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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)

FURTHER CHANGE IN USE OF NET PROCEEDS

Reference is made to (a) the prospectus issued by GME Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 14 February 2017 (the “**Prospectus**”) in relation to the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 February 2017 (the “**IPO Placing**”); (b) the announcement of the Company dated 23 March 2018 in relation to the change of use of net proceeds (the “**First Change of the Net Proceeds**”); and (c) the announcement of the Company dated 3 June 2019 in relation to the further change in use of the net proceeds (the “**Second Change of the Net Proceeds**”). The board (the “**Board**”) of directors (the “**Directors**”) would like to announce that the Board has resolved to further adjust the intended use of proceeds from the IPO Placing in the manner set out in this announcement.

Capitalised terms defined in the Prospectus have the same meanings when used in this announcement, unless the context requires otherwise.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS AS ADJUSTED PURSUANT TO THE DISCLOSURE IN THE FIRST CHANGE OF THE NET PROCEEDS AND THE SECOND CHANGE OF THE NET PROCEEDS

In the paragraph headed “Use of proceeds” in the section headed “Future plans and use of proceeds” of the Prospectus, the Company disclosed its intended use of the estimated net proceeds from the IPO Placing after deducting the underwriting commission and expenses related to the IPO Placing (the “**Net Proceeds**”). In the First Change of the Net Proceeds, the Company announced that the unused Net Proceeds of approximately HK\$1.1 million originally intended for new office space refurbishment and decoration were redesignated for surety bond cash collaterals. In the Second Change of the Net Proceeds, the Company announced that the unused Net Proceeds of approximately HK\$5.0 million originally allocated for machinery purchase were redesignated for surety bond cash collaterals. As at the date of this announcement, the unused Net Proceeds in relation to the First Change of the Net Proceeds and the Second Change of the Net Proceeds were approximately HK\$5.6 million.

REASONS FOR FURTHER CHANGE IN THE USE OF NET PROCEEDS

As disclosed in the Prospectus, the First Change of the Net Proceeds and the Second Change of the Net Proceeds, approximately HK\$11.9 million of the Net Proceeds remained for machinery purchase for the Group's tunnel construction site operations (the "**Tunnel Machinery Purchase**").

In the third quarter of 2019, the Group was awarded a contract of underground construction services which requires the procurement of machinery and equipment, including excavators, vibrators, sheet piles and structural steels (the "**Underground Machinery and Equipment Purchase**").

The Board has considered other means to finance such Underground Machinery and Equipment Purchase, such as utilising existing revolving loan facilities or carrying out placement of the shares of the Company (the "**Shares**") under general mandate granted by the shareholders of the Company (the "**Shareholders**") at the general meeting of the Company on 2 May 2019. However, the Board is of the view that revolving loans will lead to further finance costs, while Share placements will dilute the interests of existing Shareholders and are dependent on the market sentiment and the Group's financial performance.

In order to optimize the allocation of financial resources, the Board has resolved to redesignate approximately HK\$7.0 million of the Net Proceeds originally allocated for the Tunnel Machinery Purchase to the Underground Machinery and Equipment Purchase for the recent construction market development (the "**Third Change of the Net Proceeds**").

Details of the original use of the Net Proceeds mentioned in the Prospectus, movement of the First Change of the Net Proceeds, the Second Change of the Net Proceeds and the Third Change of the Net Proceeds (collectively, the "**Changes**"), revised use of the Net Proceeds and the utilisation and the balance of the Net Proceeds as at the date of this announcement are summarised as follows:

	Original use of the Net Proceeds <i>HK\$ million</i>	Movement of the First Change of the Net Proceeds <i>HK\$ million</i>	Movement of the Second Change of the Net Proceeds <i>HK\$ million</i>	Movement of the Third Change of the Net Proceeds <i>HK\$ million</i>	Revised use of the Net Proceeds <i>HK\$ million</i>	Utilised amount of the Net Proceeds as at the date of this announcement <i>HK\$ million</i>	Balance of the Net Proceeds <i>HK\$ million</i>
Tunnel Machinery Purchase	16.9	–	(5.0)	(7.0)	4.9	–	4.9
Underground Machinery and Equipment Purchase	–	–	–	7.0	7.0	–	7.0
Additional prospective and/or experienced employees recruitment for the projects	12.7	–	–	–	12.7	12.7	–
Repayment of overdraft facilities from a bank	9.5	–	–	–	9.5	9.5	–
Newly rented office rental expense	1.3	–	–	–	1.3	1.3	–
New office space refurbishment and decoration	1.2	(1.1)	–	–	0.1	0.1	–
Information technology and project management systems upgrade	1.3	–	–	–	1.3	0.1	1.2
Surety bonds cash collaterals	–	1.1	5.0	–	6.1	0.5	5.6
Working capital and general corporate purposes	3.0	–	–	–	3.0	3.0	–
Total	45.9	–	–	–	45.9	27.2	18.7

Save for the aforesaid Changes, there is no other change in the use of the Net Proceeds from the IPO Placing allocated for other purposes. The balance of the Net Proceeds as at the date of this announcement were deposited in banks in Hong Kong.

The Board has considered the impact of the Changes in the use of the Net Proceeds from the IPO Placing as a whole and is of the view that the Changes will facilitate the Group to undertake more public infrastructure projects, meet its overall financial needs more efficiently to support the Group's operations and achieve the Group's business objectives of undertaking high-value construction services as mentioned in the Prospectus. Overall, the Changes are beneficial to the continuous development of the Group's businesses, and are in the best interests of the Company and its Shareholders as a whole.

The Directors will continuously evaluate the Group's business objectives to respond to the changes in the business environment in the underground construction industry to attain sustainable business growth.

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

Hong Kong, 21 August 2019

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, for which the Directors 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 of Hong Kong Limited 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 Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the Company's website at www.gmehk.com.