



GME Group Holdings Limited

駿傑集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8188)

INTERIM REPORT /

2023

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*This report, 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 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*)
Mr. Lam Man Bun Alan
Ir Ng Wai Ming Patrick

Remuneration Committee

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

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 Kevin Chun Kit HKFCG FCPA
E-mail: companysecretary@gmehk.com
Fax: +852 3105 1881

Authorised Representatives

Mr. Chuang Chun Ngok Boris
Mr. Sze Kevin Chun Kit

Registered Office

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Cayman Islands

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Principal Share Registrar and Transfer Office

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Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Auditor

BDO Limited
Registered Public Interest Entity Auditor
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111 Connaught Road Central
Hong Kong

Legal Advisers as to Hong Kong Laws

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

Compliance Adviser

Altus Capital Limited
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Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited

Citibank, N.A., Hong Kong Branch

Dah Sing Bank, Limited

DBS Bank (Hong Kong) Limited

Company Website

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Stock Code

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FINANCIAL HIGHLIGHTS (UNAUDITED)

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2022.

The Group’s revenue increased from approximately HK\$215,796,000 for the six months ended 30 June 2022 to approximately HK\$230,283,000 for the six months ended 30 June 2023, representing an increase of approximately HK\$14,487,000 or 6.7%. Such increase in revenue for the Reporting Period was due to an increase in revenue generated from public sector projects – utility construction services and others from approximately HK\$106,112,000 for the six months ended 30 June 2022 to approximately HK\$153,243,000 for the six months ended 30 June 2023, which was mainly attributable to the gearing up of the construction works in Tung Chung East during the Reporting Period.

The gross profit and gross profit margin of the Group for the six months ended 30 June 2023 was approximately HK\$18,269,000 and 7.9%, respectively (for the six months ended 30 June 2022: approximately HK\$17,179,000 and 8.0%, respectively).

The Group’s other income decreased from approximately HK\$8,552,000 for the six months ended 30 June 2022 to approximately HK\$22,000 for the six months ended 30 June 2023, representing a decrease of approximately HK\$8,530,000. Such decrease was mainly attributable (i) the government grants of approximately HK\$6,116,000 from the Employment Support Scheme (“**ESS**”) under the Anti-epidemic Fund launched by the Government of Hong Kong Special Administrative Region (the “**Hong Kong Government**”) to Good Mind Engineering Limited (“**GMEHK**”), an indirect wholly owned subsidiary of the Company; and (ii) reimbursement from main contractors of approximately HK\$1,269,000 during the six months ended 30 June 2022.

The Group’s profit and total comprehensive income for the period attributable to the owners of the Company (“**Net Profit**”) for the six months ended 30 June 2023 was approximately HK\$4,176,000 (for the six months ended 30 June 2022: approximately HK\$13,436,000), representing a decrease of approximately HK\$9,260,000. Such significant decrease was in line with the decrease in other income during the Reporting Period as discussed above.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	137,654	114,505	230,283	215,796
Cost of services		(127,710)	(106,023)	(212,014)	(198,617)
Gross profit		9,944	8,482	18,269	17,179
Other income	5	3	8,337	22	8,552
Administrative expenses		(6,614)	(6,701)	(12,993)	(12,115)
Finance costs		(909)	(278)	(1,571)	(499)
Profit before income tax	6	2,424	9,840	3,727	13,117
Income tax	7	549	200	448	318
Profit for the period		2,973	10,040	4,175	13,435
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		2,973	10,040	4,176	13,436
Non-controlling interests		-	-	(1)	(1)
		2,973	10,040	4,175	13,435
Earnings per share					
– Basic and diluted (HK cents)	9	0.61	2.06	0.86	2.75

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	17,190	13,744
Deferred tax assets		1,075	627
		18,265	14,371
Current assets			
Contract assets	11	91,899	83,782
Trade and other receivables	12	71,964	44,958
Amount due from a minority shareholder of a subsidiary		400	400
Pledged bank deposits	13	3,004	2,004
Cash at bank and in hand	13	9,169	11,431
		176,436	142,575
Current liabilities			
Trade and other payables	14	38,560	36,045
Bank borrowings, secured	15	65,996	40,000
Amount due to a Director	16	10,000	10,000
Lease liabilities		4,301	779
		118,857	86,824
Net current assets			
		57,579	55,751
Total assets less current liabilities			
		75,844	70,122
Non-current liabilities			
Lease liabilities		2,073	526
		2,073	526
NET ASSETS			
		73,771	69,596

		As at 30 June 2023	As at 31 December 2022
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	4,878	4,878
Reserves		68,506	64,330
		73,384	69,208
Non-controlling interests		387	388
TOTAL EQUITY		73,771	69,596

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to the owners of the Company						Non-controlling interests HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Capital reserve HK\$'000 (unaudited)	Other reserve HK\$'000 (unaudited)	Retained earnings HK\$'000 (unaudited)	Total HK\$'000 (unaudited)		
For the six months ended 30 June 2023								
As at 1 January 2023	4,878	90,753	90	(36,104)	9,591	69,208	388	69,596
Profit for the period	-	-	-	-	4,176	4,176	(1)	4,175
As at 30 June 2023	4,878	90,753	90	(36,104)	13,767	73,384	387	73,771
For the six months ended 30 June 2022								
As at 1 January 2022	4,878	90,753	90	(36,104)	3,787	63,404	390	63,794
Profit for the period	-	-	-	-	13,436	13,436	(1)	13,435
As at 30 June 2022	4,878	90,753	90	(36,104)	17,223	76,840	389	77,229

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	3,727	13,117
Adjustments for:		
Depreciation of property, plant and equipment	5,001	4,651
Finance costs	1,571	74
Loss on disposal of property, plant and equipment	12	–
Operating profit before working capital changes	10,311	17,842
Increase in contract assets	(8,117)	(4,901)
Increase in trade and other receivables	(27,006)	(17,507)
Increase/(decrease) in trade and other payables	2,366	(17,162)
Net cash used in operating activities	(22,446)	(21,728)
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,954)	(467)
Proceeds from sales of property, plant and equipment	15	–
Net cash used in investing activities	(1,939)	(467)

	Six months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Repayment of bank borrowings	(40,000)	(17,000)
Proceeds from bank borrowings	65,996	30,000
Repayment of principal portion of lease liabilities	(1,435)	(1,551)
Increase in amount due to a Director	–	19,900
Increase in pledged bank deposits	(1,438)	(2,000)
Net cash generated from financing activities	22,123	29,349
Net (decrease)/increase in cash and cash equivalents	(2,262)	7,154
Cash and cash equivalents at beginning of the period	11,431	5,430
Cash and cash equivalents at end of the period	9,169	12,584

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION

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

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

Mr. Chuang Wei Chu and Mr. Chuang Chun Ngok Boris, both of whom are also executive Directors, and their family members, Ms. To Yin Ping (the spouse of Mr. Chuang Wei Chu) and Ms. Chuang Yau Ka, entered into an acting in concert deed dated 21 March 2016 (the “**Acting in Concert Deed**”) as the controlling shareholders of the Company (the “**Controlling Shareholders**”). The Controlling Shareholders have agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any shareholders’ meeting of the Company in an unanimous manner. 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 of the Company (“**Shares**”, each a “**Share**”) held by them in aggregate by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**Unaudited Condensed Consolidated Financial Statements**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosures required by the GEM Listing Rules.

The Unaudited Condensed Consolidated Financial Statements do not include all of the information and disclosures required in the annual consolidated financial statements and hence should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Consolidated Financial Statements**”), which have been prepared in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

2. BASIS OF PREPARATION AND PRINCIPAL 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 ("**Audit Committee**").

The Unaudited Condensed Consolidated Financial Statements have been prepared under the historical cost basis.

The Unaudited Condensed Consolidated Financial Statements are presented in Hong Kong Dollars ("**HK\$**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

The accounting policies applied and the method of computation used in the preparation of the Unaudited Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of the 2022 Consolidated Financial Statements.

For the purpose of preparing and presenting the financial information of the Unaudited Condensed Consolidated Financial Statements, the Group has consistently adopted HKFRSs issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2023. The Group has not early applied the new and revised HKFRSs that have been issued by HKICPA but are yet to be effective.

3. SEGMENT INFORMATION

Operating segments

The Group was principally engaged in the provision of underground construction services in Hong Kong. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

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.

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 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer B	N/A	31,661	N/A	50,903
Customer C	29,088	20,631	56,786	30,829
Customer L	N/A	30,998	N/A	50,240
Customer M	89,353	N/A	132,136	N/A
Customer S	N/A	24,992	N/A	54,927

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

4. REVENUE

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

5. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest Income	3	-	4	-
Government grants (Note)	-	6,116	-	6,116
Sales of surplus materials	-	163	-	163
Reimbursement from main contractors	-	1,269	-	1,269
Rental income	-	337	-	337
Sundry income	-	452	18	667
	3	8,337	22	8,552

Note:

The government grants were received by GMEHK, an indirect wholly-owned subsidiary of the Company, from the ESS in 2022 and 2020 under the Anti-epidemic Fund launched by the Hong Kong Government, which were used to support the payroll of GMEHK's employees. Under the ESS, GMEHK is required to utilise these grants on payroll expenses, and not to reduce the employee headcount below certain prescribed level for a specified period of time. GMEHK does not have other unfulfilled obligations relating to this programme.

6. PROFIT BEFORE INCOME TAX

Profit before income tax expense is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Included in cost of services:				
– Subcontracting costs	6,116	9,939	10,878	18,062
– Construction materials and supplies	54,457	15,193	83,507	28,471
Auditor's remuneration	171	150	342	300
Depreciation charges:				
– Owned property, plant and equipment	1,709	1,568	3,527	3,237
– Right-of-use-assets included within				
– Leased properties	614	499	718	932
– Office equipment	3	3	7	7
– Plant and machinery	425	187	609	372
– Motor vehicles	70	56	140	103
Consultancy fees	732	633	1,682	1,392
Lease payment not included in the measurement of lease liabilities:				
– Leased properties (included in cost of services and administrative expenses)	108	108	216	216
– Short-term leases of plant and machinery (included in cost of services)	9,049	11,602	12,509	21,605
Finance costs:				
– Interest on bank borrowings	805	241	1,438	425
– Interest on lease liabilities	104	37	133	74
Employee benefit expenses, including Directors' remuneration	56,078	68,929	101,314	129,535

7. INCOME TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – Hong Kong profits tax – charge for the Reporting Period	-	-	-	-
Deferred tax	(549)	(200)	(448)	(318)
Income tax expense/(credit)	(549)	(200)	(448)	(318)

Hong Kong profits tax is calculated at 16.5% (for the six months ended 30 June 2022: 16.5%) of the estimated assessable profits during the Reporting Period.

8. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per Share attributable to the ordinary equity holders of the Group is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Earnings:				
Earnings for the purpose of basic earnings per Share	2,973	10,940	4,176	13,436
	Number of Shares '000	Number of Shares '000	Number of Shares '000	Number of Shares '000
Weighted average number of ordinary Shares for the purpose of earnings per Share (Note)	487,808	487,808	487,808	487,808

Note:

Diluted earnings per Share is same as basic earnings per Share as there was no dilutive potential Shares for the six months ended 30 June 2023 and 2022.

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired the property, plant and equipment of approximately HK\$1,954,000 (during the six months ended 30 June 2022: approximately HK\$467,000) and right-of-uses of a leased building and motor vehicles of total amount of approximately HK\$6,520,000 (during the six months ended 30 June 2022: approximately HK\$1,064,000).

11. CONTRACT ASSETS

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Contract assets arising from:		
Construction services		
– Unbilled revenue	25,909	27,200
– Retention receivables from contracts with customers within the scope of HKFRS 15	66,200	56,792
	92,109	83,992
Less: impairment loss	(210)	(210)
	91,899	83,782

The contract assets primarily relate to the Group's right to consideration for construction works completed but not yet billed to customers, and the retention receivables at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional, that is when the Group issues progress billings to customer based on the progress certificate agreed with customer or when the retention receivables become unconditional.

Included within contract assets is an amount of approximately HK\$66,200,000 (as at 31 December 2022: HK\$56,792,000) which relates to amounts withheld (up to 5% – 10% (as at 31 December 2022: 5% – 10%) of the contract sum) under contractual terms from trade receivables from customers as the construction work progresses. The monies are generally released from the customers upon the certification of completion of work and/or finalisation of contract accounts, which is typically 12 to 24 months after the physical completion of the project. As these amounts are expected to be realised in the normal operating cycle, they are classified as current assets.

11. CONTRACT ASSETS (Continued)

The expected timing of recovery or settlement for contract assets is as follows:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Within one year	55,178	56,061
More than one year and less than five years	36,721	27,721
Total contract assets	91,899	83,782

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (“**ECLs**”). The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern, i.e. under “current – not yet due”. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s contract assets using the provision matrix:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
At beginning of period/year	210	448
Impairment loss recognised	–	41
Reversal of impairment loss	–	(279)
	–	(238)
At end of period/year	210	210

11. CONTRACT ASSETS (Continued)

	As at 30 June 2023 % (Unaudited)	As at 31 December 2022 % (Audited)
Expected credit losses rate	0.22	0.25

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Gross carrying amount	92,109	83,992
Expected credit losses	210	210

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Trade receivables (Note (a))	63,627	36,807
Less: impairment loss	(629)	(629)
	62,998	36,178
Prepayments, deposits and other receivables (Note (b))	9,316	9,130
Less: impairment loss	(350)	(350)
	8,966	8,780
	71,964	44,958

12. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

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

The following is an analysis of trade receivables by age, presented based on invoice dates and net of loss allowance.

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Less than 1 month	35,359	26,591
1 to 3 months	27,639	9,587
More than 3 months but less than one year	–	–
	62,998	36,178

- (b) Prepayments, deposits and other receivables as at 30 June 2023 and 31 December 2022 were neither past due nor impaired. Financial assets included in these balances are non-interest bearing and relate to receivables for which there was no recent history of default.

13. CASH AT BANK AND IN HAND AND PLEDGED BANK DEPOSITS

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Cash at bank and in hand	9,169	11,431
Pledged bank deposits	3,004	2,004
	12,173	13,435
Less: pledged bank deposits	(3,004)	(2,004)
Cash and cash equivalents	9,169	11,431

Cash and cash equivalents of the Group represent cash at banks and in hand.

The effective interest rate of pledged bank deposits was ranged from 0.5% per annum to 0.8% per annum during the Reporting Period.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Trade payables (Note (a))	17,017	17,376
Other payables and accruals (Note (b))	21,543	18,669
	38,560	36,045

14. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) An ageing analysis of trade payables, based on invoice dates, is as follows:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Current or less than 1 month	6,223	4,721
1 to 3 months	8,375	6,870
More than 3 months but less than one year	2,301	5,667
More than one year	118	118
	17,017	17,376

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

- (b) Other payables are non-interest bearing and have average payment terms of one to three months.

15. BANK BORROWINGS, SECURED

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Bank borrowings, secured and repayable within the year or on demand	65,996	40,000

The bank borrowings represent; (i) revolving term loans of HK\$48,000,000 (as at 31 December 2022: HK\$18,000,000), which bear interest rates at 1% per annum below Hong Kong Prime Rate (as at 31 December 2022: 1% per annum below Hong Kong Prime Rate); (ii) a revolving term loan of HK\$6,000,000 (as at 31 December 2022: nil) at the interest rate of 3.5% per annum over the HIBOR; and (iii) and the export invoices discounting of HK\$11,996,000 (as at 31 December 2022: HK\$12,000,000), which bear an interest rate at 3.0% per annum over HIBOR (as at 31 December 2022: 3.5% per annum over HIBOR).

16. AMOUNT DUE TO A DIRECTOR

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Mr. Chuang Chun Ngok Boris (Note)	10,000	10,000

Note:

The amount due to a Director is unsecured, interest-free and repayable on demand.

17. SHARE CAPITAL

	The Company	
	Number of Shares	Amount HK\$'000
Authorised: Ordinary share of HK\$0.01 each As at 31 December 2022 (audited), 1 January 2023 (unaudited) and 30 June 2023 (unaudited)	2,000,000,000	20,000
Issued and fully paid: Ordinary share of HK\$0.01 each As at 31 December 2022 (audited), 1 January 2023 (unaudited) and 30 June 2023 (unaudited)	487,808,000	4,878

18. CONTINGENT LIABILITIES

(a) Contingent liabilities in respect of legal claims

As at 30 June 2023, 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. It is anticipated 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. No provision for the contingent liabilities in respect of these claims is necessary.

18. CONTINGENT LIABILITIES (Continued)

(b) *Guarantee issued*

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

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
A surety bond issued in favour of a customer (Note)	–	7,889
	–	7,889

Note:

As at 31 December 2022, a surety bond at an amount of approximately HK\$7,889,000 was given by an insurance company in favour of a Group's customer as security for the due performance and observance of the Group's obligations under a subcontract entered into between the Group and its customer. Subsequently, this surety bond was released upon completion of the subcontract works for the customer on 10 February 2023.

19. RELATED PARTY TRANSACTIONS

(a) Transactions

The Group did not have any related party transactions during the Reporting Period (during the six months ended 30 June 2022: nil).

(b) Key management personnel compensation

The key management personnel of the Group are the Directors. Details of the remuneration paid to them during the Reporting Period are as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Fees	300	300	600	600
Salaries and benefits	504	504	1,008	1,008
Pension scheme contributions	7	7	15	15
	811	811	1,623	1,623

20. CAPITAL COMMITMENTS

As at 30 June 2023, the capital commitments of the Group for the acquisition of property, plant and equipment were approximately HK\$4,371,000 (as at 31 December 2022: approximately HK\$2,386,000).

21. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Unaudited Condensed Consolidated Financial Statements were approved and authorised for issue by the Board on 8 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established subcontractor engaged in civil engineering works and operating solely in Hong Kong. GMEHK, an indirect wholly-owned subsidiary of the Company, is a Group 2 Registered Specialist Trade Contractor with various trades qualification under the Construction Industry Council. 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 Hong Kong Government, its statutory bodies or statutory corporations. The Group has also been involved in some private sector projects, which have covered all other types of engagements.

The Group provides underground construction services, in particular, tunnel construction services (including excavation, shotcreting, shutter design and fabrication, tunnel lining services, shafts, advanced and structural works) and utility construction (mainly the construction and refurbishment of underground public utility works such as road and drainage works) and others (mainly structural works related to tunnel construction and construction of service buildings and support structure for the public). 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 for various underground construction projects.

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 utilities construction services and other projects such as earthworks, bridge works and construction of buildings. 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 report, the Group had submitted certain number of tenders to main contractors, the results of which were still pending.

During the six months ended 30 June 2023, the Group had secured two public construction projects and five private sector projects with the aggregate secured contract sum and variation orders of approximately HK\$22,091,000 and approximately HK\$26,583,000, respectively (the **"Newly Awarded Contracts"**).

During the six months ended 30 June 2023, the Group had been engaged in 32 public sector projects (during the six months ended 30 June 2022: 38) and five private sector projects (during the six months ended 30 June 2022: three), including the Newly Awarded Contracts commenced in 2023. Please refer to the subsection headed "Financial Review" below for the analysis on the Group's revenue. The total backlog of the Newly Awarded Contracts and contracts carried over from 2022 to be recognised as revenue after 30 June 2023 was approximately HK\$856,351,000.

To maintain consistent quality services for all customers, the Group has established a formal quality management system which is certified to be in compliance with the requirements of ISO 9001:2015. The Group has in-house quality assurance requirements specifying, amongst other things, specific work procedures for performing various types of works, responsibilities of personnel of different levels, and accident reporting. Compliance with these quality assurance requirements is mandatory for all workers of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Group operates solely in Hong Kong and derived all its income in Hong Kong during the Reporting Period. Accordingly, the Group's business, financial results and prospects are affected by policies of the Hong Kong Government, political environment, economic and legal development in Hong Kong. The budgeting and funding approval process on public infrastructure and construction projects may be lengthened and the expected timetable of projects may be delayed. The Hong Kong Government's policy and public spending patterns on the civil engineering construction industry may also affect the availability of construction projects in Hong Kong.

The Group's historical results may not be indicative of its future performance, which may vary from period to period in response to a variety of factors beyond the Group's control, including general economic conditions, regulations pertaining to the underground construction industry in Hong Kong and the ability to secure new business in the future. Besides, adverse weather conditions, natural disasters, potential wars, terrorist attacks, riots, epidemics, pandemics and other disasters which are beyond the Group's control.

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 the Three-runway System of the Hong Kong International Airport 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 a long term and sustainable source of revenue. The growth in tunnel construction industry will mainly be supported by several major infrastructure projects including Central Kowloon Route, Sha Tin Cavern Tunnel, Diamond Hill Cavern Tunnel, Cha Kwo Ling Tunnel and the Three-runway System of the Hong Kong International Airport.

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

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

The Airport Authority Hong Kong has awarded several major construction contracts to the main contractors, which includes: (i) tunnels and related works for an automatic people mover and baggage handling system; (ii) expansion works at Terminal 2; (iii) North runway modification works; and (iv) Third Runway Concourse and Apron Works. Such construction works form major parts of the Three-runway System of the Hong Kong International Airport and consists of underground construction works.

The Water Service Department of the Hong Kong Government has awarded a construction contract for the relocation of Diamond Hill Fresh Water and Salt Water Service Reservoirs to caverns on 28 November 2022. This cavern tunnel is a drill and blast project, and the estimated works completion date is in December 2027.

The Group observes that these public infrastructure projects are coming on full stream in 2023. Besides, the Group is actively adopting advanced construction technology (such as automation, and artificial intelligence) to its construction projects, which can improve site safety, enhance environmental performance, uplift build quality, and boost productivity. The Group is one of the selected few subcontractors experienced in tunnel construction in Hong Kong and is well prepared to capitalise on the opportunities from these public infrastructure projects.

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily generated from public sector projects for the provision of (i) tunnel construction services; and (ii) utility construction services and others for the six months ended 30 June 2023. The following table sets out the breakdown of the Group's revenue by project types:

	For the six months ended 30 June			
	2023	2023	2022	2022
	HK\$'000	% of total	HK\$'000	% of total
	(Unaudited)	revenue	(Unaudited)	revenue
		(Unaudited)		(Unaudited)
Public sector projects				
– Tunnel construction services	74,547	32.4	105,488	48.9
– Utility construction services and others	153,243	66.5	106,112	49.2
Sub-total	227,790	98.9	211,600	98.1
Private sector projects	2,493	1.1	4,196	1.9
Total	230,283	100.0	215,796	100.0

The Group's revenue increased from approximately HK\$215,796,000 for the six months ended 30 June 2022 to approximately HK\$230,283,000 for the six months ended 30 June 2023, representing an increase of approximately HK\$14,487,000 or 6.7%. Such increase in revenue for the Reporting Period was due to combined effects of (i) a decrease in revenue generated from public sector projects – tunnel construction services from approximately HK\$105,488,000 for the six months ended 30 June 2022 to approximately HK\$74,547,000 for the six months ended 30 June 2023, representing a decrease of approximately HK\$30,941,000 or 29.3%; (ii) an increase in revenue generated from public sector projects – utility construction services and others from approximately HK\$106,112,000 for the six months ended 30 June 2022 to approximately HK\$153,243,000 for the six months ended 30 June 2023, representing an increase of approximately HK\$47,131,000 or 44.4%; and (iii) a decrease in revenue generated from private sector projects from approximately HK\$4,196,000 for the six months ended 30 June 2022 to approximately HK\$2,493,000 for the six months ended 30 June 2023, representing a decrease of approximately HK\$1,703,000 or 40.6%.

The increase in revenue was mainly attributable to the gearing up of the construction works in Tung Chung East during the Reporting Period.

Cost of services

The Group's cost of services consisted of (i) staff costs; (ii) construction materials and supplies; (iii) short-term leases of plant and machinery; (iv) subcontracting costs; (v) depreciation charges; and (vi) other expenses.

The Group's cost of services increased from approximately HK\$198,617,000 for the six months ended 30 June 2022 to approximately HK\$212,014,000 for the six months ended 30 June 2023, representing an increase of approximately HK\$13,397,000 or 6.7%. Such increase was mainly due to combined effects of (i) a decrease in the staff costs from approximately HK\$123,932,000 for the six months ended 30 June 2022 to approximately HK\$95,726,000 for the six months ended 30 June 2023, representing a decrease of approximately HK\$28,206,000 or 22.8%; and (ii) an increase in the construction materials and supplies from approximately HK\$28,471,000 for the six months ended 30 June 2022 to approximately HK\$83,507,000 for the six months ended 30 June 2023, representing an increase of approximately HK\$55,036,000 or 193.3%.

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

Gross profit and gross profit margin

The gross profit and gross profit margin of the Group for the six months ended 30 June 2023 was approximately HK\$18,269,000 and 7.9%, respectively (for the six months ended 30 June 2022: approximately HK\$17,179,000 and 8.0%, respectively).

Other income

The Group's other income decreased from approximately HK\$8,552,000 for the six months ended 30 June 2022 to approximately HK\$22,000 for the six months ended 30 June 2023, representing a decrease of approximately HK\$8,530,000. Such decrease was mainly attributable to (i) the government grants of approximately HK\$6,116,000 from the ESS under the Anti-epidemic Fund launched by the Hong Kong Government and (ii) reimbursement from main contractors of approximately HK\$1,269,000 received during the six months ended 30 June 2022.

Administrative expenses

The Group's administrative expenses mainly comprised (i) staff costs and benefits; (ii) Directors' remuneration; (iii) consultancy fee; and (iv) depreciation expenses.

The Group's administrative expenses increased from approximately HK\$12,115,000 for the six months ended 30 June 2022 to approximately HK\$12,993,000 for the six months ended 30 June 2023, representing an increase of approximately HK\$878,000 or 7.2%. The staff costs and benefits for the six months ended 30 June 2023 was approximately HK\$3,965,000 (for the six months ended 30 June 2022: approximately HK\$3,980,000), representing a decrease of approximately HK\$15,000 or 0.4%. The Directors' remuneration for the six months ended 30 June 2023 was approximately HK\$1,623,000 (for the six months ended 30 June 2022: approximately HK\$1,623,000).

The consultancy fee was approximately HK\$1,682,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HK\$1,392,000), representing an increase of approximately HK\$290,000 or 20.8%.

Finance costs

The Group's finance costs increased from approximately HK\$499,000 for the six months ended 30 June 2022 to approximately HK\$1,571,000 for the six months ended 30 June 2023 due to the increase in interest expenses on the bank borrowings.

Income tax

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

The income tax for the six months ended 30 June 2023 resulted from the movement of accelerated tax depreciation during the Reporting Period.

Net Profit

The Group's Net Profit for the six months ended 30 June 2023 was approximately HK\$4,176,000 (for the six months ended 30 June 2022: approximately HK\$13,436,000). Such decrease in Net Profit was mainly due to decrease in other income during the Reporting Period as discussed above.

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

Liquidity, financial resources and funding

As at 30 June 2023, the Group's cash at bank and in hand and pledged bank deposits amounted to approximately HK\$9,169,000 (as at 31 December 2022: approximately HK\$11,431,000) and approximately HK\$3,004,000, respectively (as at 31 December 2022: approximately HK\$2,004,000), which were denominated in Hong Kong dollar. The decrease in cash and cash equivalents was mainly due to the cashflow used in investing activities for the purchase of property, plant and equipment during the Reporting Period.

On 23 August 2021, GMEHK received a banking facility letter of a revolving loan granted by a licensed bank in Hong Kong of HK\$18,000,000 at an interest rate of 1% per annum below the Hong Kong Prime Rate under the SME Financing Guarantee Scheme, which is secured by personal guarantees executed by Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka. On 9 December 2022, GMEHK has entered into another bank facility letter with the same bank, for which the bank provided bank facilities of revolving loan and import invoice discounting for two construction contracts of GMEHK up to an aggregate amount of HK\$30,000,000 at an interest rate of 0.5% per annum below the Hong Kong Prime Rate, which is secured by personal guarantees executed by Chuang Chun Ngok Boris and Mr. Chuang Wei Chu, the executive Directors, and a corporate guarantee by the Company. Pursuant to this facility letter, the Controlling Shareholders shall at all time collectively maintain not less than 50% of the issued share capital of the Company. Besides, Mr. Chuang Chun Ngok Boris shall remain as the chairman of the Company. This banking facility letter was ready to be used on 21 December 2022.

During the six months ended 30 June 2023, another licensed bank in Hong Kong granted bank facilities of (i) an export invoice discounting of HK\$12,000,000 at an interest rate of 3.0% per annum over the higher of HIBOR and the bank's cost of fund; and (ii) a revolving short-term loan of HK\$6,000,000 at an interest rate of 3.5% per annum over the higher of HIBOR and the bank's cost of fund. These banking facilities are secured by the corporate guarantee by the Company and pledged bank deposits of approximately HK\$3,004,000.

As at 30 June 2023, the total drawdown from the bank facility letters was HK\$65,996,000.

As at 30 June 2023, the Group recorded an amount due to Mr. Chuang Chun Ngok Boris, the executive Director, of approximately HK\$10,000,000 (as at 31 December 2022: approximately HK\$10,000,000). The balance is unsecured, interest-free and repayable on demand.

As at 30 June 2023, the lease liabilities amounted to approximately HK\$6,374,000 (as at 31 December 2022: approximately HK\$1,305,000), which represented the lease arrangement of the Group's office equipment, leased buildings, a machinery and motor vehicles.

The Group's gearing ratio, which is calculated by total debts divided by total equity, increased from approximately 102% as at 31 December 2022 to approximately 142% as at 30 June 2023 due to the increase in total debts during the Reporting Period.

Capital structure

As at 30 June 2023, the capital structure of the Company comprised issued share capital and reserves.

Commitments

As at 30 June 2023, the capital commitments of the Group for the acquisition of property, plant and equipment were approximately HK\$4,371,000 (as at 31 December 2022: approximately HK\$2,386,000).

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

There was no significant investments, material acquisitions or disposal of subsidiaries and associated companies by the Company for the six months ended 30 June 2023.

Contingent liabilities

Save as disclosed in note 18 to the Unaudited Condensed Consolidated Financial Statements, there were no other contingent liabilities as at 30 June 2023.

Foreign currency exposure

The Group's reporting currency is Hong Kong dollar. During the six months ended 30 June 2023 and 2022, the Group's transactions were denominated in Hong Kong dollar. The Group had no material exposure to foreign currency risk.

Future plans for material investments and capital assets

The Group did not have other plans for material investment or capital assets as at 30 June 2023.

Charge on the Group's assets

As at 30 June 2023, the Group had pledged bank deposits of approximately HK\$3,004,000 (as at 31 December 2022: approximately HK\$2,004,000) to secure the banking facility letters of an export invoice discounting and a revolving loan mentioned above. Also, the Group did not have placed cash collateral as at 30 June 2023 (as at 31 December 2022: approximately HK\$3,450,000) to an insurance company in Hong Kong for the provision of any surety bond (as at 31 December 2022: one) for any public construction project (as at 31 December 2022: one). Saved for the foregoing, the Group did not have any charges on its assets as at 30 June 2023.

Information on employees

As at 30 June 2023, the Group had 561 employees which comprises management, technical staff, administration, accounting and human resources staff and workers (as at 30 June 2022: 739 employees) in Hong Kong. The total staff costs (included in cost of services and administrative expenses) and Directors' remuneration amounted to approximately HK\$101,314,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HK\$129,535,000), of which such decrease was mainly due to the decrease in number of headcount during the Reporting Period.

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

Event after the Reporting Period

There is no significant event subsequent to 30 June 2023 and up to the date of this report which would materially affect the Group's operating and financial performance.

OTHER INFORMATION

Purchase, Sales or Redemption of the Company's Listed Shares

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

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

As at 30 June 2023, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Position in Shares

Name of Directors	Notes	Directly beneficially owned	Through spouse	Acting in concert	Total	Percentage of Company's issued share capital
Mr. Chuang Chun Ngok Boris	(a)	103,000,000	–	187,120,000	290,120,000	59.5%
Mr. Chuang Wei Chu	(b)	103,000,000	49,620,000	137,500,000	290,120,000	59.5%

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 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 49,620,000 Shares and is deemed to be interested in the Shares personally interested by Ms. To Yin Ping; and (iii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Wei Chu is therefore deemed to be interested in the Shares held by Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Wei Chu is the father of Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka.

As at 30 June 2023, none of the Directors and chief executives of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Saved as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2023, so far as is known to the Directors, the following persons' interests and short positions of the share capital and underlying shares of the Company, other than a Director or chief executive of the Company, were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in Shares

Name of Shareholders	Notes	Nature of interest	Total	Percentage of Company's issued share capital
Ms. To Yin Ping	(a)	Beneficial owner, interest held jointly with another person and interest of spouse	290,120,000	59.5%
Ms. Chuang Yau Ka	(b)	Beneficial owner and interest held jointly with another person	290,120,000	59.5%
Mr. Ng Kwok Lun		Beneficial owner	39,500,000	8.1%

Notes

- (a) Ms. To Yin Ping (i) personally holds 49,620,000 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 in an unanimous manner. Ms. To Yin Ping is therefore deemed to be interested in the Shares held by Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Ms. To Yin Ping is the mother of Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka.

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

Save as disclosed above, as at 30 June 2023, 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.

Corporate Governance

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 (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 report to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

During the Reporting Period up to the date of this report, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Board will continue to review and enhance its corporate governance practices from time to time to comply with statutory requirements and regulations.

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 (the "**Required Standard of Dealings**") as the code of conduct regarding securities transactions by the Directors in respect of the Shares (the "**Code of Conduct**").

The Company has made specific enquiry with the Directors, senior management of the Company and relevant parties (including family members) and all of them confirmed that they had fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of non-compliance during the Reporting Period up to the date of this report.

Audit Committee

The Group has established an Audit Committee pursuant to a resolution of the Board passed on 10 February 2017 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules.

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

The interim report of the Group for the six months ended 30 June 2023 had been reviewed by the Audit Committee, which was of the opinion that such interim report has been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

Share Option Scheme

The Company has not granted or issued any option or adopted any share option scheme up to 30 June 2023.

Competing Interests

As far as the Directors are aware of, during the six months ended 30 June 2023, 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.

Disclosures Pursuant to Rule 17.23 of the GEM Listing Rules

In accordance with the disclosure requirements of Rule 17.23 of the GEM Listing Rules, the following disclosures are included in this report, where GMEHK entered into a facility letter with a licensed bank in Hong Kong which is effective and ready to be used on 21 December 2022 (the “**Letter**”), which contains covenants requiring specific performance obligations of the Controlling Shareholders. Pursuant to the Letter, a termination event would arise if the Controlling Shareholders maintain less than 50% of the issued Shares. Besides, Mr. Chuang Chun Ngok Boris shall remain as the chairman of the Company. For more details, please refer to the Company’s announcement dated 21 December 2022.

Interest of the Compliance Adviser

As at the date of this report, except for (i) the participation of Altus Capital Limited (“**Altus**”) as the sponsor in relation to the listing of the Company on GEM; (ii) the compliance adviser agreement entered into between the Company and Altus dated 26 April 2016 and extended on 31 March 2020, 14 August 2020, 24 March 2021, 11 August 2021 and 24 March 2022; 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 August 2023

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.