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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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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.*

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company hereby announces that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019, together with the comparative audited figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	5	**80,793**	140,631
Cost of services		**(86,572)**	(127,581)
Gross (loss)/profit		**(5,779)**	13,050
Other income		**969**	132
Administrative expenses		**(23,549)**	(23,893)
Finance costs		**(127)**	(89)
Loss before income tax	6	**(28,486)**	(10,800)
Income tax	7	**265**	941
Loss and total comprehensive expenses for the year		**(28,221)**	(9,859)
Loss attributable to:			
Owners of the Company		**(28,217)**	(9,859)
Non-controlling interests		**(4)**	–
		(28,221)	(9,859)
Loss per share			
– Basic and diluted *(HK cents)*	9	**(5.76)**	(1.97)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**7,203**	7,752
Deferred tax assets		**573**	308
		7,776	8,060
Current assets			
Contract assets		**15,270**	25,395
Trade and other receivables	*10*	**29,857**	25,622
Amount due from a minority shareholder of a subsidiary		**400**	–
Pledged bank deposits		**–**	8,097
Current tax recoverable		**–**	1,497
Cash and cash equivalents		**17,375**	20,089
		62,902	80,700
Current liabilities			
Trade and other payables	*11*	**13,285**	6,147
Bank borrowing		**3,000**	–
Lease liabilities		**1,526**	–
Obligations under finance leases		**–**	273
		17,811	6,420
Net current assets		**45,091**	74,280
Total assets less current liabilities		**52,867**	82,340
Non-current liabilities			
Lease liabilities		**526**	–
Obligations under finance leases		**–**	705
		526	705
NET ASSETS		**52,341**	81,635
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**4,878**	4,982
Reserves		**47,067**	76,653
		51,945	81,635
Non-controlling interests		**396**	–
TOTAL EQUITY		**52,341**	81,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

GME Group Holdings Limited was incorporated in the Cayman Islands on 18 January 2016, as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The registered office and principal place of business of the Company are located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and Room 1001-2, 10/F, 148 Electric Road, Hong Kong, respectively.

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange on 22 February 2017.

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Adoption of new/revised HKFRSs – effective 1 January 2019

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as described below, the application of the new HKFRSs and amendment to HKFRSs in the current year has had no material impact on the Group's accounting policies.

HKFRS16 – Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle being for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iii) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows:

	HK$'000
Rights-of-uses assets	
Closing balance under HKAS17 at 31 December 2018	–
– Carrying amounts of property, plant and equipment held under finance leases under HKAS 17 at 31 December 2018	832
– Recognition of additional right-of-use assets under HKFRS16	421
Opening balance under HKFRS 16 at 1 January 2019	1,253
Lease liabilities	
– Carrying amounts of property, plant and equipment held under finance leases under HKAS 17 at 31 December 2018	978
– Recognition of additional lease liabilities under HKFRS16	421
Opening balance under HKFRS 16 at 1 January 2019	1,399

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as of 1 January 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments as of 31 December 2018	896
Less: short term leases for which lease terms end within 31 December 2019	(455)
Less: future interest expenses	(20)
Add: finance leases liabilities as of 31 December 2018	978
Total lease liabilities as of 1 January 2019	1,399

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is approximately 4.13%.

(ii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iii) Transition

The adoption of HKFRS 16 did not result in a significant impact on the Group's results but certain portion of these lease commitments was recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities at 1 January 2019. The Group has transitioned to HKFRS 16 in accordance with the modified retrospective approach and recognised the cumulative effect of initial application to opening retained earnings at 1 January 2019 without restating the comparative information.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17. The group measures the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or occurred lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

The Group has also leased majority of its motor vehicles and computer equipment which previously were classified as finance leases under HKAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of HKFRS 16, for those finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 January 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities applying HKFRS 16 from 1 January 2019.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing Securities on GEM of the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost basis.

The 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.

4. SEGMENT INFORMATION

(a) 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.

On 11 December 2019, the Group entered into an agreement with an independent third party to acquire a short film and feature-length motion picture. The Group has the intention to form a working team and to further develop the short film to a feature-length motion picture.

(b) 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.

(c) Information about major customers

Since 1 January 2019, the Group has adopted a new basis for its customers classification for the main contractors in joint ventures. The information about major customers during the Reporting Period are presented based on such classification. Under the new classification, the revenue contributed by a joint venture customer will be considered as equally contributed by each participant of such joint venture. The directors consider that such classification is more accurate in describing and reflecting the composition of the contracting joint venture and gives a more comprehensive presentation and assessment of the credit risk of each participant in the joint venture.

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer B	**24,376**	34,807
Customer C	**9,614**	38,020
Customer L	**9,058**	38,550
Customer V	**8,823**	N/A
Customer K	**N/A**	16,622

N/A: The relevant revenue figures for the years ended 31 December 2019 and 2018, did not exceed 10% of the Group's revenue.

5. REVENUE

The Group's revenue represents amount received and receivable from contract work performed and is recognised over time.

	2019	2018
	HK$'000	*HK$'000*
Public tunnel projects	**29,035**	61,075
Public utilities construction services and other projects	**41,420**	78,896
Private projects	**10,338**	660
	80,793	140,631

The following table provides information about trade receivables and contract assets from contracts with customers.

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(Note 10)*	**22,597**	19,454
Contract assets	**15,270**	25,395

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provisions of public and private construction. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customer.

As at 31 December 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$283,179,000 (2018: HK$52,683,000). This amount represents revenue expected to be recognised in the future from partially-completed long-term construction contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 2 years (2018: 1 to 2 years).

The Group has applied the practical expedient to its contracts for construction services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for construction services that had an original expected duration of one year or less.

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived after charging/(crediting):

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**700**	730
(Gain)/loss on disposal of property, plant and equipment	**(28)**	33
Impairment loss on trade receivables	**82**	441
Impairment loss on contract assets	**11**	75
Cost of services		
– Sub-contracting fees	**11,679**	17,698
– Construction materials and supplies	**23,745**	37,694
Depreciation charge		
– Owned property, plant and equipment	**4,604**	4,534
– Right-of-use-assets included within		
– Leased building	**1,897**	–
– Office equipments	**17**	–
– Motor vehicles	**417**	–
Lease payments not included in the measurement of lease liabilities		
– Buildings	**1,230**	2,346
Employee benefit expenses	**49,661**	71,385

7. INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong profits tax		
– charge for the year	**–**	289
Deferred tax	**(265)**	(1,230)
Income tax	**(265)**	(941)

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2019. According to the Inland Revenue (Amendment) Bill 2017 (the "**Bill**") which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the "**Regime**") is first effective for the year of assessment 2018/19. Profits tax rate for the first HK$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. No nominated entity of a group of connected entities is entitled to the Regime as no such entity generated assessable profit for the year ended 31 December 2019.

8. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the years ended 31 December 2019 and 2018.

9. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of basic loss per share	**(28,217)**	(9,859)
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic loss per share	**490,211**	499,887

Note:

The weighted average number of ordinary shares during the year ended 31 December 2019 was calculated as 490,211,000 based on the repurchase of shares. The diluted loss per share was same as basic loss per share as there was no potential share outstanding for each of the years 31 December 2019 and 2018.

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**22,907**	19,682
Less: Impairment loss	**(310)**	(228)
	22,597	19,454
Prepayments, deposits and other receivables	**7,260**	6,168
	29,857	25,622

Note:

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

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

	2019	2018
	HK$'000	*HK$'000*
Less than 1 month	**11,195**	15,204
1 to 3 months	**10,514**	3,276
More than 3 months but less than one year	**888**	–
More than one year	**–**	974
	22,597	19,454

11. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(Note)*	**2,179**	1,439
Other payables and accruals	**11,106**	4,708
	13,285	6,147

Note:

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Current or less than 1 month	**1,097**	617
1 to 3 months	**803**	754
More than 3 months but less than one year	**261**	68
More than one year	**18**	–
	2,179	1,439

Note:

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

12. SHARE CAPITAL

	The Company	
	Number of shares	Amount *HK'000*
Authorised:		
Ordinary share of HK$0.01 each		
As at 31 December 2018, 1 January 2019 and 31 December 2019	2,000,000,000	20,000
Issued and fully paid		
Ordinary share of HK$0.01 each		
As at 1 January 2018	500,000,000	5,000
Share repurchased and cancelled *(Note a)*	(1,768,000)	(18)
As at 31 December 2018 and 1 January 2019	498,232,000	4,982
Share repurchased and cancelled *(Note b)*	(10,424,000)	(104)
As at 31 December 2019	487,808,000	4,878

Notes:

(a) Particulars of the share repurchase and cancellation of ordinary shares during the year ended 31 December 2018 are as follows:

2018

Month of repurchase	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *HK$*
November 2018	236,000	0.118	0.100	25,760
December 2018	1,532,000	0.148	0.134	224,788
	1,768,000			250,548

Out of 2,136,000 ordinary shares of the Company repurchased on the Stock Exchange (the "**Share Repurchase**") during the year ended 31 December 2018, 1,768,000 ordinary shares were cancelled during the year ended 31 December 2018 while the remaining 368,000 ordinary shares were cancelled in January 2019.

(b) Particulars of the share repurchase and cancellation of shares during the year ended 31 December 2019 are as follows:

2019

Month of repurchase	**Number of shares repurchased**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate price paid** *HK$*
January 2019	4,804,000	0.149	0.139	687,480
May 2019	2,800,000	0.139	0.121	378,000
June 2019	1,752,000	0.174	0.141	274,952
July 2019	700,000	0.190	0.188	132,200
	10,056,000			1,472,632

During the period from 20 December 2018 to 31 December 2018, 368,000 ordinary shares of the Company were repurchased at an aggregate cost of approximately HK$51,000. Subsequently, the repurchased shares during such period were cancelled on 30 January 2019, and accordingly, the Company's share capital and share premium were reduced by approximately HK$3,000 and approximately HK$48,000 respectively.

13. CAPITAL COMMITMENT

	2019	2018
	HK$'000	*HK$'000*
Commitment for the acquisition of:		
short film and feature-length motion picture	**3,504**	–

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

On 11 December 2019, JP entered into the assignment agreement (the "**Assignment Agreement**") with the independent third parties (the "**Assignors**") to acquire the rights, titles, interests and benefits of the short film and the feature-length motion picture (collectively known as the "**Properties**") at a consideration of USD450,000. Pursuant to the Assignment Agreement, the transaction was completed immediately after the signing of this Assignment Agreement and JP has to settle 10% of the consideration in February 2020 and the remaining 90% of the consideration will 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, including the 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 Put Option and Call Option. The Option Agreement will be expired in 6 months after the signing date.

In the view of the management of the Company, the Group has not obtained control over the Properties. The Option Agreement is binding on both parties as at 31 December 2019, 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 6-month option exercise period, and provided the Put Option and Call Option are unexercised, in the option period the Group does not have the power to obtain the future economic benefits flowing from the underlying resource of the Properties. The management of the Company considers that the Group has a commitment to pay under the above transaction but does not have control over the Properties as at 31 December 2019. When either the Assignors exercise their Call Option or the Company exercise the Put Option, the management of the Company confirmed that the Company has no obligation to pay the remaining 90% of the consideration to the Assignors.

14. EVENT AFTER THE REPORTING PERIOD

There is no other significant event subsequent to the date of this announcement which would materially affect the Group's operating and financial performance except for note 13 stated.

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 has 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 during the year ended 31 December 2019 (the "**Reporting Period**"). 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 year ended 31 December 2019, the Group had secured 16 public construction projects (2018: eight) and four private sector projects (2018: seven) with the total contract revenue and variation orders amounts awarded in 2019 ("**Secured Projects Sum**") of approximately HK$307,026,000 and the estimated revenue to be recognised (the "**Backlog**") from the Secured Projects Sum after the Reporting Period is approximately HK$278,151,000. Seven out of these 20 newly secured projects in 2019 are the provision of the construction of the Central Kowloon Route while three out of 20 are the provision of construction of Tseung Kwan O-Lam Tin Tunnel with the total Secured Projects Sum of approximately HK$173,291,000 and approximately HK$106,559,000, respectively. The Backlog from the projects carried over from 2018 was approximately HK$5,028,000. The total Backlog to be recognised as revenue after 31 December 2019 was approximately HK$283,179,000.

On 11 December 2019, the Group entered into an agreement with an independent third party to acquire a short film and feature-length motion picture. The Group has the intention to form a working team and to further develop the short film to a feature-length motion picture.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Group 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 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 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 the Legislative Council of the Hong Kong Special Administrative Region ("**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. The detailed planning and design for the Tuen Mun South Extension, Northern Link and Tung Chung Line Extension will commence in the coming year.

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 delay of certain public infrastructure projects in prior years has had an impact on the revenue source of the Group during the Reporting Period. The coronavirus outbreak since January 2020 may affect the construction progress of the major 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

For the year ended 31 December 2019, the revenue of the Group was approximately HK$80,793,000 (2018: approximately HK$140,631,000), representing a decrease of approximately HK$59,838,000 or 42.5% from the previous year.

The decrease in the revenue was mainly attributable to the combined effects of (i) a decrease in revenue generated from public sector projects – tunnel construction services from approximately HK$61,075,000 for the year ended 31 December 2018 to approximately HK$29,035,000 for the year ended 31 December 2019; and (ii) a decrease in revenue generated from public sector projects – utility construction services and others from approximately HK$78,896,000 for the year ended 31 December 2018 to approximately HK$41,420,000 for the year ended 31 December 2019. The revenue generated from private sector projects was increased to approximately HK$10,338,000 for the year ended 31 December 2019 (2018: approximately HK$660,000). The decrease in revenue generated from public sector projects – tunnel construction services was mainly resulted from the substantial completion of the tunnel construction works of several major infrastructure projects in Hong Kong. However, the Group has carried out mitigating measures, including but not limited to, actively submitting tenders for and participating in other public non-tunnel construction projects available in the market during the year ended 31 December 2019. Therefore, the Secured Projects Sum was significantly increased to approximately HK$278,151,000.

Due to the delay in sites handover and substantial design changes of several projects, the Group submitted claims to the main contractors and certain variation orders are yet to be certified as at 31 December 2019, which further affected the Group's revenue 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$127,581,000 for the year ended 31 December 2018 to approximately HK$86,572,000 for the year ended 31 December 2019, representing a decrease of approximately HK$41,009,000 or 32.1%. Such decrease was mainly due to (i) a decrease in the construction materials and supplies to approximately HK$23,745,000 (2018: approximately HK$37,694,000); (ii) a decrease in staff costs to approximately HK$39,180,000 for the year ended 31 December 2019 (2018: approximately HK$60,006,000); and (iii) a decrease in the subcontracting charges to approximately HK$11,679,000 (2018: approximately HK$17,698,000).

During the Reporting Period, the Group participated in more structural works and road and drainage projects, which relied heavily on the Group's site labour and construction materials and supplies.

Gross loss and gross loss margin/gross profit and gross profit margin

The gross loss and gross loss margin of the Group for the year ended 31 December 2019 was approximately HK$5,779,000 and 7.2%, respectively (the gross profit and gross profit margin of the Group for the year ended 31 December 2018: approximately HK$13,050,000 and 9.3%, respectively). The reported gross loss and gross loss margin of the Group for the Reporting Period was due to the generally lower profit margins of work performed on non-tunnel construction projects during the Reporting Period. The aforementioned delay in sites handover and substantial design changes and increasing competition in the construction market was due to the limited supply of construction works for subcontractors in 2019, which resulted in lower profit margins for the projects in 2019 and delays in certification of variation orders and claims by main contractors.

Other income

The Group's other income was approximately HK$969,000 for the year ended 31 December 2019 (2018: approximately HK$132,000), which mainly consisted of the sales of surplus materials and the reimbursement from a main contractor.

Administrative expenses

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

The Group's administrative and other expenses decreased from approximately HK$23,893,000 for the year ended 31 December 2018 to approximately HK$23,549,000 for the year ended 31 December 2019, representing a decrease of approximately HK$344,000 or 1.4%. The staff costs and benefits for the year ended 31 December 2019 was approximately HK$7,067,000 (2018: approximately HK$8,069,000), representing a decrease of approximately HK$1,002,000 or 12.4%. The decrease in staff costs and benefits was mainly attributable to the decrease in the Group's administrative headcounts and the staff quarters expenses being classified as the depreciation of the right-of-use assets under HKFRS 16 at 1 January 2019. The Directors' remuneration increased from approximately HK$3,310,000 for the year ended 31 December 2018 to approximately HK$3,414,000 for the year ended 31 December 2019, representing an increase of approximately HK$104,000 or 3.1%. Such increase was due to an increase in the salaries payable to the executive Directors during the Reporting Period. The office expenses decreased from approximately HK$1,717,000 for the year ended 31 December 2018 to approximately HK$631,000 for the year ended 31 December 2019, representing a decrease of approximately HK$1,086,000 or 63.2%. Such decrease was mainly due to the rental of the office premise being classified as the depreciation of the right-of-use assets under HKFRS 16 at 1 January 2019. The professional fees decreased from approximately HK$2,458,000 for the year ended 31 December 2018 to approximately HK$2,017,000 for the year ended 31 December 2019, representing a decrease of approximately HK$441,000 or 17.9%.

Due to the adoption of HKFRS 16, the Group recognised the depreciation of the right-of-use assets of approximately HK$2,331,000 for the year ended 31 December 2019 (2018: nil). Such expenses were previously classified respectively as the rental expense under office expenses, the staff quarters expenses under staff costs and benefits and the depreciation of the office equipment and motor vehicles under the depreciation of property, plant and equipment for the year ended 31 December 2018.

Finance costs

The Group's finance costs increased from approximately HK$89,000 for the year ended 31 December 2018 to approximately HK$127,000 for the year ended 31 December 2019 due to the increase in the interest on the lease liabilities as a result of adoption of HKFRS 16 during the Reporting Period.

Income tax

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

The income tax credit for the year ended 31 December 2019 resulted from the movement of deferred tax during the Reporting Period.

Loss and total comprehensive expenses attributable to the owners of the Company ("Net Loss")

The Group's Net Loss increased from approximately HK$9,859,000 for the year ended 31 December 2018 to approximately HK$28,217,000 for the year ended 31 December 2019, representing an increase of approximately HK$18,358,000. Such increase was mainly due to the decrease in revenue and gross profit during the Reporting Period and the increasing competition in the construction market which resulted in lower profit margins for the projects in 2019 as discussed above.

Dividends

The Board does not recommend the payment of any dividend for the year ended 31 December 2019.

Liquidity, financial resources and funding

As at 31 December 2019, the Group's cash and cash equivalents and pledged bank deposits amounted to approximately HK$17,375,000 (2018: approximately HK$20,089,000) and nil (2018: approximately HK$8,097,000), respectively, which were denominated in Hong Kong dollar. Such decrease was mainly due to the cash outflow for the operating activities during the Reporting Period.

As at 31 December 2019, the Group had the banking facility of 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. The bank borrowing of approximately HK$3,000,000 as at 31 December 2019 was subsequently repaid in January 2020.

As at 31 December 2019, due to the adoption of HKFRS 16, the lease liabilities represented the leases arrangement of the Group's office equipment, leased buildings and motor vehicles amounted to approximately HK$2,052,000.

The Group's gearing ratio, which is calculated by total debts divided by total equity, increased from approximately 7.0% as at 31 December 2018 to approximately 31.3% as at 31 December 2019 due to a decrease in total equity and an increase in total debts during the Reporting Period.

Capital structure

As at 31 December 2018 and 2019, the capital structure of the Company comprised issued share capital and reserves.

Commitments

Save as disclosed in note 13 to the consolidated financial statements, there were no other capital comments as at 31 December 2019.

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 year ended 31 December 2019.

Contingent liabilities

As at 31 December 2019, 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 December 2019, 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 (2018: approximately HK$5,647,000) in relation to three public construction contracts of the Group (2018: two) in the ordinary course of business. The surety bonds as at 31 December 2019 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 years ended 31 December 2018 and 2019, the Group's transactions were mainly denominated in Hong Kong dollar.

Charges on the Group's assets

The Group had placed cash collateral of approximately HK$4,260,000 (2018: approximately HK$560,000) to insurance companies in Hong Kong for the provision of the surety bonds for three of the public construction projects (2018: two). For details of the surety bonds, please refer to the paragraph headed "Contingent liabilities" above. Saved for the foregoing, the Group did not have any charges on its assets.

Information on employees

As at 31 December 2019, the Group had 322 employees which comprises management, technical staff, administration, accounting and human resources staff and workers (2018: 149 employees) in Hong Kong.

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. The total staff costs (included in cost of services and administrative and other expenses) and Directors' remuneration amounted to approximately HK$49,661,000 for the year ended 31 December 2019 (2018: approximately HK$71,385,000). Such decrease was mainly resulted from (i) the decrease in staff costs and benefits in the administrative expenses due to the decrease in the Group's administrative headcounts; and (ii) a decrease in staff costs in the cost of services which was in line with the decrease in revenue during the Reporting Period. Increase in headcounts was due to the increase in the number of workers in the fourth quarter in 2019.

Depending on the nature of works and the need of the projects, the Group will provide training to our employees from time to time. The Group's customers sometimes require the employees to attend their own on-site occupational safety trainings.

Events after the Reporting Period

Save as disclosed in note 14 to the consolidated financial statement, no other event has occurred after 31 December 2019 and up to the date of this announcement which would have material effect on the Group.

OTHER INFORMATION

Corporate governance practices

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company's corporate governance practices are based on the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules. The Shares were listed on GEM of the Stock Exchange on 22 February 2017 (the "**Listing Date**"). The Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this announcement to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

The Company will continue to review and enhance its corporate governance practices from time to time to comply with statutory requirements and regulations.

During the year ended 31 December 2019, the Directors considered that the Company has complied with the CG Code.

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 year ended 31 December 2019.

Purchase, Sales or Redemption of the Company's listed shares

During the Reporting Period, the Company cancelled 5,172,000 Shares and 5,252,000 Shares on 30 January 2019 and 22 July 2019, respectively (the "**Shares Cancellation**"). 368,000 Shares and 10,056,000 Shares in the Shares Cancellation were repurchased on the Stock Exchange during the years ended 31 December 2018 and 2019, respectively (the "**Shares Repurchase**").

Share Cancellation on 30 January 2019:

Month of Share Repurchase	Number of Shares repurchased	Price per Share Highest	Price per Share Lowest	Total price paid (excluding the brokerage fees and other expenses)
		HK$	*HK$*	*HK$*
December 2018	368,000	0.142	0.140	51,856
January 2019	4,804,000	0.149	0.139	687,480
	5,172,000			739,336

Share Cancellation on 22 July 2019:

Month of Share Repurchase	Number of Shares repurchased	Price per Share Highest	Price per Share Lowest	Total price paid (excluding the brokerage fees and other expenses)
		HK$	*HK$*	*HK$*
May 2019	2,800,000	0.139	0.121	378,000
June 2019	1,752,000	0.174	0.141	274,952
July 2019	700,000	0.190	0.188	132,200
	5,252,000			785,152

The Share Repurchase was effected by the Directors, pursuant to the general mandates from the Shareholders granted at the annual general meeting of the Company held on 2 May 2019 and the annual general meeting of the Company held on 3 May 2018, with a view to benefit the Shareholders as a whole by enhancing the net asset value per Share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

Annual general meeting and closure of the register of members

The annual general meeting of the Company will be held on Monday, 29 June 2020 ("**AGM**"). The register of members of the Company will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020 (the "**closure period**"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this closure period, no transfer of the Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 22 June 2020.

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 (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.

Audit committee

The Group has established the audit committee of the Board ("**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 CG Code. The written terms of reference was revised pursuant to a resolution of the Board passed on 25 March 2019. The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control procedures and corporate governance of the Company; (iv) supervising internal control and risk management systems of the Group; and (v) monitoring continuing connected transactions (if any).

The Audit Committee currently consists of all three of our independent non-executive Directors, namely Mr. Lau Chun Fai Douglas, Ir Ng Wai Ming Patrick and Mr. Lam Man Bun Alan and the chairman is Mr. Lau Chun Fai Douglas, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The annual results of the Group for the year ended 31 December 2019 has been reviewed by the Audit Committee.

Scope of work of BDO Limited

The figures in respect of the Group's consolidated statement of the financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

Publication of annual report on the websites of the Company and the Stock Exchange

Pursuant to the requirements of the GEM Listing Rules, the 2019 annual report of the Company will set out all information required by the GEM Listing Rules and will be published on the GEM website at www.hkgem.com and the Company's website at www.gmehk.com on or before 31 March 2020.

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

Hong Kong, 23 March 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 for at least seven days from the date of its posting and on the Company's website at www.gmehk.com.