



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

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

**(Stock Code: 8188)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020**

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# UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2020

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 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 three months ended 31 March 2020

	Notes	Three months ended 31 March	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	26,634	21,988
Cost of services		(20,498)	(20,788)
Gross profit		6,136	1,200
Other income		53	34
Administrative expenses		(5,903)	(5,930)
Finance costs		(46)	(28)
Profit/(loss) before income tax	5	240	(4,724)
Income tax	6	(220)	553
Profit/(loss) for the period		20	(4,171)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		21	(4,171)
Non-controlling interests		(1)	–
		20	(4,171)
<b>Earnings/(loss) per share</b>			
– Basic and diluted ( <i>HK cents</i> )	8	–*	(0.8)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequent to profit or loss</i>			
Exchange difference on translating foreign operation		(4)	–
Other comprehensive income/(expenses) for the period, net of tax		(4)	–
Profit/(loss) and total comprehensive income/(expenses) for the period		16	(4,171)
<b>Profit/(loss) and total comprehensive income/(expenses) for the period attributable to:</b>			
Owners of the Company		17	(4,171)
Non-controlling interests		(1)	–
		16	(4,171)

\* The amount representing the earnings per share (basic and diluted) for the three months ended 31 March 2020 was less than HK0.1 cents.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

Attributable to the owners of the Company

	Attributable to the owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Share repurchase reserve	Capital reserve	Exchange reserve	Other reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>For the three months ended 31 March 2020</b>										
As at 1 January 2020	4,878	90,753	-	90	-	(36,104)	(7,672)	51,945	396	52,341
Profit/(loss) for the period	-	-	-	-	-	-	21	21	(1)	20
Total comprehensive expenses for the period	-	-	-	-	(4)	-	-	(4)	-	(4)
As at 31 March 2020	<u>4,878</u>	<u>90,753</u>	<u>-</u>	<u>90</u>	<u>(4)</u>	<u>(36,104)</u>	<u>(7,651)</u>	<u>51,962</u>	<u>395</u>	<u>52,357</u>
<b>For the three months ended 31 March 2019</b>										
As at 1 January 2019	4,982	92,173	(51)	90	-	(36,104)	20,545	81,635	-	81,635
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(4,171)	(4,171)	-	(4,171)
Share repurchased and cancelled	(51)	(687)	51	-	-	-	-	(687)	-	(687)
As at 31 March 2019	<u>4,931</u>	<u>91,486</u>	<u>-</u>	<u>90</u>	<u>-</u>	<u>(36,104)</u>	<u>16,374</u>	<u>76,777</u>	<u>-</u>	<u>76,777</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 March 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.

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 three months ended 31 March 2020 (the “**Unaudited Condensed Consolidated Financial Statements**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) 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 HKFRS 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 Company (“**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 an independent third party 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	
	31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer B	N/A	5,177
Customer C	3,320	2,945
Customer M	N/A	2,355
Customer P	N/A	6,500
Customer R	N/A	2,355
Customer S	3,582	–
Customer T	3,582	–
Customer V	9,348	–

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. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	175	189
Depreciation charge:		
– Owned property, plant and equipment	1,176	1,227
– Leased buildings	410	434
Lease payments not included in the measurement of lease liabilities		
– Buildings	105	155
Finance costs:		
– Interest on bank borrowings	26	–
– Interest on lease liabilities	20	28
Employee benefit expenses, including Directors' remuneration	15,189	12,879

#### 6. INCOME TAX

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

	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong profits tax		
– charge for the Reporting Period	–	–
Deferred tax	220	(553)
Income tax expense/(credit)	220	(553)

Hong Kong profits tax is calculated at 16.5% (for the three months ended 31 March 2019: 16.5%) of the estimated assessable profits during the Reporting Period.

## 7. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 31 March 2020 (for the three months ended 31 March 2019: nil).

## 8. EARNINGS/(LOSS) PER SHARE

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

	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings/(loss):		
Earnings/(loss) for the purpose of basic earnings/(loss) per share	<u>21</u>	<u>(4,171)</u>
	2020	2019
	Number of	Number of
	shares	shares
	'000	'000
Weighted average number of ordinary shares		
for the purpose of basic earnings/(loss) per share ( <i>Note</i> )	<u>487,808</u>	<u>494,727</u>

*Note:* Diluted earnings/(loss) per share is same as basic earnings/(loss) per share as there was no dilutive potential shares for the three months ended 31 March 2020 and 2019.

## 9. SHARE CAPITAL

	The Company	
	Number	Amount
	of shares	HK'000
Authorised:		
Ordinary share of HK\$0.01 each		
As at 1 January 2020 and as at 31 March 2020	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
As at 1 January 2020 and as at 31 March 2020	<u>487,808,000</u>	<u>4,878</u>

# 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 and bridge 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 three months ended 31 March 2020, the Group had secured two public construction projects and a private sector project with the aggregate secured contract sum of approximately HK\$30,447,000 for the public construction projects and approximately HK\$360,000 for the private sector project, respectively.

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 an independent third party 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 and protests 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**"). 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 due to the delay in funding approvals for 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.

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 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 or terrorist attacks 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 six construction contracts of Central Kowloon Route to the main contractors with a total value of approximately HK\$23.2 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; and (iv) the Central Tunnel.

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.

Pursuant to the Chief Executive's 2019 Policy Address dated 16 October 2019 published by the Hong Kong Government, the proposals of the new railway projects under the "Railway Development Strategy 2014", viz. Tuen Mun South Extension, Northern Link (and Kwu Tung Station), East Kowloon Line, Tung Chung Line Extension (comprising Tung Chung West Extension and Tung Chung East Station) and North Island Line, have been submitted to the Hong Kong Government.

Due to the recent social incidents in Hong Kong since June 2019, the funding process for the infrastructure spending by the Hong Kong Government is expected to be affected. The coronavirus outbreak since January 2020 may affect 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 increased from approximately HK\$21,988,000 for the three months ended 31 March 2019 to approximately HK\$26,634,000 for the three months ended 31 March 2020, representing an increase of approximately HK\$4,646,000 or 21.1%. Such increase in revenue was mainly attributable to the combined effects of (i) an increase in revenue generated from public sector projects – tunnel construction services from approximately HK\$5,065,000 for the three months ended 31 March 2019 to approximately HK\$8,974,000 for the three months ended 31 March 2020, representing an increase of approximately HK\$3,909,000; (ii) an increase in revenue generated from public sector projects – utility construction services and others from approximately HK\$10,400,000 for the three months ended 31 March 2019 to approximately HK\$15,982,000 for the three months ended 31 March 2020, representing an increase of approximately HK\$5,582,000; and (iii) a decrease in revenue generated from private sector projects from approximately HK\$6,523,000 for the three months ended 31 March 2019 to approximately HK\$1,678,000 for the three months ended 31 March 2020, representing a decrease of approximately HK\$4,845,000. During the coronavirus outbreak in 2020, certain construction projects have experienced disruptions in the supply of construction materials from China and the attendance of the Group's site workers who have travelled to China and had to undergo mandatory quarantine for 14 days. Therefore, the progress and the percentage of completion of the Group's projects were affected 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 decreased from approximately HK\$20,788,000 for the three months ended 31 March 2019 to approximately HK\$20,498,000 for the three months ended 31 March 2020, representing a decrease of approximately HK\$290,000 or 1.4%. Such decrease was mainly due to the combined effects of (i) a decrease in the construction materials and supplies from approximately HK\$6,099,000 for the three months ended 31 March 2019 to approximately HK\$2,424,000 for the three months ended 31 March 2020, representing a decrease of approximately HK\$3,675,000 or 60.3%; (ii) an increase in the subcontracting charges from approximately HK\$1,117,000 for the three months ended 31 March 2019 to approximately HK\$2,275,000 for the three months ended 31 March 2020, representing an increase of approximately HK\$1,158,000 or 103.7%; (iii) an increase in the staff costs from approximately HK\$10,278,000 for the three months ended 31 March 2019 to approximately HK\$12,727,000 for the three months ended 31 March 2020, representing an increase of approximately HK\$2,449,000 or 23.8%; and (iv) a decrease in overhead charges from approximately HK\$3,294,000 for the three months ended 31 March 2019 to approximately HK\$3,072,000 for the three months ended 31 March 2020, representing a decrease of approximately HK\$222,000 or 6.7%. 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. The decrease in overhead charges was due to the decrease in depreciation charges and expenses for the rental of plant and machinery during the Reporting Period.

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

The Group's gross profit increased from approximately HK\$1,200,000 for the three months ended 31 March 2019 to approximately HK\$6,136,000 for the three months ended 31 March 2020, representing an increase of approximately HK\$4,936,000. The gross profit margin was approximately 23.0% for the three months ended 31 March 2020 (for the three months ended 31 March 2019: approximately 5.5%). The increase in gross profit and gross profit margin were mainly due to the generally higher profit margins of work performed on the public tunnel construction projects during the Reporting Period.

### ***Administrative expenses***

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

The Group's administrative expenses decreased from approximately HK\$5,930,000 for the three months ended 31 March 2019 to approximately HK\$5,903,000 for the three months ended 31 March 2020, representing a decrease of approximately HK\$27,000 or 0.5%. The staff costs and benefits for the three months ended 31 March 2020 was approximately HK\$1,650,000 (for the three months ended 31 March 2019: approximately HK\$1,789,000), representing a decrease of approximately HK\$139,000 or 7.8%. 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\$812,000 for the three months ended 31 March 2020 (for the three months ended 31 March 2019: approximately HK\$812,000).

### ***Finance costs***

The Group's finance costs mainly comprised interest expenses on lease liabilities and interest expenses for certain bank borrowings during the Reporting Period.

The Group's finance costs increased from approximately HK\$28,000 for the three months ended 31 March 2019 to approximately HK\$46,000 for the three months ended 31 March 2020. Such increase was due to the interest expenses for certain bank borrowings of approximately HK\$26,000 for the three months ended 31 March 2020 (for the three months ended 31 March 2019: nil).

### ***Income tax***

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

The income tax expense for the three months ended 31 March 2020 mainly resulted from the recognition of deferred tax during the Reporting Period.

***Profit/(loss) and total comprehensive income/(expenses) for the period attributable to the owners of the Company***

The Group's profit and total comprehensive income for the period attributable to the owners of the Company for the three months ended 31 March 2020 was approximately HK\$17,000 (loss and total comprehensive expenses for the period attributable to the owners of the Company for the three months ended 31 March 2019: approximately HK\$4,171,000).

***Dividend***

The Board did not recommend the payment of any dividend for the three months ended 31 March 2020 (for the three months ended 31 March 2019: nil).

***Contingent liabilities***

As at 31 March 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. The Group anticipates that 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 the litigations is necessary.

As at 31 March 2020, the Group has given guarantee to insurance companies in respect of surety bonds issued by such insurance companies in favour of the Group's customers at an amount of approximately HK\$12,767,000 (as at 31 December 2019: approximately HK\$12,767,000) in relation to three public construction contracts of the Group (as at 31 December 2019: three) in the ordinary course of business. The surety bonds as at 31 March 2020 are expected to be released in accordance with the terms of the respective construction contracts. Save for the guarantee given on the surety bonds, the Group has no other material contingent liabilities.

***Foreign currency exposure***

The Group's reporting currency is Hong Kong dollar. During the three months ended 31 March 2020, the Group's transactions were mainly denominated in Hong Kong dollars. The Group had no material exposure to foreign currency risk.

***Event after the Reporting Period***

There is no significant event subsequent to 31 March 2020 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 31 March 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 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 of the Company; 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 of the Company (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 31 March 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 31 March 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 31 March 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%

### *Notes*

- (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 31 March 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.



## **Audit Committee**

The Group has established the 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 of the Audit Committee is Mr. Lau Chun Fai Douglas.

The unaudited condensed consolidated first quarterly results of the Group for the three months ended 31 March 2020 had been reviewed by the Audit Committee, which was of the opinion that such first quarterly results have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

## **Competing Interests**

As far as the Directors are aware of, during the three months ended 31 March 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) had any interests in a business which competed or may compete (directly or indirectly) with the business of the Group.

## **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, 7 May 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).*