

**GME GROUP HOLDINGS LTD:
DIGGING TUNNELS AND THE LIKE_
BRINGS IN THE SHEKELS**

But Shock! Shock! Shock!

Throughout the track-record period – the 32 months to August 31, 2016 – GME Group Holdings Ltd () (Code: 8188, The **G**rowth **E**nterprise **M**arket [the **GEM**] of The Stock Exchange of Hongkong Ltd), had been funded, very materially, by the Controlling Shareholders of the Company.

Via GME International Company Ltd (), a company, incorporated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on March 20, 2012, GME Group Holdings Ltd had been reliant on this private company, referred to in the Placing Prospectus only as '*GMI*', for any and all cash requirements of what is, today, a publicly listed company.

The interest, being charged by GMI to GME Group Holdings Ltd was 5.25 percent per annum, the Placing Prospectus states.

That interest rate, going back in history by about three years, was approximately double that which was being charged by banks, operational in the HKSAR, up to and including December 31, 2015.

The worm has turned, however, and, today, GME Group Holdings Ltd appears to be somewhat concerned with regard to the present, international trend of inevitably higher interest rates and so, perhaps, it would not be good politics to have GMI continue to help to fund the Company at higher-than-normal interest levels.

At Page 41 of the Placing Prospectus, it is stated:

'We are exposed to interest rate risk which is unhedged and may affect our cash flow

'As at 31 December 2015, our Group's borrowing from GMI was approximately HK\$10.9 million which bore interest at 5.25% per annum. During the eight months ended 31 August 2016, our Group has obtained overdraft facilities of HK\$11.0 million and a lease facility of HK\$2.5 million from a bank, and no longer borrows from GMI for our working capital requirements. As at 31 August 2016, our Group's utilised overdraft facility was approximately HK\$10.5 million where (sic) bore interest at 5.25% per annum. Our Group has not hedged against interest rate risks. Should there be an increase in interest rate, our interest expenses may increase and our cash flows and profitability may be adversely affected.'

The Initial Public Offering (IPO) Of GME Group Holdings Ltd

GME Group Holdings Ltd Placed a total of 125 million, one-cent Shares at the Indicative Placing Price Per Share, ranging from a low of 50 cents to a high of 54 cents.

Last Tuesday (February 21, 2017), Management announced that the Placing Price Per Share had been struck at the highest level of 54 cents and that the Company had bagged about \$HK45.90 million, net of expenses.

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