS Subsidy") of the second round of the anti-epidemic fund launched by the Hong Kong Government for Good Mind Engineering Limited ("GMEHK"), an indirect wholly-owned subsidiary of the Company, and (ii) the reimbursement from a main contractor of approximately HK\$160,000 (during the six months ended 30 June 2019: HK\$34,000).

## **Administrative expenses**

The Group's administrative expenses mainly comprised (i) staff costs and benefits; (ii) Directors' remuneration; (iii) depreciation expenses; (iv) office expenses; and (v) professional fees.

The Group's administrative expenses increased from approximately HK\$11,164,000 for the six months ended 30 June 2019 to approximately HK\$11,378,000 for the six months ended 30 June 2020, representing an increase of approximately HK\$214,000 or 1.9%. The staff costs and benefits for the six months ended 30 June 2020 was approximately HK\$3,155,000 (for the six months ended 30 June 2019: approximately HK\$3,361,000), representing a decrease of approximately HK\$206,000 or 6.1%. The decrease in staff costs and benefits was mainly attributable to the decrease in the Group's administrative headcounts. The Directors' remuneration was approximately HK\$1,623,000 during the Reporting Period (during the six months ended 30 June 2019: approximately HK\$1,623,000).

## **Finance costs**

The Group's finance costs increased from approximately HK\$58,000 for the six months ended 30 June 2019 to approximately HK\$147,000 for the six months ended 30 June 2020 due to the increase in the interest expenses on bank borrowing to approximately HK\$58,000 (for the six months ended 30 June 2019: nil) and the interest expenses on lease liabilities from approximately HK\$58,000 for the six months ended 30 June 2019 to approximately HK\$89,000 for the six months ended 30 June 2020.



## **Income tax**

The Group generated income only in Hong Kong and was subject only to Hong Kong profits tax.

The income tax for the six months ended 30 June 2020 mainly resulted from the utilisation of tax loss previously recognised as deferred tax assets as at 31 December 2019 for the assessable profit of GMEHK during the Reporting Period.

## **Profit and total comprehensive income for the period attributable to the owners of the Company (“Net Profit”) / (loss and total comprehensive expenses for the period attributable to the owners of the Company (“Net Loss”))**

The Group’s Net Profit for the six months ended 30 June 2020 was approximately HK\$965,000 whereas the Group’s Net Loss for the six months ended 30 June 2019 was approximately HK\$10,438,000. The change from Net Loss for the six months ended 30 June 2019 to Net Profit for the six months ended 30 June 2020 mainly resulted from (i) the increase in revenue and gross profit during the Reporting Period; and (ii) ESS Subsidy discussed above.

## **Dividend**

The Board does not recommend the payment of any dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

## **Liquidity, financial resources and funding**

As at 30 June 2020, the Group’s cash and cash equivalents amounted to approximately HK\$3,911,000 (as at 31 December 2019: approximately HK\$17,375,000), which were denominated in Hong Kong dollar. The decrease in cash and cash equivalents was mainly due to the net cash used in operating activities during the Reporting Period.

As at 30 June 2020, the Group had a revolving term loan granted by a licensed bank in Hong Kong of HK\$3,000,000 at the interest rate of 1.25% per annum below the Hong Kong Prime Rate, which was secured by a corporate guarantee provided by the Company.

As at 30 June 2020, the lease liabilities amounted to approximately HK\$3,532,000 (As at 31 December 2019: approximately HK\$2,052,000), which represented the leases arrangement of the Group’s office equipment, leased buildings, a machinery and motor vehicles.

The Group’s gearing ratio, which is calculated by total debts divided by total equity, decreased from approximately 31.3% as at 31 December 2019 to approximately 23.5% as at 30 June 2020 due to the decrease in total debts during the Reporting Period.

## **Capital structure**

As at 30 June 2020, the capital structure of the Company comprised issued share capital and reserves.

## **Commitments**

Save as disclosed in note 14 to the Unaudited Condensed Consolidated Financial Statements, there were no other capital commitments as at 30 June 2020.

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

There was no significant investments, material acquisitions or disposal of subsidiaries and associated companies by the Company for the six months ended 30 June 2020.

## **Future plans for material investments and capital assets**

Save as disclosed in the section headed “Future plans and use of proceeds” in the prospectus of the Company dated 22 February 2017, the Group did not have other plans for material investment or capital assets as at 30 June 2020.

## **Contingent liabilities**

Save as disclosed in note 13 to the Unaudited Condensed Consolidated Financial Statements, there were no other contingent liabilities as at 30 June 2020.

## **Foreign currency exposure**

The Group’s reporting currency is Hong Kong dollar. During the six months ended 30 June 2020 and 2019, 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**

The Group had placed cash collateral of approximately HK\$4,260,000 as at 30 June 2020 (as at 31 December 2019: approximately HK\$4,260,000) to insurance companies in Hong Kong for the provision of the surety bonds for three of the public construction projects (as at 31 December 2019: three). For details of the surety bonds, please refer to note 13 to the Unaudited Condensed Consolidated Financial Statements. Saved for the foregoing, the Group did not have any charges on its assets as at 30 June 2020.



## **Information on employees**

As at 30 June 2020, the Group had 323 employees which comprises management, technical staff, administration, accounting and human resources staff and workers (as at 30 June 2019: 121 employees) in Hong Kong. The total staff costs (included in cost of services and administrative expenses) and Directors' remuneration amounted to approximately HK\$30,152,000 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately HK\$22,287,000), which was mainly due to the combined effects of (i) a decrease in staff costs and benefits in the administrative expenses due to the reduction of administrative headcounts; and (ii) an increase in staff costs in cost of services due to the increase in number of workers during the Reporting Period.

Employee remuneration package is based on previous working experience and actual performance of each individual employee. Apart from the basic salary, discretionary bonus and allowance will be granted to employees based on their individual performance subject to the executive Directors' approval. Depending on the nature of works and the need of the projects, the Group will provide training to its employees from time to time. The Group's customers sometimes require the employees to attend their own on-site occupational safety trainings.

## **Event after the Reporting Period**

There is no significant event subsequent to 30 June 2020 and up to the date of this announcement which would materially affect the Group's operating and financial performance.

## **OTHER INFORMATION**

### **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 Reporting Period.

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

As at 30 June 2020, 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 Features Ordinance (Chapter 571 of the Laws of Hong Kong) (the "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*

Name of Directors	Notes	Directly beneficially owned	Through spouse	Acting in concert	Total	Percentage of Company's issued share capital
Mr. Chuang Chun Ngok Boris	(a)	103,000,000	–	172,000,000	275,000,000	56.4%
Mr. Chuang Wei Chu	(b)	103,000,000	34,500,000	137,500,000	275,000,000	56.4%

#### *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 of the Company (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.

As at 30 June 2020, none of the Directors and chief executives of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Saved as disclosed above, as at 30 June 2020, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures 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 2020, so far as is known to the Directors, the following persons' interests and short positions of the share capital and underlying shares of the Company, other than a Director or chief executive 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***

<b>Name of shareholders</b>	<b>Notes</b>	<b>Nature of interest</b>	<b>Total</b>	<b>Percentage of Company's issued share capital</b>
Ms. To Yin Ping	(a)	Beneficial owner, interest held jointly with another person and interest of spouse	275,000,000	56.4%
Ms. Chuang Yau Ka	(b)	Beneficial owner and interest held jointly with another person	275,000,000	56.4%
Mr. Ng Kwok Lun		Beneficial owner	37,500,000	7.7%

- (a) Ms. To Yin Ping (i) personally holds 34,500,000 Shares; (ii) is the spouse of Mr. Chuang Wei Chu and is deemed to be interested in the Shares 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 an unanimous manner. Ms. To Yin Ping is therefore deemed to be interested in the Shares 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; 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 an unanimous manner. Ms. Chuang Yau Ka is therefore deemed to be interested in the Shares 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 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 2020, 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 (the “**Code of Conduct**”).

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 announcement (“**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 the 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 interim results of the Group for the six months ended 30 June 2020 had been reviewed by the Audit Committee, which was of the opinion that such interim result has been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

### **Share Option Scheme**

The Company has not granted or issued any option or adopted any share option scheme up to 30 June 2020.

### **Competing Interests**

As far as the Directors are aware of, during the six months ended 30 June 2020, 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**

During the Relevant Period, 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**

As at the date of this announcement, 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 extended on 31 March 2020; 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, 10 August 2020

*As at the date of this announcement, 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) 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).*