



# 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

THIRD  
QUARTERLY  
REPORT  
2017

## **CHARACTERISTIC OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “**Directors**”) 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 the 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 report 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 report misleading.*

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## CORPORATE INFORMATION

### Board of Directors

#### ***Executive Directors***

Mr. Chuang Chun Ngok Boris (*Chairman*)  
Mr. Chuang Wei Chu

#### ***Independent non-executive Directors***

Mr. Lam Man Bun Alan  
Mr. Lau Chun Fai Douglas  
Ir Ng Wai Ming Patrick

### Audit Committee

Mr. Lau Chun Fai Douglas (*Chairman*)  
Ir Ng Wai Ming Patrick  
Mr. Lam Man Bun Alan

### Remuneration Committee

Mr. Lam Man Bun Alan (*Chairman*)  
Mr. Lau Chun Fai Douglas  
Ir Ng Wai Ming Patrick  
Mr. Chuang Chun Ngok Boris

### Nomination Committee

Ir Ng Wai Ming Patrick (*Chairman*)  
Mr. Chuang Chun Ngok Boris  
Mr. Lam Man Bun Alan  
Mr. Lau Chun Fai Douglas

### Compliance Officer

Mr. Chuang Chun Ngok Boris

### Company Secretary

Mr. Sze Chun Kit (*HKICPA*)

### Authorised Representatives

Mr. Chuang Chun Ngok Boris  
Mr. Sze Chun Kit

### Registered Office

4th Floor  
Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

### Headquarters and Principal Place of Business in Hong Kong

Room 1001-2, 10/F  
148 Electric Road  
Hong Kong

### Principal Share Registrar and Transfer Office

Harneys Services (Cayman) Limited  
4th Floor  
Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **Auditor**

BDO Limited  
*Certified Public Accountants*  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## **Company Website**

[www.gmehk.com](http://www.gmehk.com)

## **Stock Code**

8188

## **Legal Advisers as to Hong Kong Laws**

Howse Williams Bowers  
27/F Alexandra House  
18 Chater Road  
Central  
Hong Kong

## **Compliance Adviser**

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

## **Principal Bankers**

DBS Bank (Hong Kong) Limited  
G/F  
The Center  
99 Queen's Road Central  
Central  
Hong Kong

Dah Sing Bank, Limited  
36th Floor  
Dah Sing Financial Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

## FINANCIAL HIGHLIGHTS (UNAUDITED)

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 30 September 2017 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2016.

The Group’s revenue increased from approximately HK\$104,892,000 for the nine months ended 30 September 2016 to approximately HK\$109,304,000 for the nine months ended 30 September 2017, representing an increase of approximately HK\$4,412,000 or 4.2%.

The Group’s gross profit decreased from approximately HK\$28,908,000 for the nine months ended 30 September 2016 to approximately HK\$18,602,000 for the nine months ended 30 September 2017, representing a decrease of approximately HK\$10,306,000 or 35.7%.

The Group’s loss and total comprehensive loss for the period (“**Net Loss**”) was approximately HK\$4,594,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: profit and total comprehensive income for the period (“**Net Profit**”) of approximately HK\$10,290,000). The Net Loss was mainly due to the combined effects of (i) the recognition of listing expenses of approximately HK\$6,338,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: approximately HK\$6,671,000); and (ii) other expenses in relation to the listing and resumption of trading in the shares of the Company (the “**Shares**”) of approximately HK\$1,603,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: nil). If these items mentioned above were excluded, the Group would have recorded a Net Profit of approximately HK\$3,347,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: approximately HK\$16,961,000).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2017

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	35,069	49,065	109,304	104,892
Cost of services		(28,404)	(33,445)	(90,702)	(75,984)
Gross profit		6,665	15,620	18,602	28,908
Other income		41	170	258	472
Administrative and other expenses		(4,956)	(4,182)	(22,532)	(15,341)
Finance costs		(7)	(149)	(83)	(392)
(Loss)/profit before income tax expense	5	1,743	11,459	(3,755)	13,647
Income tax expense	6	(259)	(2,024)	(839)	(3,357)
(Loss)/profit and total comprehensive (loss)/income for the period attributable to the owners of the Company		1,484	9,435	(4,594)	10,290
<b>(Loss)/earnings per share</b>					
– Basic and diluted (HK cents)	8	0.3	2.5	(1.0)	2.7

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Attributable to the owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	
<b>For the nine months ended 30 September 2017</b>						
As at 1 January 2017 (Audited)	–*	37,904	90	(36,104)	38,066	39,956
Loss and total comprehensive loss for the period	–	–	–	–	(4,594)	(4,594)
Capitalisation issue of Shares	3,750	(3,750)	–	–	–	–
Issuance of new Shares by placing	1,250	66,250	–	–	–	67,500
Share issuance expenses	–	(7,998)	–	–	–	(7,998)
As at 30 September 2017 (Unaudited)	5,000	92,406	90	(36,104)	33,472	94,864
<b>For the nine months ended 30 September 2016</b>						
As at 1 January 2016 (Audited)	1,800	–	90	–	20,358	22,248
Profit and total comprehensive income for the period	–	–	–	–	10,290	10,290
As at 30 September 2016 (Unaudited)	1,800	–	90	–	30,648	32,538

\* Represented amount less than HK\$1,000.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 30 September 2017*

## 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 of the Company is at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and the principal place of business in Hong Kong of the Company is at Room 1001-2, 10/F, 148 Electric Road, Hong Kong.

The Shares were listed on GEM on 22 February 2017 (the “**Listing Date**”) by way of placing (the “**IPO Placing**”).

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

Pursuant to a group reorganisation (the “**Group Reorganisation**”) carried out by the Group in preparation for the IPO Placing, the Company became the holding company of the subsidiaries which comprised the Group on 17 October 2016. Details of the Group Reorganisation are set out in the section headed “History and Reorganisation” of the prospectus issued by the Company dated 14 February 2017 (the “**Prospectus**”).

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances and does not involve business combination.

Upon the completion of the Group Reorganisation, the Company holds directly or indirectly the entire equity interests of the companies comprising the Group.

Accordingly, the unaudited condensed consolidated statement of comprehensive income of the Group for the three months ended and the nine months ended 30 September 2016 and the unaudited condensed consolidated statement of changes in equity of the Group for the nine months ended 30 September 2016 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout those periods, or since their respective dates of incorporation or establishment of the combining companies, whichever was shorter. All significant intra-group transactions and balances have been eliminated on consolidation.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2017 (the “**Unaudited Condensed Consolidated Financial Statements**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules.

The Unaudited Condensed Consolidated Financial Statements do not include all of the information and disclosures required in the annual consolidated financial statements and hence should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016 (the “**2016 Consolidated Financial Statements**”), which have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the HKICPA and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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 2016 Consolidated Financial Statements.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Board (the "**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.

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 the HKICPA which are effective for the Group's financial year beginning on 1 January 2017. 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. 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.

### *Geographical information*

All of the Group's revenue is derived from Hong Kong, based on the location of the customers, and all of its non-current assets are located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

### 3. SEGMENT INFORMATION (Continued)

#### *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 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Customer B	N/A	29,738	N/A	61,629
Customer C	7,374	17,557	34,662	37,414
Customer K	22,996	–	57,277	–

N/A: Revenue from the customer during the Reporting Period did not exceed 10% of the Group's revenue.

### 4. REVENUE

The Group's revenue represents the amount received and receivable from contract work performed during the Reporting Period.

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of completion of a contract and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed.

## 5. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Auditor's remuneration	109	150	409	450
Listing expenses	–	802	6,338	6,671
(Gain)/loss on disposal of property, plant and equipment	(60)	–	26	48
Depreciation of property, plant and equipment	1,155	649	3,136	1,541
Operating lease rentals in respect of:				
– Land and buildings	423	266	1,329	767
Finance costs:				
– Interest on borrowing wholly repayable within five years	–	–	–	113
– Interest on bank overdrafts	–	143	71	273
– Interest on finance leases	7	6	12	6
Employee benefit expenses, including Directors' remuneration	21,475	24,449	68,269	55,445

## 6. INCOME TAX EXPENSE

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax – Hong Kong profits tax – charge for the Reporting Period	319	2,024	899	3,357
Deferred tax	(60)	–	(60)	–
Income tax expense	259	2,024	839	3,357

Hong Kong profits tax is calculated at 16.5% (for the nine months ended 30 September 2016: 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 nine months ended 30 September 2017 (for the nine months ended 30 September 2016: nil).

## 8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
(Loss)/earnings:				
(Loss)/earnings for the purpose of basic (loss)/earnings per share	1,484	9,435	(4,594)	10,290
	<b>Number of shares '000</b>	Number of shares '000	<b>Number of shares '000</b>	Number of shares '000
Weighted average number of ordinary shares for the purpose of earnings per share (Note)	500,000	375,000	476,190	375,000

Note: The weighted average number of 476,190,000 ordinary shares in issue during the Reporting Period (2016: 375,000,000) on the basis that the 375,000,000 ordinary shares of the Company in issue immediately after the completion of capitalisation issue were deemed to have been issued on 1 January 2016. Details of the capitalisation issue are set out in the section headed "Share capital" of the Prospectus.

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there was no dilutive potential shares for the nine months ended 30 September 2017 and 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is an established subcontractor engaged in civil engineering works operating solely in Hong Kong. The Group is principally engaged in the provision of underground construction services and mainly serves private 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 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 and advanced works) and utility construction and others. We also provide programme design, costing and management for underground construction services and as a result, we work routinely with our key clients in pre-tenders.

Our focus on the development of a complete suite of tunnel construction services since 2014 has laid a solid foundation for the Group’s growth and provides the Group with a strong advantage in securing contracts.

For the nine months ended 30 September 2017, the Group had been engaged in fifteen public sector projects, of which three public sector projects, one public sector project and two public sector projects were newly commenced in the first quarter, second quarter and third quarter of 2017, respectively. During the third quarter of 2017, the Group had secured eight public construction contracts, including one of the construction works at Tseung Kwan O-Lam Tin Tunnel, with the total contract sum of approximately HK\$87,360,000.

## 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's business is subject to the budgeting process on public infrastructure and construction projects of the Hong Kong Government. 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 owing to the decrease in the available funding of 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.

## OUTLOOK OF TUNNEL CONSTRUCTION INDUSTRY IN HONG KONG

The Group will continue to focus on growing its tunnel construction services business, as we expect this to be our major growth driver and sustainable source of long term revenue.

It is expected that the demand for tunnel construction services in Hong Kong will continue to grow in the foreseeable future. The growth in tunnel construction industry will mainly be supported by several major transport infrastructure projects including Tseung Kwan O-Lam Tin Tunnel and Central Kowloon Route. In accordance with the Chief Executive's 2017 Policy Address issued by the Hong Kong Government, the Tseung Kwan O-Lam Tin Tunnel is expected to be completed in 2021. In respect of the Central Kowloon Route, the Legislative Council of the Hong Kong Special Administrative Region (the "Legco") had approved the funding of approximately HK\$42.3 billion for the construction on 20 October 2017. Despite the significant delay on the commencement of this project, the Central Kowloon Route is expected to come on stream in early 2018 and is expected to be completed in 2025. These major transport infrastructure projects will provide further support to the demand for Hong Kong's tunnel construction industry.

The above-mentioned delay on these tunnel projects has affected their tendering schedules for tunnel construction projects and affected our opportunity to participate in them. In view of this, the Group has carried out mitigating measures by actively submitting tenders for other public non-tunnel construction projects available in the market. The Directors anticipate that the construction work of the newly awarded contracts in the third quarter of 2017 will commence in late 2017 and 2018. Therefore, the period to period performance of the Group may vary and subject to change by the factors as set out in the section headed “Risk factors” of the Prospectus.

With the approval of funding for Central Kowloon Route in October 2017 as mentioned above, the Directors are hopeful that the tendering schedules of tunnel construction projects will resume to normal, and that the Group can capitalise on such demand, the absence of which had previously affected our opportunity to participate in them, and thus the Group’s financial performance for the nine months ended 30 September 2017.

The construction industry is meanwhile facing challenges of increase in construction costs and labour shortage in recent years. According to the information provided by Hong Kong Construction Industry Employees General Union, the salaries of Hong Kong’s construction workers will increase with an average of 7.8% in November 2017. Albeit these challenges, the Directors remain confident in the growth potential of the underground construction services business.

## **FINANCIAL REVIEW**

### ***Revenue***

The Group’s revenue increased from approximately HK\$104,892,000 for the nine months ended 30 September 2016 to approximately HK\$109,304,000 for the nine months ended 30 September 2017, representing an increase of approximately HK\$4,412,000 or 4.2%. The increase in the revenue was mainly attributable to an increase in revenue generated from our public sector projects – tunnel construction services from approximately HK\$97,005,000 for the nine months ended 30 September 2016 to approximately HK\$100,208,000 for the nine months ended 30 September 2017, representing an increase of approximately HK\$3,203,000 or 3.3%.

### ***Cost of services***

The Group’s cost of services mainly consisted of (i) staff costs; (ii) rental of plant and machinery; (iii) construction materials and supplies; (iv) depreciation charges; (v) subcontracting charges; and (vi) other expenses.

The Group's cost of services increased from approximately HK\$75,984,000 for the nine months ended 30 September 2016 to approximately HK\$90,702,000 for the nine months ended 30 September 2017, representing an increase of approximately HK\$14,718,000 or 19.4%. Such increase was mainly due to an increase in our staff costs from approximately HK\$50,370,000 for the nine months ended 30 September 2016 to approximately HK\$61,511,000 for the nine months ended 30 September 2017, which was contributed by the additional labour hired and wages increment in the market during the Reporting Period. The costs of construction materials and supplies were approximately HK\$14,705,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: approximately HK\$12,585,000), representing an increase of approximately HK\$2,120,000 or 16.8%. The increase was mainly due to an increase in the need to purchase construction materials and supplies, and contra-charge for a public non-tunnel construction project which commenced in July 2016 during the Reporting Period. In general, our purchase of construction materials and supplies depends on the terms of our contracts, which may vary on a project-by-project basis. Due to the nature of the existing projects which relied heavily on plant and equipment, the Group recorded depreciation charges of approximately HK\$2,881,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: approximately HK\$1,410,000), representing an increase of approximately HK\$1,471,000 or 104.3%.

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

The Group's gross profit decreased from approximately HK\$28,908,000 for the nine months ended 30 September 2016 to approximately HK\$18,602,000 for the nine months ended 30 September 2017, representing a decrease of approximately HK\$10,306,000 or 35.7%. A relatively higher gross profit margin of approximately 27.6% was recorded for the nine months ended 30 September 2016 as compared to the gross profit margin of approximately 17.0% for the nine months ended 30 September 2017. Such decrease in gross profit margin was mainly attributable to the increase in operating expenses incurred during the Reporting Period in order to meet additional requirements, including additional labour and variation orders of certain tunnel construction projects, recovery of which is in progress. Additionally, a relatively high gross profit margin (approximately 43.4% for the nine months ended 30 September 2016) of a tunnel construction project which commenced in October 2015 was subsequently completed in January 2017. The revenue from this project, which amounted to approximately HK\$34,504,000, was recognised during the nine months ended 30 September 2016. The completion of this project, coupled with the tunnel construction projects the Group participated in involving structural works which generally have a lower gross profit margin, have contributed to the decrease in the gross profit margin for the nine months ended 30 September 2017 as compared to that for the nine months ended 30 September 2016.

### ***Other income***

The Group's other income mainly consisted of the income received from the rental of our machinery.

### ***Administrative and other expenses***

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

The Group's administrative and other expenses increased from approximately HK\$15,341,000 for the nine months ended 30 September 2016 to approximately HK\$22,532,000 for the nine months ended 30 September 2017, representing an increase of approximately HK\$7,191,000 or 46.9%. The increase was mainly attributable to the professional fees incurred in relation to the continuous compliance with the GEM Listing Rules, which was approximately HK\$1,320,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: nil). Besides, the staff costs and benefits increased from approximately HK\$3,621,000 for the nine months ended 30 September 2016 to approximately HK\$4,579,000 for the nine months ended 30 September 2017, representing an increase of approximately HK\$958,000 or 26.5%. The increase in staff costs and benefit was mainly attributable to salary increment and increase in administrative headcounts which is in line with the Group's business expansion and revenue growth. Our Directors' remuneration increased from approximately HK\$1,454,000 for the nine months ended 30 September 2016 to approximately HK\$2,179,000 for the nine months ended 30 September 2017, representing an increase of approximately HK\$725,000 or 49.9%, due to the additional Directors' fee payable by the Company since the Listing Date. The listing expenses were approximately HK\$6,338,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: approximately HK\$6,671,000). Other expenses in relation to the listing and resumption of trading in the Shares were approximately HK\$1,603,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: nil). Please refer to the section headed "Background of the trading suspension in the Shares, the tender placing and resumption of trading in the Shares" of this report for information regarding the resumption of trading in the Shares.

### ***Finance costs***

The Group's finance costs mainly comprised (i) interest expenses on bank overdrafts; and (ii) finance costs of the obligations under finance leases.

The Group's finance costs decreased from approximately HK\$392,000 for the nine months ended 30 September 2016 to approximately HK\$83,000 for the nine months ended 30 September 2017. The decrease in finance costs was mainly attributable to the decrease in interest expense on bank overdrafts, which was fully repaid after the Listing Date.

### ***Income tax expense***

The Group generated income only in Hong Kong and was subject only to Hong Kong profits tax. The income tax expense was provided at the rate of 16.5% on the Group's assessable profits for the nine months ended 30 September 2017 and 2016. The income tax expense for the nine months ended 30 September 2017 was approximately HK\$839,000 (for the nine months ended 30 September 2016: approximately HK\$3,357,000). Such decrease was consistent with the decrease in the Group's assessable profits during the Reporting Period.

### ***Net Loss/Net Profit***

The Group recorded the Net Loss of approximately HK\$4,594,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: Net Profit of approximately HK\$10,290,000). The Net Loss was mainly due to the combined effects of (i) the recognition of listing expenses of approximately HK\$6,338,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: approximately HK\$6,671,000); and (ii) other expenses in relation to the listing and resumption of trading in the Shares of approximately HK\$1,603,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: nil). If these items mentioned above were excluded, the Group would have recorded a Net Profit of approximately HK\$3,347,000 for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: Net Profit of approximately HK\$16,961,000).

### ***Dividend***

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: nil).

### ***Contingent liabilities***

The Group had no material contingent liabilities as at 30 September 2017.

### ***Foreign currency exposure***

The Group's reporting currency is Hong Kong dollar. During the nine months ended 30 September 2017 and 2016, the Group's transactions were denominated in Hong Kong dollar. The Group had no material exposure to foreign currency risk.

### ***Event after the Reporting Period***

There is no significant event of the Group subsequent to 30 September 2017 which would materially affect the Group's operating and financial performance.

## USE OF NET PROCEEDS FROM THE IPO PLACING

The net proceeds received by the Company from the IPO Placing, after deducting underwriting fees and other expenses, were approximately HK\$45.9 million, which has been/will be deployed as to:

- (i) HK\$16.9 million for machinery purchase;
- (ii) HK\$12.7 million for additional prospective and/or experienced employees recruitment for our projects;
- (iii) HK\$9.5 million for repayment of overdraft facilities from a bank;
- (iv) HK\$1.3 million for our newly leased office rental expenses;
- (v) HK\$1.2 million for the new office space refurbishment and decoration;
- (vi) HK\$1.3 million for information technology and project management systems upgrade; and
- (vii) HK\$3.0 million for the funding of the working capital and general corporate purposes of the Group

As at 30 September 2017, the net proceeds had been utilised as follows:

	<b>Actual net proceeds</b> HK\$ million	<b>Amount utilised as at 30 September 2017</b> HK\$ million	<b>Balance</b> HK\$ million
Machinery purchase	16.9	–	16.9
Additional prospective and/or experienced employees recruitment for our projects	12.7	2.6	10.1
Repayment of overdraft facilities from a bank	9.5	9.5	–
Newly leased office rental expense	1.3	0.8	0.5
New office space refurbishment and decoration	1.2	0.1	1.1
Information technology and project management systems upgrade	1.3	0.1	1.2
Working capital and general corporate purposes	3.0	2.0	1.0
<b>Total</b>	<b>45.9</b>	<b>15.1</b>	<b>30.8</b>

Since the agenda and approval of certain public infrastructure projects from the Hong Kong Government has recently been postponed at the Legco, the Directors are of the view that the subcontractors tendering period will also be postponed accordingly. Therefore, the Group will postpone the purchases of certain machinery for site operations to a later date when there is more certainty in the need of machinery after the public infrastructure projects are approved, as set out in the section headed “Future plan and use of proceeds” in the Prospectus.

## OTHER INFORMATION

### Background of the trading suspension in the Shares, the vendor placing and resumption of trading in the Shares

The Company was notified by the Securities and Futures Commission (the “**Commission**”) through a letter on 22 February 2017 that given the activity in the Shares in the morning session on 22 February 2017 and the significant increase in the price of the Shares, it appeared to the Commission that there may not be an open market in the trading of the Shares. Accordingly, the Commission directed the Stock Exchange to suspend all dealings in the Shares with effect from 1:00 p.m. on 22 February 2017.

To address the concerns of the Commission and with a view to resuming trading of the Shares as soon as practicable, the controlling shareholders of the Company (the “**Controlling Shareholders**”) entered into a placing agreement with two independent placing agents, pursuant to which the placing agents would on a best-effort basis, place 25,000,000 existing Shares held by the Controlling Shareholders, to not less than 150 independent placees at HK\$0.54 per Share (the “**Vendor Placing**”).

The Commission informed the Company on 24 March 2017 that it has decided to give notice to the Stock Exchange under Rule 9(3)(c) of the Securities and Futures (Stock Market Listing) Rules (Cap. 571V of the Laws of Hong Kong) permitting dealings in the Shares to recommence with effect on 28 March 2017. The Vendor Placing had subsequently been completed on 27 March 2017.

For details of the suspension of trading in the Shares, the Vendor Placing and resumption of trading in the Shares, please refer to the announcements of the Company dated 22 February 2017 regarding the suspension of trading and Share price movement, 15 March 2017 regarding update on financial information, 15 March 2017 regarding proposal for resumption of trading in the Shares, 15 March 2017 regarding update on the Vendor Placing, 23 March 2017 regarding update on the Vendor Placing, 27 March 2017 regarding the approval and waiver in relation to the Vendor Placing and resumption of trading in the Shares and 27 March 2017 regarding completion of the Vendor Placing and resumption of trading in the Shares.

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

As at 30 September 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long Position in the Shares

Name of Directors	Notes	Directly beneficially owned	Interest of spouse	Acting in concert	Percentage of Company's issued shares capital	
					Total	shares capital
Mr. Chuang Chun Ngok Boris	(a)	103,000,000	–	172,000,000	275,000,000	55.0%
Mr. Chuang Wei Chu	(b)	103,000,000	34,500,000	137,500,000	275,000,000	55.0%

Notes:

- (a) Mr. Chuang Chun Ngok Boris (i) personally holds 103,000,000 Shares; and (ii) is a party to the acting in concert deed dated 21 March 2016 entered into by the Controlling Shareholders (the "Acting in Concert Deed") pursuant to which each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Chun Ngok Boris is therefore deemed to be interested in the Shares held by Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Chun Ngok Boris is the son of Mr. Chuang Wei Chu and Ms. To Yin Ping and the brother of Ms. Chuang Yau Ka.

- (b) Mr. Chuang Wei Chu (i) personally holds 103,000,000 Shares; (ii) is the spouse of Ms. To Yin Ping, who personally holds 34,500,000 Shares and is deemed to be interested in the Shares personally interested by Ms. To Yin Ping; and (iii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Wei Chu is therefore deemed to be interested in the Shares held by Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Wei Chu is the father of Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka.

As at 30 September 2017, none of the Directors and chief executives of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Saved as disclosed above, as at 30 September 2017, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares or Underlying Shares

As at 30 September 2017, so far as is known to the Directors, the following persons' interests and short positions of the shares 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 the Shares*

Name of shareholders	Notes	Nature of interest	Percentage of Company's issued shares capital	
			Total	shares capital
Ms. To Yin Ping	(a)	Beneficial owner, interest held jointly with another person and interest of spouse	275,000,000	55.0%
Ms. Chuang Yau Ka	(b)	Beneficial owner and interest held jointly with another person	275,000,000	55.0%
Mr. Ng Kwok Lun		Beneficial owner	37,500,000	7.5%

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 a 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 a unanimous manner. Ms. Chuang Yau Ka is therefore deemed to be interested in the Shares held by Mr. Chuang Wei Chu, Ms. To Yin Ping and Mr. Chuang Chun Ngok Boris respectively under the SFO. Each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Ms. Chuang Yau Ka is the daughter of Mr. Chuang Wei Chu and Ms. To Yin Ping and the sister of Mr. Chuang Chun Ngok Boris.

Save as disclosed above, as at 30 September 2017, 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 to 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 is Mr. Lau Chun Fai Douglas.

The Unaudited Condensed Consolidated Financial Statements had been reviewed by the Audit Committee, which was of the opinion that the Unaudited Condensed Consolidated Financial Statements have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

## **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 up to the date of this report (the "**Relevant Period**").

## Competing Interests

As far as the Directors are aware of, during the nine months ended 30 September 2017, none of the Directors and their respective associates (as defined in the GEM Listing Rules) or the controlling shareholders (as defined in the GEM Listing Rules) have any interests in a business which competed or may compete (directly or indirectly) with the business of the Group.

## Interest of the Compliance Adviser

During the Relevant Period, except for (i) the participation of Altus Capital Limited (“**Altus**”) as the sponsor in relation to the IPO Placing; (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.

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

Hong Kong, 8 November 2017

*As at the date of this report, 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.*