
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in LEAP Holdings Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this Composite Document and the Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

**RIGHT STAR INVESTMENT
DEVELOPMENT LIMITED**
兆星投資發展有限公司
*(Incorporated in the British Virgin Islands
with limited liability)*

LEAP Holdings Group Limited
前進控股集團有限公司
*(Incorporated in the Cayman Islands
with limited liability)*
(Stock Code: 1499)

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO MANDATORY CONDITIONAL CASH OFFER BY



FOR AND ON BEHALF OF
RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
LEAP HOLDINGS GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY
RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to the Offeror

VEDA | CAPITAL
智略資本

Joint Independent Financial Advisers to the Independent Board Committee

AMASSE CAPITAL
寶積資本

 中毅資本有限公司
Grand Moore Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document. A letter from Head & Shoulders Securities containing, among other things, details of the terms of the Offer is set out on pages 7 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 24 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 25 to 26 of this Composite Document. A letter from the Joint Independent Financial Advisers containing their advice on the Offer to the Independent Board Committee is set out on pages 27 to 46 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar no later than 4:00 p.m. on Friday, 10 November 2017 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Important Note to Overseas Shareholders" in the "Letter from Head & Shoulders Securities" in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

The Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.leapholdings.hk as long as the Offer remains open.

20 October 2017

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	ii
DEFINITIONS	1
LETTER FROM HEAD & SHOULDERS SECURITIES	7
LETTER FROM THE BOARD	19
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	25
LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS	27
APPENDIX I – FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – REPORTS ON THE POSITIVE PROFIT ALERT ANNOUNCEMENT	III-1
APPENDIX IV – GENERAL INFORMATION OF THE OFFEROR	IV-1
APPENDIX V – GENERAL INFORMATION OF THE GROUP	V-1
ACCOMPANYING DOCUMENT – FORM OF ACCEPTANCE	

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	2017
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Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Friday, 20 October
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Latest time and date for acceptance of the Offer on the First Closing Date (<i>Note 2</i>)	4:00 p.m. on Friday, 10 November
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First Closing Date (<i>Note 2</i>)	Friday, 10 November
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Announcement of the results of the Offer as at the First Closing Date to be posted on the website of Stock Exchange (<i>Note 2</i>)	no later than 7:00 p.m. on Friday, 10 November
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Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the First Closing Date (<i>assuming the Offer becomes or is declared unconditional on the First Closing Date</i>) (<i>Note 3</i>)	Tuesday, 21 November
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Latest time and date for the Offer remaining open for acceptance (<i>assuming the Offer becomes or is declared unconditional on the First Closing Date</i>) (<i>Note 4</i>)	4:00 p.m. on Friday, 24 November
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Final Closing Date (<i>Note 4</i>)	Friday, 24 November
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Announcement of the results of the Offer as at the final Closing Date, to be posted on the website of the Stock Exchange	no later than 7:00 p.m. on Friday, 24 November
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Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the final Closing Date, being the latest date on which the Offer remains open for acceptances (<i>assuming the Offer becomes or is declared unconditional on the First Closing Date</i>) (<i>Note 3</i>)	Tuesday, 5 December
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EXPECTED TIMETABLE

Latest time and date by which the Offer can be declared unconditional as to acceptances (*Note 5*) . 7:00 p.m. on Tuesday, 19 December

Notes:

1. The Offer, which is conditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the First Closing Date, unless the Offeror revised or extended the Offer in accordance with the Takeovers Code. Subject to the condition of the Offer set out in the “Letter from Head & Shoulders Securities” contained in this Composite Document, acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “Right of Withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will be closed at 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror on the website of the Stock Exchange by 7:00 p.m. on the Closing Date, stating the results of the Offer and whether the Offer has been extended, revised or expired or has become or is declared unconditional in all respects. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next Closing Date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer. An acceptor of the Offer shall be entitled to withdraw his acceptance after 21 days from the First Closing Date of the Offer if the Offer has not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offer becomes or is declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document.

If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be on the same day, i.e. 4:00 p.m. on the Closing Date.

3. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of: (i) the date on which the Offer becomes or is declared unconditional in all respects; or (ii) the date of receipt by the Registrar of the duly completed Form of Acceptance and all relevant acceptance documents required to render the acceptance complete and valid in accordance with the Takeovers Code.
4. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional in all respects, the Offer should remain open for acceptance for not less than fourteen (14) days thereafter. In such case, at least fourteen (14) days’ notice in writing must be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as it may determine or as permitted by the Executive.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day of the posting of this Composite Document. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional in all respects as to acceptance, the Offer will lapse after 7:00 p.m. on Tuesday, 19 December 2017, unless extended with the consent of the Executive.

EXPECTED TIMETABLE

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

All times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, those defined terms are not included in the table below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Acquisition”	the acquisition of the 2,352,000,000 Sale Shares, representing approximately 44.70% of the issued share capital of the Company as at the Latest Practicable Date, by the Offeror at a consideration of HK\$290,535,918 pursuant to the Sale and Purchase Agreement
“associates”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	the later of the First Closing Date or the date falling 14 days after the Offer becoming or being declared unconditional or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
“Company”	LEAP Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1499)
“Completion”	completion of Acquisition under the Sale and Purchase Agreement, which took place on 18 September 2017
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to be despatched to the Independent Shareholders, which sets out among others, details of the Offer in accordance with the Takeovers Code

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	consideration payable for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, being HK\$290,535,918
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Encumbrance”	means <ul style="list-style-type: none">(a) any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind;(b) any option, equity, claim, adverse interest or other third party right of any kind;(c) any arrangement by which any right is subordinated to any right of such third party; or(d) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility”	a term loan facility of up to HK\$360,000,000 granted by Get Nice Securities to the Offeror to finance the total amount payable by the Offeror upon full acceptance of the Offer by cash in full
“First Closing Date”	Friday, 10 November 2017, the first closing date of the Offer, which is 21 days after the date on which this Composite Document is posted
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares which accompany(ies) this Composite Document

DEFINITIONS

“Get Nice Securities”	Get Nice Securities Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
“Group”	the Company and its subsidiaries (from time to time)
“Head & Shoulders Securities”	Head & Shoulders Securities Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and the agent making the Offer for and on behalf of the Offeror
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company whose members comprise all the independent non-executive Directors to advise, for the purpose of the Takeovers Code, the Independent Shareholders in respect of the Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it
“Joint Announcement”	the joint announcement dated 19 September 2017 issued by the Company and the Offeror in respect of, among other things, the Sale and Purchase Agreement and the Offer
“Joint Independent Financial Advisers”	Amasse Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and Grand Moore Capital Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the joint independent financial advisers to advise the Independent Board Committee in respect of the terms of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer

DEFINITIONS

“Last Trading Day”	15 September 2017, being the last day on which the Shares were traded on the Stock Exchange prior to the temporary halt in trading of the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	17 October 2017, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Anthony Wong, also known as “王奕宇”, the sole director and sole shareholder of the Offeror
“Offer”	the conditional mandatory cash offer to be made by Head & Shoulders Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be owned by the Offeror and parties acting in concert with it) in accordance with Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, being the period commencing from 19 September 2017 and ending on the Closing Date
“Offer Price”	the price at which the Offer is made, being HK\$0.1236 per Offer Share
“Offer Share(s)”	all issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Right Star Investment Development Limited, a company incorporated in the British Virgin Islands with limited liability, being the purchaser of the Sale Shares under the Sale and Purchase Agreement and the offeror in respect of the Offer
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as stated in the register of members of the Company is or are outside Hong Kong
“PRC” or “China”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“Positive Profit Alert Announcement”	the positive profit alert announcement published by the Company dated 11 October 2017
“Registrar”	Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding 19 September 2017, being the date of commencement of the Offer Period, and ending on and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 15 September 2017 entered into between the Vendor (as vendor) and the Offeror (as purchaser) in respect of the sale and purchase of the Sale Shares
“Sale Share(s)”	a total of 2,352,000,000 Shares, representing approximately 44.70% of the entire issued share capital of the Company as at the date of the Joint Announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.005 each in the share capital of the Company
“Share Charge”	the share charge entered into between Get Nice Securities (as chargee) and Offeror (as chargor) on 18 September 2017 whereby the Offeror has charged in favour of Get Nice Securities, the Sale Shares and the Offer Shares and other Shares derived therefrom as security for the obligations of the Offeror pursuant to the terms and conditions of the Facility
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers published by the SFC, as amended, supplemental or otherwise modified from time to time

DEFINITIONS

“Veda Capital”	Veda Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as the financial adviser to the Offeror in respect of the Offer
“Vendor”	Grand Jade Group Limited, a company incorporated in the British Virgin Islands with limited liability, being the vendor of the Sale Shares under the Sale and Purchase Agreement and a Controlling Shareholder of the Company immediately prior to Completion, which is ultimately owned as to 50% by Mr. Ip Ying Chau, being an executive Director and the chairman of the Board, and 50% by Mr. Chan Wing Chung, being an executive Director and the vice chairman of the Board, as at the Latest Practicable Date
“%”	per cent

1. All time and date references contained in this Composite Document refer to Hong Kong times and dates;
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments;
3. The singular includes the plural and vice versa, unless the context otherwise requires;
4. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively;
5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document;
6. Reference to one gender is a reference to all or any genders; and
7. The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation



20 October 2017

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
HEAD & SHOULDERS SECURITIES LIMITED
FOR AND ON BEHALF OF
RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
LEAP HOLDINGS GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED
BY RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement that, on 15 September 2017 (after trading hours of the Stock Exchange), the Offeror (as purchaser) and the Vendor (as vendor) entered into the Sale and Purchase Agreement pursuant to which the Offeror has agreed to purchase and the Vendor has agreed to sell a total of 2,352,000,000 Sale Shares, representing approximately 44.70% of the total issued share capital of the Company as at the date of the Joint Announcement, for the Consideration of HK\$290,535,918 (equivalent to approximately HK\$0.1235 per Sale Share).

Completion took place on 18 September 2017 in accordance with the terms of the Sale and Purchase Agreement. Immediately after Completion, the Offeror and the parties acting in concert with it own a total of 2,352,000,000 Sale Shares, representing approximately 44.70% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares, other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it.

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer and the procedures of acceptance are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance. The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the

LETTER FROM HEAD & SHOULDERS SECURITIES

Independent Board Committee” and the “Letter from the Joint Independent Financial Advisers” as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

2. THE OFFER

As at the Latest Practicable Date, the Company has 5,262,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares or other types of equity interest and has not entered into any agreement for the issue of such options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares as at the Latest Practicable Date.

Head & Shoulders Securities, on behalf of the Offeror and pursuant to the Takeovers Code, makes the Offer for all the Independent Shareholders for all the Offer Shares in compliance with Rule 26.1 of the Takeovers Code on the following basis:

For each Offer Share HK\$0.1236 in cash

The Offer Price of HK\$0.1236 per Offer Share is determined on the basis of the Consideration paid by the Offeror per Sale Share under the Sale and Purchase Agreement.

Condition of the Offer

The Offer is conditional on valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Shares which, together with Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent): i.e. on Tuesday, 19 December 2017.

The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional in all respects.

LETTER FROM HEAD & SHOULDERS SECURITIES

Comparison of value

The Offer Price of HK\$0.1236 per Offer Share represents:

- (i) a discount of approximately 54.22% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 54.22% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 58.24% to the average of the closing prices of approximately HK\$0.296 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 54.56% to the average of the closing prices of approximately HK\$0.272 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 46.03% to the average of the closing prices of approximately HK\$0.229 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a premium of approximately 87.27% over the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.066 per Share as at 31 March 2017, calculated based on the Group's audited consolidated total equity value of approximately HK\$345.06 million as at 31 March 2017 and 5,262,000,000 Shares in issue as at Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.315 per Share (on 12 September 2017) and HK\$0.158 per Share (on 25 July 2017) respectively.

Value of the Offer

As at the Latest Practicable Date, the Company has a total of 5,262,000,000 Shares in issue. Hence, Assuming the Offer is accepted in full and that there is no change in the issued share capital of the Company and excluding the 2,352,000,000 Shares already owned by the Offeror and parties acting concert with it as at the Latest Practicable Date, the number of Shares subject to the Offer is 2,910,000,000 Shares.

Based on the Offer Price of HK\$0.1236 per Offer Share for 2,910,000,000 Offer Shares, the Offer is valued at HK\$359,676,000.

LETTER FROM HEAD & SHOULDERS SECURITIES

The Offeror has not received any indication or irrevocable commitment from any Independent Shareholder that he/she/it will accept or reject the Offer as at the Latest Practicable Date.

Confirmation of financial resources of the Offeror

The Offeror intends to finance the consideration payable under the Offer through the Facility granted by Get Nice Securities. Under the terms of the Facility and pursuant to the Share Charge as security, (i) the Offeror has agreed to charge the Sale Shares, any Shares acquired pursuant to the Offer and any other Shares derived therefrom in favour of Get Nice Securities; and (ii) Mr. Wong has executed a personal guarantee in favour of Get Nice Securities. The Share Charge will be effective at the time when the Facility is being drawn down.

Veda Capital, the financial adviser to the Offeror, is satisfied that sufficient resources are, and will remain, available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

Effect of accepting the Offer

The Offer is conditional as disclosed in the paragraph headed “Condition of the Offer” in this letter. Subject to the Offer becoming unconditional in all respects, the acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Settlement of the consideration

Subject to the Offer having become, or has been declared, unconditional, remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date the Offer becomes unconditional and the date of receipt by the Registrar of the duly completed Form of Acceptance and all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code.

Stamp duty

The seller’s Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.10% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is

LETTER FROM HEAD & SHOULDERS SECURITIES

higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Further terms of the Offer

Further terms of the Offer including, among other things, procedures for acceptance and settlement, the acceptance period and right of withdrawal matters are set out in Appendix I to this Composite Document and in the Form of Acceptance.

3. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The Offeror is wholly-owned by Mr. Wong who is also the sole director of the Offeror.

The name of Mr. Wong is Anthony Wong, also known as “王弈宇” who is a citizen of Singapore. Mr. Wong was graduated from Aalto University in Finland and obtained an Executive Master Degree of Business Administration. Since 2010, he has been focusing on the research in respect of the internet technology as well as internet operation management. Since 2010, Mr. Wong has set up company in Singapore, namely Pinnacle Enterprise Pte. Ltd., which is principally engaged in business and management consultancy services and other information technology and computer service activities. He was a director and a shareholder of another company in Singapore, namely ECG Holdings (S) Pte. Ltd., which focuses on property development. He has also acted as an advisor of the project on construction and development matters regarding property development. Mr. Wong has more than 7 years' experience in securities investment. Save for the experience in securities investment, Mr. Wong does not have any experience in current principal business of the Company as at the Latest Practicable Date.

4. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Immediately after Completion, the Offeror has become the Controlling Shareholder of the Company.

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group as mentioned in the “Letter from the Board” in this Composite Document. The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s)

LETTER FROM HEAD & SHOULDERS SECURITIES

will be made in accordance with the Listing Rules. The Offeror had not identified any investment or business opportunities nor had the Offeror entered into any agreement, arrangements, understandings or negotiation and no plan on any injection of any assets or businesses into the Group as at the Latest Practicable Date.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

5. PROPOSED CHANGE TO THE BOARD COMPOSITION

As at the Latest Practicable Date, the executive Directors are Mr. Ip Ying Chau, Mr. Chan Wing Chung, Ms. Tung Ah Pui Athena, Mr. Chan Chiang Kan, Mr. Mui Wai Sum and Mr. Yip To Chun; and the independent non-executive Directors are Mr. Cheung Kwok Yan Wilfred, Mr. Feng Zhidong and Mr. Ho Ho Ming.

It is intended that, save for Mr. Cheung Kwok Yan Wilfred, who is an existing independent non-executive Director, other Directors (including independent non-executive Directors) will resign and new executive and independent non-executive Directors will be nominated with effect from the earliest time permitted for resignation and appointment of directors under the Takeovers Code. Such resignation will not take effect earlier than the First Closing Date or the date when the Offer becomes or is declared unconditional, whichever is the later.

The Offeror currently intends to nominate four proposed new members to the Board, namely Mr. Cheng Yuk and Dato' Cheng Lye Meng Eric as executive Directors and Mr. Chan Chun Yiu Thomas and Mr. Chan King Chung as independent non-executive Directors. Such appointment will only take effect after the date of despatch of this Composite Document in accordance with the requirements of the Takeovers Code.

Set out below are the biographic details of the nominees for appointment as Directors. Further details required by Rule 13.51(2) of the Listing Rules will be announced as and when appropriate:

Proposed executive Directors

Mr. Cheng Yuk

Mr. Cheng Yuk ("**Mr. Cheng**"), aged 48, is proposed to be appointed as an executive Director.

Mr. Cheng obtained a diploma in business studies at Hang Seng School of Commerce in 1990. He became associate member of the Association of Chartered Certified Accountants in September 1996 and became a fellow member in September 2001. During January 1994 to June 2013, Mr. Cheng worked with various top-tier banks in Hong Kong and mainland China, including but not limited to Deutsche Bank AG, Credit Suisse (Hong Kong) Limited, Lehman Brothers Asia Holdings Limited, Hang Seng Bank Limited and Royal Bank of Scotland (China) Co., Ltd.. Mr. Cheng

LETTER FROM HEAD & SHOULDERS SECURITIES

possesses approximately 20 years of experience in banking of which consist of 15 years in Hong Kong and 5 years in mainland China. Subsequently, he has strong management experience and had managed business and staff in various places. He also has strong and successful experience on new business development, merger and acquisition, business combination and restructuring. Since departure from Royal Bank of Scotland (China) Co., Ltd. in June 2013 to present, Mr. Cheng sets up investment management firms in Shanghai and a technology firm in Zhe Jiang Province, China.

Dato' Cheng Lye Meng Eric

Dato' Cheng Lye Meng Eric ("**Dato' Eric Cheng**"), aged 42, is proposed to be an executive Director.

Prior to becoming a director of Sevens Group Pte. Ltd., Dato' Eric Cheng began his journey in the real estate as a realtor. He rose through the ranks and eventually became the director of ECG Property Pte Ltd. and chief executive officer of Teho Development Pte Ltd..

In recognition of his business success and dedication to helping others, Dato' Eric Cheng received numerous accolades, most notably the Spirit of Enterprise Awards 2006, the Top Entrepreneur of the Year Award 2010, the Young Outstanding Singaporeans Awards in 2011 and the APEA Young Entrepreneur of the Year 2011.

He is also the author of "Get Rich Through Property Investment", a national and POPULAR's non-fiction bestseller title. In 2010, Dato' Eric Cheng launched his second title "Get Rich Through Business Leadership" to further share his secrets to success.

Proposed independent non-executive Directors

Mr. Chan Chun Yiu Thomas

Mr. Chan Chun Yiu Thomas ("**Mr. Thomas Chan**") (formerly known as Chan Chee Choi), aged 54, is proposed to be appointed as an independent non-executive Director.

Mr. Thomas Chan obtained a bachelor of laws degree in 1987 and the postgraduate certificate in laws in 1988, both at the University of Hong Kong. He was admitted as a solicitor in Hong Kong in 1990, and as a solicitor in the United Kingdom in 1991. Following his admission as a solicitor in Hong Kong, he spent almost 15 years in private practice in Hong Kong with various local and international law firms, specialising in banking, commercial and real estate areas. He then left private practice and joined the Hong Kong branch of Société Générale S.A. in March 2005, and left in August 2011 as its legal counsel at director level, specialising in listed and unlisted structured products, retail funds, exchange traded funds and general banking advisory work. Subsequently, he joined CLSA Hong Kong Holdings Limited and worked as its senior legal adviser from August 2011 to April 2015. In February 2017, he joined International Entertainment Corporation (stock code: 1009), a company listed on the Main Board of the Stock Exchange. He is currently employed as the group general

LETTER FROM HEAD & SHOULDERS SECURITIES

counsel of International Entertainment Corporation. He is also a director of various subsidiaries of International Entertainment Corporation incorporated in Hong Kong and British Virgin Islands.

Mr. Chan King Chung

Mr. Chan King Chung (“**Mr. Chan**”), aged 55, is proposed to be appointed as an independent non-executive Director.

Mr. Chan obtained bachelor degrees in business administration and in accountancy from the Chinese University of Hong Kong and City University of Hong Kong respectively. In addition, he is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Hong Kong Institute of Company Secretaries, and has been appointed as company secretary, financial controller and/or qualified accountant of several Hong Kong listed companies. He has spent approximately 27 years in corporate governance, management and financial controlling. Currently, Mr. Chan is an independent non-executive director of Coolpad Group Limited (stock code: 2369), a company listed on the Main Board of Stock Exchange, and the chairman of the audit committee, member of remuneration committee and member of the nomination committee of Coolpad Group Limited.

Save as disclosed above, each of the four proposed new Directors has not held any other directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas for the last three years.

Save as disclosed above, as at the Latest Practicable Date, each of the four proposed new Directors does not have any interest in the Shares (within the meaning of Part XV of the SFO).

Save for disclosed above, as at the Latest Practicable Date, each of the four proposed new Directors (i) does not hold any other positions in the Company or its subsidiaries; and (ii) does not have any other relationship with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or Controlling Shareholders of the Company.

Each of the four proposed new Directors will enter into a service contract with the Company after his appointment. Their directorships will be subject to retirement by rotation and re-election pursuant to the provisions of the Listing Rules and articles of association of the Company. The remuneration of each of the four proposed new Directors will be determined and recommended by the remuneration committee of the Company (the “**Remuneration Committee**”) and approved by the Board with reference to their qualifications, experiences and duties and responsibilities in the Group. The remuneration of each of the four proposed new Directors will be subject to annual review by the Remuneration Committee and the Board.

Each of the four proposed new Directors confirmed that there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there is no other matter that needs to be brought to the attention of the Shareholders.

LETTER FROM HEAD & SHOULDERS SECURITIES

Details of the changes to composition of the Board and the appointment of new Directors will be further announced as and when appropriate in compliance with the Takeovers Code and the Listing Rules.

6. COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offer.

7. MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror, the four proposed new Directors to be appointed to the Board, and Mr. Cheung Kwok Yan Wilfred, being the existing independent non-executive Director, have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

8. TAX IMPLICATION

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Company, the Offeror and parties acting in concert with it, the Company, Head & Shoulders Securities, Veda Capital, Get Nice Securities, Amasse Capital Limited, Grand Moore Capital Limited, the Registrar or or the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, associates, professional advisors or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. IMPORTANT NOTE TO OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not resident in Hong Kong. The availability of the Offer to any Overseas Shareholders may be subject to, or limited by, the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

LETTER FROM HEAD & SHOULDERS SECURITIES

Any acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

10. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

11. DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code. The full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day-period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

LETTER FROM HEAD & SHOULDERS SECURITIES

12. INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS

The Company has established the Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Cheung Kwok Yan Wilfred, Mr. Feng Zhidong and Mr. Ho Ho Ming to advise the Independent Shareholders in relation to the terms and conditions of the Offer, in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer.

Amasse Capital Limited and Grand Moore Capital Limited have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee as to whether the terms of Offer are, or are not fair and reasonable and as to acceptance. The appointment of Amasse Capital Limited and Grand Moore Capital Limited as the Joint Independent Financial Advisers has been approved by the Independent Board Committee.

13. GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed “Important Note to Overseas Shareholders” above in this letter.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint holders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Veda Capital, Get Nice Securities, Amasse Capital Limited, Grand Moore Capital Limited, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

LETTER FROM HEAD & SHOULDERS SECURITIES

14. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the advice of the Independent Board Committee, the recommendation of the Joint Independent Financial Advisers and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Head & Shoulders Securities Limited
Chan Wai Sang
Director

LETTER FROM THE BOARD

LEAP Holdings Group Limited
前進控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1499)

Executive Directors:

Mr. Ip Ying Chau
(Chairman and Chief Executive Officer)
Mr. Chan Wing Chung
(Vice Chairman)
Ms. Tung Ah Pui Athena
Mr. Chan Chiang Kan
Mr. Mui Wai Sum
Mr. Yip To Chun

Independent Non-Executive Directors:

Mr. Cheung Kwok Yan Wilfred
Mr. Feng Zhidong
Mr. Ho Ho Ming

Registered Office:

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Principal Place of

Business in Hong Kong:
Units 2701-02, 27th Floor
Win Plaza
9 Sheung Hei Street
San Po Kong
Kowloon Hong Kong

20 October 2017

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
HEAD & SHOULDERS SECURITIES LIMITED
FOR AND ON BEHALF OF
RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
LEAP HOLDINGS GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

On 19 September 2017, the Offeror and the Company jointly announced that, among other things, on 15 September 2017, the Vendor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase 2,352,000,000 Sale Shares at a total cash consideration of HK\$290,535,918,

LETTER FROM THE BOARD

representing a purchase price of approximately HK\$0.1235 per Sale Share. The Sale Shares represent approximately 44.70% of the entire issued share capital of the Company as at the Latest Practicable Date.

Immediately after Completion which took place on 18 September 2017 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 2,352,000,000 Shares, representing approximately 44.70% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make a mandatory conditional cash offer for all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Cheung Kwok Yan Wilfred, Mr. Feng Zhidong and Mr. Ho Ho Ming, has been established by the Company to advise the Independent Shareholders in relation to the terms and conditions of the Offer.

The above-named independent non-executive Directors have no direct or indirect interest in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

Pursuant to Rule 2.1 of the Takeovers Code, on 29 September 2017, Amasse Capital Limited and Grand Moore Capital Limited have been appointed as the Joint Independent Financial Advisers with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer, and the letter from the Joint Independent Financial Advisers containing their advice and recommendation to the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer.

THE OFFER

As at the Latest Practicable Date, there were 5,262,000,000 Shares in issue.

There were no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal terms of the Offer

As mentioned in the “LETTER FROM HEAD & SHOULDERS SECURITIES” on pages 7 to 18 of this Composite Document, Head & Shoulders Securities is making the Offer for and on behalf of the Offeror to all the Independent Shareholders for all the issued

LETTER FROM THE BOARD

Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.1236 in cash

The Offer Price of HK\$0.1236 per Offer Share is determined on the basis of the Consideration paid by the Offeror per Sale Share under the Sale and Purchase Agreement.

The Offer is conditional on valid acceptances of the Offer having been received (and not, where permitted, withdrawn) which, together with Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer, will result in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company.

Further details of the Offer, including terms and procedures for acceptance of the Offer, are contained in the “LETTER FROM HEAD & SHOULDERS SECURITIES” as set out on pages 7 to 18 of, and Appendix I to, this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability. The Company acts as an investment holding company while its principal subsidiaries are principally engaged in the foundation works, ancillary services and construction wastes handling services in Hong Kong.

The following table sets out a summary of the audited consolidated results of the Group for the two financial years ended 31 March 2016 and 2017, as extracted from the consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards in the Company’s annual report for the year ended 31 March 2016 and 31 March 2017.

	For the year ended	
	31 March	
	2016	2017
	(audited)	(audited)
	(HK\$'000)	(HK\$'000)
Revenue	399,277	353,038
Profit before tax	37,698	14,033
Profits attributable to owners of the Company	29,225	8,359

LETTER FROM THE BOARD

	As at 31 March	
	2016	2017
	(audited)	(audited)
	(HK\$'000)	(HK\$'000)
Total assets	257,980	415,814
Total liabilities	91,519	70,754
Net current assets	124,033	270,793
Total assets less current liabilities	186,294	355,241

Note: Since the Company was listed on the Main Board of the Stock Exchange on 2 September 2015, the annual report for the year ended 31 March 2015 was not published and therefore the above table only shows the summary of the audited consolidated results of the Group for the two financial years ended 31 March 2016 and 2017 as stated in the Company's 2016 and 2017 annual report.

Further details of the information of the Group are set out in Appendices II and V to this Composite Document.

POSITIVE PROFIT ALERT ANNOUNCEMENT AND PROFIT FORECAST

Reference is made to the Positive Profit Alert Announcement whereby, among others, it was announced that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017, it is expected that the consolidated net profit attributable to shareholders of the Company for the six months ended 30 September 2017 will increase substantially as compared to the net profit attributable to shareholders of the Company for the corresponding period in 2016 (the “**Positive Profit Alert**”). The expected increase of the net profit of the Group for the five months ended 31 August 2017 is mainly attributable to the development of securities investments business which provides a more cost-efficient business segment for the Group for the five months ended 31 August 2017 when compared to the corresponding period in 2016.

The Positive Profit Alert constitutes a profit forecast for the purposes of Rule 10 of the Takeovers Code and as it is made during the Offer Period, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to profit forecasts.

The Positive Profit Alert has been reported on by HLB Hodgson Impey Cheng Limited, the auditors of the Group, and the Joint Independent Financial Advisers. HLB Hodgson Impey Cheng Limited has reported that, so far as the accounting policies and calculations are concerned, the Positive Profit Alert has been properly compiled in accordance with the bases adopted by the Board as set out in the Positive Profit Alert Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group and used in the preparation of the audited consolidated financial statements of the Group for the year ended 31 March 2017. The Joint Independent Financial Advisers are satisfied that the Positive Profit Alert has been made by the Board with due care and consideration. Your attention is drawn to the reports issued by HLB Hodgson

LETTER FROM THE BOARD

Impey Cheng Limited and the Joint Independent Financial Advisers on the statement in the Positive Profit Alert Announcement set out in Appendix III to this Composite Document respectively.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “INFORMATION ON THE OFFEROR” in the “LETTER FROM HEAD & SHOULDERS SECURITIES” as set out on pages 7 to 18 of this Composite Document.

THE OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “INFORMATION ON THE OFFEROR” and “INTENTION OF THE OFFEROR IN RELATION TO THE GROUP” in the “LETTER FROM HEAD & SHOULDERS SECURITIES” as set out on pages 7 to 18 of this Composite Document. The Board is pleased to learn that the Offeror intends to continue the principal businesses of the Group and that the Offeror has no intention to discontinue the employment of any employees of the Group or redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the “LETTER FROM HEAD & SHOULDERS SECURITIES” on pages 7 to 18 of this Composite Document that the Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror, the four proposed new Directors to be appointed to the Board, and Mr. Cheung Kwok Yan Wilfred, being the existing independent non-executive Director, have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market, it would consider exercising its discretion to suspend dealings in the Shares.

Therefore, upon the completion of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be halted until sufficient public float exists for the Shares.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 25 to 26 of this Composite Document, which sets out its recommendation to the Independent Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof; and (ii) the “LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS” on pages 27 to 46 of this Composite Document, which sets out their advice and recommendation to the Independent Board Committee as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof, and the principal factors considered by them in arriving at their advice and recommendation.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the Appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board
LEAP Holdings Group Limited
Ip Ying Chau
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

LEAP Holdings Group Limited

前進控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1499)

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
HEAD & SHOULDERS SECURITIES LIMITED
FOR AND ON BEHALF OF
RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
LEAP HOLDINGS GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite document dated 20 October 2017 issued jointly by the Offeror and the Company (“**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof.

Amasse Capital Limited and Grand Moore Capital Limited have been appointed as the joint independent financial advisers with our approval to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of their advice and the principal factors considered by them in arriving at their advice and recommendation are set out in the “LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS” on pages 27 to 46 of the Composite Document.

We also wish to draw your attention to the “LETTER FROM THE BOARD”, the “LETTER FROM HEAD & SHOULDERS SECURITIES” and the additional information set out in the Appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offer and the letter of advice and recommendation from the Joint Independent Financial Advisers, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and therefore we recommend the Independent Shareholders to accept the Offer.

Independent Shareholders are recommended to read the full text of the “LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS” set out in the Composite Document. Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Cheung Kwok Yan Wilfred
Independent
non-executive Director

Feng Zhidong
Independent
non-executive Director

Ho Ho Ming
Independent
non-executive Director

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Set out below is the text of a letter from Grand Moore Capital Limited and Amasse Capital Limited, the Joint Independent Financial Advisers to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.

AMASSE CAPITAL
寶 積 資 本

 中毅資本有限公司
Grand Moore Capital Limited

20 October 2017

To the Independent Board Committee of LEAP Holdings Group Limited

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFER
BY HEAD & SHOULDERS SECURITIES LIMITED FOR AND ON
BEHALF OF RIGHT STAR INVESTMENT DEVELOPMENT LIMITED TO
ACQUIRE ALL THE ISSUED SHARES OF
LEAP HOLDINGS GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
RIGHT STAR INVESTMENT DEVELOPMENT LIMITED
AND THE PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Joint Independent Financial Advisers to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 20 October 2017 jointly issued by the Offeror and the Company to its Independent Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

On 19 September 2017, the Offeror and the Company jointly announced that, among other things, on 15 September 2017, the Vendor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase 2,352,000,000 Sale Shares at a total cash consideration of HK\$290,535,918, representing a purchase price of approximately HK\$0.1235 per Sale Share. The Sale Shares represent approximately 44.70% of the entire issued share capital of the Company as at the Latest Practicable Date.

Immediately after Completion which took place on 18 September 2017 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 2,352,000,000 Shares, representing approximately 44.70% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make a mandatory conditional cash offer for all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Cheung Kwok Yan Wilfred, Mr. Feng Zhidong and Mr. Ho Ho Ming has been established by the Board to advise the Independent Shareholders in relation to the terms and conditions of the Offer. We, Grand Moore Capital Limited and Amasse Capital Limited have been appointed as the Joint Independent Financial Advisers to advise the Independent Board Committee in respect of the Offer, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Pursuant to Rule 2.1 of the Takeovers Code, our appointment as the Joint Independent Financial Advisers has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from the existing engagement in connection with the Offer, we do not and did not have any relationship (business, financial or otherwise) amounted to a significant connection (as referred to in Rule 2.6 of the Takeovers Code) with the Company or the Offeror within the past two years for us of a kind necessary likely to create, or to create the perception of, a conflict of interest for us or which is reasonably likely to affect the objectivity of our advice.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, the Joint Announcement, the announcement of the Company dated 11 October 2017 in relation to a positive profit alert, the annual reports of the Company for the years ended 31 March 2016 and 2017. We have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the management of the Company. We have assumed that all information and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and continue to be true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the date of despatch of the Composite Document. Should there be any subsequent material change in such information during the Offer Period, the Company should inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinion and recommendation. The Directors have declared in a responsibility statement set out in the Appendix V to the Composite Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror, the sole director of the Offeror and parties acting in concert with any of them). We have not, however, carried out any independent verification of the information provided by the

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinion, we have not considered the tax implication on the Independent Shareholders arising from acceptances or non-acceptances of the Offer as these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinion, our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as at the Latest Practicable Date. The Independent Shareholders will be informed should there be any material changes to the information contained or referred to herein and our opinion as soon as possible after the Latest Practicable Date and throughout the Offer Period. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention after the end of the period for the acceptance of the Offer.

This letter is issued for the Independent Board Committee solely in respect of the Offer and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

1. The Offer

The Offer

For each Offer Share HK\$0.1236 in cash

The Offer Price of HK\$0.1236 per Offer Share is determined on the basis of the Consideration paid by the Offeror per Sale Share under the Sale and Purchase Agreement.

Condition of the Offer

The Offer is conditional on valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Code, decide) in respect of such number of Shares which, together with Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent): i.e. on Tuesday, 19 December 2017.

The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code. In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer become unconditional in all respects. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional in all respects.

2. Information and financial performance of the Group

The Group is principally engaged in the provision of foundation works and ancillary services; and construction wastes handling services at the public fill reception facilities. During the year ended 31 March 2017, the Group has also commenced the investments in securities business and the money lending business to broaden the Group's investment strategy.

Set out below is a summary of the consolidated financial information on the Group for each of the three years ended 31 March 2015, 2016 and 2017 as extracted from the annual reports of the Company for the year ended 31 March 2016 (the "2016 Annual Report") and for the year ended 31 March 2017 (the "2017 Annual Report").

	For the year ended 31 March		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	305,313	399,277	353,038
Gross profit	62,331	70,447	40,292
Gross profit margin	20.42%	17.64%	11.41%
Net profit/(loss) before taxation	49,493	37,698	14,033
Net profit/(loss) after taxation	41,621	29,225	8,359
Profit and total comprehensive income attributable to owners of the Company	38,499	29,225	8,359

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

	As at 31 March 2015 HK\$'000 (audited)	As at 31 March 2016 HK\$'000 (audited)	As at 31 March 2017 HK\$'000 (audited)
Total assets	175,934	257,980	415,814
Total liabilities	89,757	91,519	70,754
Net assets attributable to owners of the Company	86,177	166,461	345,060

Note: Since the Company was listed on the Main Board of the Stock Exchange on 2 September 2015, the annual report for the year ended 31 March 2015 was not published. The above table shows the summary of the audited consolidated results of the Group for the three financial years ended 31 March 2015, 2016 and 2017 as stated in the Company's 2016 and 2017 annual report.

Financial performance for the year ended 31 March 2017 as compared to the year ended 31 March 2016

For the year ended 31 March 2017, the Group recorded revenue of approximately HK\$353 million, representing a decrease of approximately 11.6% as compared to that of approximately HK\$399.3 million for the year ended 31 March 2016. The decrease in revenue was mainly due to the keen competition in the market of foundation works and ancillary services resulting in the contract sum of the newly awarded projects during the year being less than that of the comparable completed projects including major projects in Ma On Shan, Kau To and Kwun Tong, in which a majority of revenue was recognized in the corresponding period in 2016.

Gross profit of the Group was approximately HK\$40.3 million for the year ended 31 March 2017, representing a decrease of approximately 42.8% as compared to that of approximately HK\$70.4 million for the year ended 31 March 2016, and gross profit margin was approximately 11.4% for the year ended 31 March 2017, decreased by approximately 6.2% when compared to that of approximately 17.6% for the year ended 31 March 2016. The decrease was mainly due to the decrease in revenue from foundation projects and the Group had to reduce the profit margin of new foundation projects in order to compete in the increasingly competitive market and a decrease in the number of capital works projects.

The Company's net profit after taxation attributable to owners of the Company was approximately HK\$ 8.4 million for the year ended 31 March 2017, representing a significant decrease of approximately 71.2% as compared to that of approximately HK\$29.2 million for the year ended 31 March 2016. Such decrease was due to the decrease in revenue and gross profit as explained above.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Financial performance for the year ended 31 March 2016 as compared to the year ended 31 March 2015

For the year ended 31 March 2016, the Group recorded revenue of approximately HK\$399.3 million representing an increase of approximately 30.8% as compared to that of approximately HK\$305.3 million for the year ended 31 March 2015. The increase in revenue was mainly due to the commencement of the newly awarded projects in Ma On Shan, Kwun Tong, and Aberdeen during the year ended 31 March 2016.

The gross profit of the Group was approximately HK\$70.4 million for the year ended 31 March 2016, representing an increase of approximately 13.0% as compared to that of approximately HK\$62.3 million for the year ended 31 March 2015, and gross profit margin was approximately 17.6% for the year ended 31 December 2017, decreased by approximately 2.8% when compared to that of approximately 20.4% for the year ended 31 March 2015. The increase in gross profit was mainly due to the increase in business activities due to the commencement of the newly awarded projects. The decrease in gross profit margin was mainly due to the lower gross profit margin achieved for the foundation works and ancillary services segment as a result of the carrying out of substantial works for projects located in North Point, Kwai Chung, and Causeway Bay, which had a higher gross profit margin during the year ended 31 March 2015.

The Company's net profit after taxation attributable to owners of the Company was approximately HK\$29.2 million for the year ended 31 March 2016, representing a significant decrease of approximately 24.2% as compared to that of approximately HK\$38.5 million for the year ended 31 March 2015, mainly due to the one-off listing expenses incurred during the year ended 31 March 2016.

Positive Profit Alert Announcement

Reference is made to the announcement of the Company dated 11 October 2017 (the "**Positive Profit Alert Announcement**"), whereby it is disclosed that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017, it is expected that the consolidated net profit attributable to shareholders of the Company for the six months ended 30 September 2017 will increase substantially as compared to the net profit attributable to shareholders of the Company for the corresponding period in 2016. As advised by the Directors, such increase in net profit is expected to be mainly attributable to the development of investments in securities (the "**New Business Segment**") which provided a more cost-efficient business segment for the Group. As further advised by the Directors, the New Business Segment has only a short operating record, which is commenced during the year ended 31 March 2017, and the total revenue of the New Business Segment accounted for only approximately 6.9% of the Group's total revenue during the year ended 31 March 2017.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Financial position as at 31 March 2017 as compared to the financial position as at 31 March 2016

Total assets of the Group was approximately HK\$415.8 million as at 31 March 2017, representing an increase of HK\$157.8 million or approximately 61.2% as compared to that of approximately HK\$258 million as at 31 March 2016. This increase in total assets was mainly attributable to the increase in financial assets at fair value of approximately HK\$82.6 million, representing an investment in a portfolio of listed securities in Hong Kong which is a new business segment of investment in listed securities and other financial products commenced during the year ended 31 March 2017, and investment properties of approximately HK\$21.3 million, as well as the increase in trade and other receivables and gross amounts due from customers for contract work of approximately HK\$51.3 million.

Total liabilities of the Group was approximately HK\$ 70.8 million as at 31 March 2017, representing a decrease of approximately HK\$20.7 million or 22.6% as compared to that of approximately HK\$91.5 million as at 31 March 2016. This decrease in total liabilities was mainly attributable to the repayment of finance lease liabilities of approximately HK\$15.8 million and the decrease of gross amounts due to customers for contract work of approximately HK\$16.1 million, but offsetting by the drawdown on borrowings of approximately HK\$10 million.

Net asset attributable to owners of the Company increased by approximately HK\$178.6 million or 107.3% from approximately HK\$166.5 million as at 31 March 2016 to approximately HK\$345.1 million as at 31 March 2017 was mainly attributable to the net proceeds from placing of shares of HK\$170.2 million.

In summary, despite the stable past performance of the construction industry with respect to the foundation works and the construction waste disposal services in Hong Kong as set out in the section “Future plan and prospects” below, the Company’s gross profit margin has been on a declining trend for the year ended 31 March 2015, 2016 and 2017, representing 20.4%, 17.6%, and 11.4%, respectively. In addition, net profit margin of the Company has been on a declining trend for the year ended 31 March 2015, 2016 and 2017, representing 13.6%, 7.3%, and 2.4%, respectively.

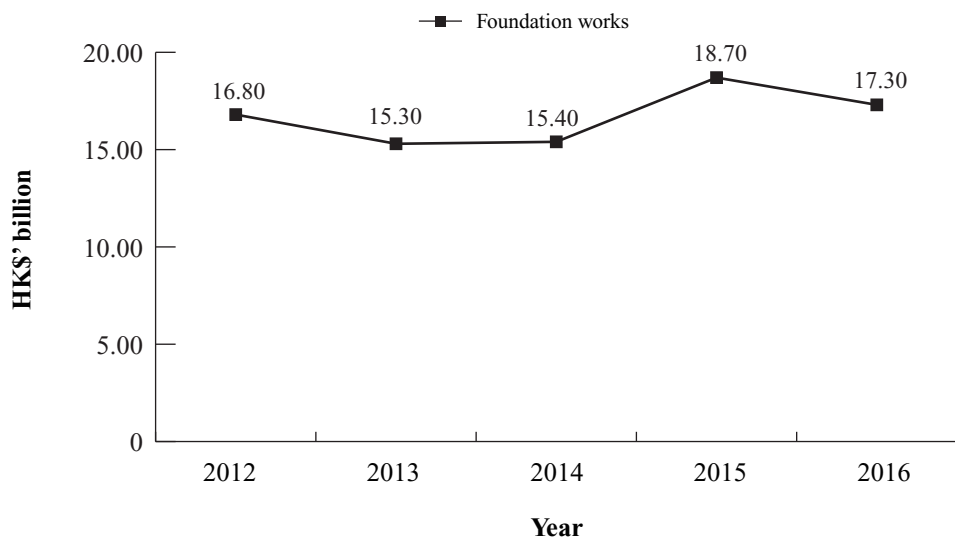
3. Future Plan and Prospects

As stated in the 2017 Annual Report, as at 31 March 2017, the Company did not have any other plans for material investments or capital assets. The Group will continue to respond to the changing market environment and review its investment strategy regularly. The Group will seek investment opportunities in listed securities and other financial products in Hong Kong and other recognized financial markets in the overseas with a view to generate additional income and enhance the capital use of the Group.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The provision of foundation works and ancillary services and construction wastes handling services were the principal businesses of the Group and accounted for an aggregate over 90% of the Group's total revenue for the financial years ended 31 March 2015, 2016 and 2017. Set out below is the gross output value (or revenue) of foundation works performed by main contractors in Hong Kong between 2012 to 2016:

**Gross output value of foundation works performed by
main contractors, Hong Kong**



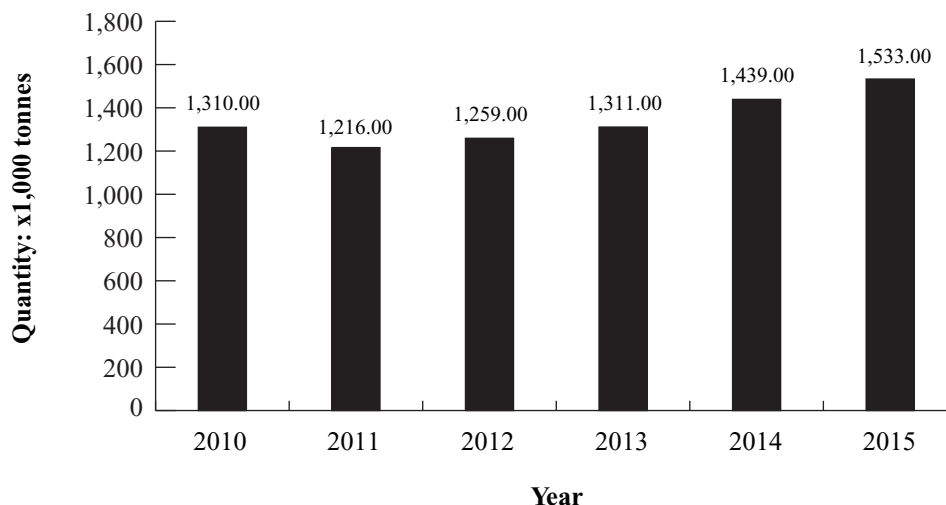
Source: Hong Kong Census and Statistics Department; China Insights Consultancy Ltd.

We noted from the chart above that, from 2012 to 2016, the total gross output value (revenue) of foundation works performed by main contractors in Hong Kong fluctuated slightly and ranged between HK\$15.3 billion to HK\$18.7 billion. Therefore, we are of the view that the outlook of the construction industry with respect to the foundation works in Hong Kong market would still be stable and positive.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Set out below is total amount of construction waste disposed in Hong Kong between 2010 and 2015:

Quantities of construction wastes disposed



Sources: Environment Protection Department, Hong Kong

We noted from the chart above that, from 2010 to 2015, the total quantities of construction waste disposed in Hong Kong was in an upward trend with a compounded annual growth rate of approximately 3.2% per year.

Therefore, we are of the view that the construction waste handling services in Hong Kong would still be growing steadily and its outlook in Hong Kong market is positive.

4. Information on the Offeror

To provide Independent Shareholders with basic information on the background of the Offeror, set out below is the key information on the Offeror as extracted from the “Letter from Head & Shoulders Securities” contained in the Composite Document:

The Offeror is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The Offeror is wholly-owned by Mr. Wong who is also the sole director of the Offeror.

The name of Mr. Wong is Anthony Wong, also known as “王弈宇” who is a citizen of Singapore. Mr. Wong graduated from Aalto University in Finland and obtained an Executive Master Degree of Business Administration. Since 2010, he has been focusing on the research in respect of the internet technology as well as internet operation management. Since 2010, Mr. Wong has set up company in Singapore, namely Pinnacle Enterprise Pte. Ltd., which is principally engaged in business and management consultancy services and other information technology and computer service activities. He was a director and a shareholder of another company in

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Singapore, namely ECG Holdings (S) Pte. Ltd., which focuses on property development. He has also acted as an advisor of the project on construction and development matters regarding property development. Mr. Wong has more than 7 years' experience in securities investment. Save for the experience in securities investment, Mr. Wong does not have any experience in current principal business of the Company as at the Latest Practicable Date.

5. Intention of the Offeror in relation to the Group

To provide the Independent Shareholders with information on the intention of the Offeror, set out below is the Offeror's intention in relation to the Group as extracted from the "Letter from Head & Shoulders Securities" contained in the Composite Document:

Immediately after Completion, the Offeror has become the Controlling Shareholder of the Company.

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group as mentioned in the "Letter from the Board" in this Composite Document. The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. The Offeror had not identified any investment or business opportunities nor had the Offeror entered into any agreement, arrangements, understandings or negotiation and no plan on any injection of any assets or businesses into the Group as at the Latest Practicable Date.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

6. Maintaining the Listing Status of the Company

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror, the four proposed new Directors to be appointed to the Board, and Mr. Cheung Kwok Yan Wilfred, being the existing independent non-executive Director, have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that: (i) a

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

7. The Offer Price

Offer Price comparison

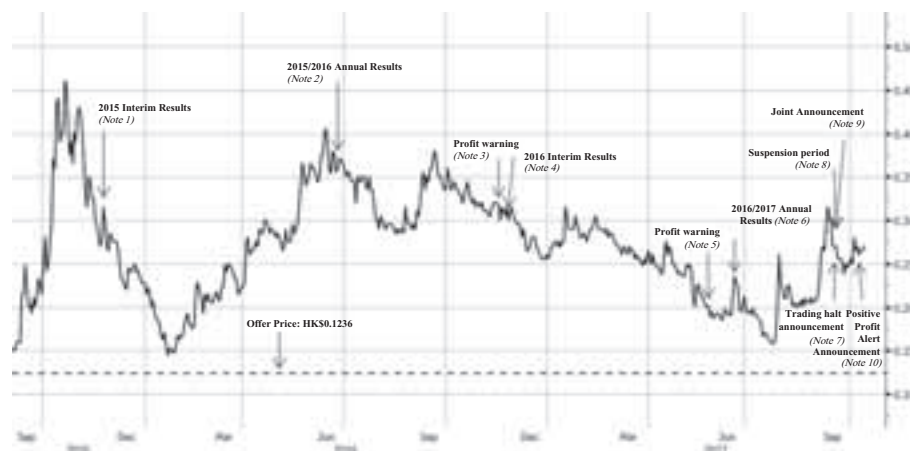
The Offer Price of HK\$0.1236 per Offer Share represents:

- (a) a discount of approximately 54.22% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 54.22% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 58.24% to the average of the closing prices of approximately HK\$0.296 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 54.56% to the average of the closing prices of approximately HK\$0.272 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 46.03% to the average of the closing prices of approximately HK\$0.229 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 40.86% to the average of the closing prices of approximately HK\$0.209 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (g) a discount of approximately 48.28% to the average of the closing prices of approximately HK\$0.239 per Share as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Last Trading Day; and
- (h) a premium of approximately 87.27% over the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.066 per Share as at 31 March 2017, calculated based on the Group's audited consolidated total equity value of approximately HK\$345.06 million as at 31 March 2017 and 5,262,000,000 Shares in issue as at Latest Practicable Date.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 2 September 2015 (the date of listing of the Company) up to the Latest Practicable Date (the “**Review Period**”), which covers an approximate two-year period prior to the Last Trading Day and the period up to the Latest Practicable Date, to illustrate the general trend and level of movement of the closing prices of the Shares.



Source: Bloomberg

Notes:

1. The announcement of interim results for the six months ended 30 September 2015 (“**2015 Interim Results**”) was issued on 25 November 2015.
2. The announcement of annual results for the year ended 31 March 2016 (“**2015/2016 Annual Results**”) was issued on 27 June 2016.
3. The profit warning announcement was issued on 17 November 2016.
4. The announcement of interim results for the six months ended 30 September 2016 (“**2016 Interim Results**”) was issued on 25 November 2016.
5. The profit warning announcement was issued on 31 May 2017.
6. The announcement of annual results for the year ended 31 March 2017 (“**2016/2017 Annual Results**”) was issued on 22 June 2017.
7. The trading halt announcement was issued on 18 September 2017.
8. The trading of the Shares was suspended from 18 September 2017 to 19 September 2017 pending the release of the Joint Announcement.
9. The Joint Announcement was issued on 19 September 2017.
10. The Positive Profit Alert Announcement was issued on 11 October 2017.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

As shown in the chart above, the closing price of the Shares during the Review Period ranges from the lowest closing price of approximately HK\$0.145 per Share recorded on 21 January 2016 to the highest closing price of approximately HK\$0.46 per Share recorded on 22 October 2015 with an average closing price per Share of approximately HK\$0.27.

For the period from 2 September 2015 (the listing date of the Company) to 5 November 2015, the closing prices of the Shares were in an upward trend. Subsequently, for the period from 6 November 2015 to 27 January 2016 and following the Company's announcement of the 2015 Interim Results on 25 November 2015, the closing prices of the Shares were in a downward trend. Then the closing prices of the Shares rebounded and were in an upward trend for the period from 28 January 2016 to 15 June 2016. Following the Company's announcements of 2015/2016 Annual Results on 27 June 2016 and profit warning for 2016 Interim Results on 17 November 2016 and profit warning for 2016/2017 Annual Results on 31 May 2017, i.e. the period from 15 June 2016 to 25 July 2017, the closing prices of the Shares were in a downward trend. Subsequently, the closing prices of the Shares were in an upward trend for the two months before the date of the Joint Announcement which had a closing price of HK\$0.27 per Share. Immediately after the date of the Joint Announcement to the Latest Practicable Date (the "**Post-announcement Period**"), the daily closing price of the Shares went down to HK\$ 0.238 per Share recorded on 26 September 2017. We have enquired the Directors regarding the possible reasons for such decrease in the closing price of the Shares in the Post-announcement Period, and as confirmed by the Directors, save as the Offer, the Directors were not aware of any happening which might have affected the closing price of the Shares.

We noted that the Offer Price had been lower than the daily closing prices during the entire Review Period. The Offer Price of HK\$0.1236 represents a discount of approximately 14.8% to the lowest closing price per Share, a discount of approximately 73.1% to the highest closing price per Share, and a discount of approximately 54.2% to the average closing price per Share during the Review Period.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Historical trading liquidity of the Shares

The number of trading days, the average daily number of the Shares traded per month (the “**Average Volume**”), and the respective percentages of the Average Volume as compared to the total number of issued Shares and the total number of issued Shares held by public Shareholders during the period from 15 September 2016, being approximate one year period prior to the Last Trading Day, up to the Latest Practicable Date (the “**One Year Period**”) are tabulated as below:

Month	Number of trading days in each month	Average daily trading volume (the “Average Volume”)	Percentage of the Average Volume to total	Percentage of the Average Volume to total number of issued Shares held by the public Shareholders
			number of issued Shares as at the end of each respective month <i>(Notes 1 & 2)</i>	
	<i>Number of days</i>	<i>in Shares</i>	%	%
2016				
September	11	6,007,273	0.23%	0.41%
October	19	5,756,842	0.22%	0.40%
November	22	2,286,364	0.09%	0.16%
December	20	6,491,000	0.25%	0.45%
2017				
January	19	7,524,211	0.29%	0.52%
February	20	11,935,000	0.45%	0.82%
March	23	3,111,791	0.12%	0.21%
April	17	9,085,882	0.17%	0.31%
May	20	27,054,500	0.51%	0.93%
June	22	19,209,091	0.37%	0.66%
July	21	16,918,095	0.32%	0.58%
August	22	8,638,182	0.16%	0.30%
September	19	33,011,053	0.63%	1.13%
October (up to and including the Latest Practicable Date)	10	15,460,000	0.29%	0.53%
		Max	0.63%	1.13%
		Min	0.09%	0.16%
		Median	0.27%	0.48%
		Mean	0.29%	0.53%

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Note:

1. The calculation is based on the Average Volume divided by the total number of issued Shares at the end of each month during the One Year Period (or at the Latest Practicable Date for October 2017).
2. The total number of issued Shares remained the same during the One Year Period until March 2017, being 2,631,000,000 Shares. The total number of issued Shares from April 2017 to September 2017 and at the Latest Practicable Date for October 2017 was 5,262,000,000.
3. The calculation is based on the Average Volume divided by the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date, which was 1,455,000,000 Shares from September 2016 to March 2017 and 2,910,000,000 Shares from April 2017 to September 2017, respectively. Whilst 2,910,000,000 being the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date and 1,455,000,000 Shares being the assumed total number of issued Shares held by the public Shareholders as at the Latest Practicable Date for September 2016 to March 2017 prior to the completion of share-subdivision in April 2017.

We noted that from the above table that the trading in the Shares had been thin during the One Year Period.

The maximum of the Average Volume was below 1.2% for both of the total number of issued Shares as at the end of each respective month (or at the Latest Practicable Date for October 2017) and the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.

Save for February, May, June, July and September 2017, the Average Volume was below 0.55% for both of the total number of issued Shares as at the end of each respective month (or at the Latest Practicable Date for October 2017) and the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date. As the Shares are illiquid, disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares. We, therefore, consider that the Offer provides an exit alternative to the Independent Shareholders who would like to realise their investments in the Shares.

If any Independent Shareholders who would like to realise their investments in the Shares are able to dispose of their Shares in the open market and/or identify potential purchaser(s) to acquire their Shares at a price higher than the Offer Price, those Independent Shareholders may consider not accepting the Offer but selling their Shares in the open market and/or to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the sale of their Shares would exceed the net amount receivable under the Offer.

Furthermore, those Independent Shareholders who, after reading through the 2017 Annual Report and 2016 Annual Report, the Joint Announcement, the Positive Profit Alert Announcement, the Composite Document and our letter to the

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Independent Board Committee, are optimistic about the future financial performance of the Group after the Offer, may having regard to their own circumstances, consider retaining all or any part of their Shares.

Accordingly, Independent Shareholders should closely monitor the market price and liquidity of the Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should also carefully monitor the financial performance of the Group as well as the intention of the Offeror in relation to the Group in the future, and be aware of the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer given the thin Average Volume.

Comparison with other comparable companies

In assessing the fairness and reasonableness of the Offer Price, it is a general practice to make reference to other comparable companies. Given that the Company was profit making for the years ended 31 March 2015 to 2017 as stated in the 2016 and 2017 Annual Report, we attempt to carry out a comparable analysis with the price-to-earnings ratio (the “**PER**”) which is the most commonly used benchmarks in valuing a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market.

As stated in the section headed “Information and financial performance of the Group”, the Group is principally engaged in provision of foundation works and ancillary services which contributing over 50% to the group’s revenue for the year ended 31 March 2017. Therefore, we selected companies based on the following criteria: (i) principally engaged in the business in relation to foundation works and ancillary services which contribute at least 50% to the total revenue; (ii) at least 50% of the revenue streams are retrieved from Hong Kong that are similar to the Group; (iii) currently listed on the Stock Exchange; (iv) with a market capitalization above HK\$500 million; and (v) recorded a net profit attributable to the owners of the respective companies in their latest annual reports for comparison. To the best of our knowledge and endeavour, we found 9 Hong Kong listed companies (the “**Market Comparables**”) which meet the said criteria and they are exhaustive as far as we are aware of. Shareholders should note that the businesses, operations and prospects of the Group are not exactly the same as the Market Comparables.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Set out below are the PERs of the Market Comparables based on their respective market capitalization as at the Latest Practicable Date and their respective latest published financial information:

Stock Code	Company Name	Principal business	Market Capitalization (Approximate HK\$) (Note 1)	PER (Note 2)
15	Vantage International (Holdings) Ltd.	Provision of construction, civil engineering, maintenance and other contract works in public and private sectors in Hong Kong, property investment and development.	1,716,625,728	12.13
711	Asia Allied Infrastructure Holdings Ltd.	Civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment, professional services including provision of security and property management services.	2,069,290,172	10.07
1271	Grand Ming Group Holdings Ltd.	Building construction, property leasing and property development.	3,250,751,972	16.01
1500	In Construction Holdings Ltd.	Demolition works, site formation works, ground investigation field works and general building works.	581,000,000	5.45
25	Chevalier International Holdings Ltd.	Construction and engineering, insurance and investment, property, food and beverage, computer and information communication technology and others.	3,979,416,839	7.37
1627	Able Engineering Holdings Ltd.	Provide building construction services and repair, maintenance, alteration and addition works in Hong Kong.	1,240,000,000	12.22
896	Hanison Construction Holdings Ltd.	Building construction, interior and renovation works, supply and installation of building materials, trading of health products, property investment, property agency and management and property development.	1,526,721,238	2.95

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

Stock Code	Company Name	Principal business	Market Capitalization (Approximate HK\$) (Note 1)	PER (Note 2)
1447	SFK Construction Holdings Ltd.	Engaged in construction and maintenance projects in Hong Kong and construction projects in Macau; provision of cleaning services and security management services in Hong Kong.	1,296,000,000	12.23
1559	Kwan On Holdings Ltd.	Provision of construction and maintenance works on civil engineering contracts in respect of buildings, waterworks, site formation, road works and drainage and slope upgrading in Hong Kong.	1,363,200,000	40.88
			Average	13.26
			Minimum	2.95
			Maximum	40.88
		The Company		77.81

Notes:

1. The PER of the Market Comparables were calculated based upon their respective market capitalization as at the Latest Practicable Date and divided by the net profit attributable to the owners of the respective companies disclosed in the respective latest published annual reports.
2. The implied PER of the Offer was calculated based upon the Offer Price multiplied by total number of issued Shares of 5,262,000,000 as at the Latest Practicable Date and then divided by the net profit attributable to the owners of the Group of approximately HK\$8,359,000 for the year ended 31 March 2017 as extracted from the 2017 Annual Report.

As depicted from the above table, the PER of the Market Comparables ranged from approximately 3.0 times to approximately 40.9 times, with an average of approximately 13.3 times. Accordingly, the implied PER of the Offer of approximately 77.8 times is above the upper end of the range and the average of the PER of the Market Comparables.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

- (i) As disclosed in the Positive Profit Alert Announcement, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017, it is expected that the consolidated net profit attributable to shareholders of the Company for the six months ended 30 September 2017 will increase substantially as compared to the net profit attributable to shareholders of the Company for the corresponding period in 2016. As advised by the Directors, such increase in net profit is expected to be mainly attributable to the development of the New Business Segment, namely investments in securities. But, the New Business Segment has only a short operating record and the total revenue of the New Business Segment accounted for only approximately 6.9% of the Group's total revenue during the year ended 31 March 2017;
- (ii) despite the prospect of the construction industry with respect to the foundation works and the construction waste handling services in Hong Kong is stable and positive, the financial performance of the Group has been deteriorating as the gross profit margins, net profits attributable to owners of the Company, and the net profit margins were on a declining trend for the past three financial years ended 31 March 2015 to 2017;
- (iii) despite the Offer Price of HK\$0.1236 is at a price level lower than the daily closing prices of the Shares during the entire Review Period, the implied PER of the Offer is above the upper end of the range and the average of the PER of the Market Comparables;
- (iv) Mr. Wong does not have any experience in current principal business of the Company as at the Latest Practicable Date;
- (v) the Offer Price represents a premium of approximately 87.27% over the audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$0.066 per Share as at 31 March 2017, calculated based on the Group's audited consolidated total equity value of approximately HK\$345.06 million as at 31 March 2017 and 5,262,000,000 Shares in issue as at Latest Practicable Date; and
- (vi) disposal of large block of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares as a result of thin trading volume of the Shares and the Offer provides an exit alternative to the Independent Shareholders who would like to realise their investments in the Shares;

as such, we consider that the terms of the Offer are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

LETTER FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

We would also like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds received from the disposal of Shares exceed the net amount receivable under the Offer.

Those Independent Shareholders who decide to retain part or all of their investments in the Company should carefully monitor the intention of the Offeror in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Company after the close of the Offer. Further terms and conditions of the Offer are set out in the “Letter from Head & Shoulders Securities” and Appendix I to the Composite Document.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
May Tsang
Director

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Hugo Cheung
Director, Investment Banking

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by post or by hand, marked "**LEAP Holdings Group Limited – Offer**" on the envelope, in any event not later than 4:00 p.m., on the Closing Date (subject to the Offer becoming unconditional) or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code. The Offer is conditional upon the Offeror having received acceptances in respect of the Shares which, together with the Shares already held by it and its concert parties, will result in the Offeror and any parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company. Pursuant to the Takeovers Code, when the Offer is declared unconditional, the Offer will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the Offer becomes or is declared unconditional. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**LEAP Holdings Group Limited – Offer**" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**LEAP Holdings Group Limited – Offer**" the duly completed and signed Form of Acceptance

together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked **"LEAP Holdings Group Limited – Offer"** to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked **"LEAP Holdings Group Limited – Offer"** to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Head & Shoulders Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the

Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (subject to the Offer becoming unconditional) or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
 - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.10% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

- (h) The address of the Registrar is at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

2. SETTLEMENT OF THE OFFER

- (a) Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar before the close of the Offer, a cheque or a banker's cashier order for the amount due to each of the Independent Shareholders who accept the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid and the date the Offer becomes, or is declared, unconditional.
- (b) Settlement of the consideration to which any Independent Shareholders is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty in respect the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded down to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is made on Friday, 20 October 2017, being the date of despatch of this Composite Document, and is capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.
- (b) Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date. The Offer is conditional upon the Offeror having received valid acceptances in respect of the Offer Shares which, together with the Shares already acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and any parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company. Pursuant to the Takeovers Code, where the Offer becomes or is declared unconditional, the Offer

will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the Offer becomes or is declared unconditional.

- (c) If the Offer is extended, the Offeror will issue an announcement in relation to any extension of the Offer, which will state either the next closing date or, a statement that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer before the Offer is closed. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (d) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired.

The announcement must state:

- (i) the total number of Offer Shares for which acceptances of the Offer has been received;
- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

- (iii) the total number of Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. on the Closing Date (subject to the Offer becoming unconditional), being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

The Offer is conditional upon fulfilment of the condition set out in the “Letter from Head & Shoulders Securities” in this Composite Document.

Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its consent within twenty one (21) days from the Closing Date if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

Furthermore, if the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

In such case, when the Independent Shareholder(s) withdraw their acceptances, the Offeror and Registrar shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s), and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Independent Shareholders at his/her/its own risks.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

7. OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be affected by the laws of the relevant jurisdictions. The Overseas Shareholders should observe any applicable legal or regulatory requirements. The Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. The Overseas Shareholders will also be fully responsible for the payment of any transfer or other taxes or other required payments and duties by the accepting Overseas Shareholders payable in respect of all relevant jurisdictions. Acceptance of the Offer by the Overseas Shareholders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

8. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Veda Capital, Get Nice Securities, Amasse Capital Limited, Grand Moore Capital Limited, the Registrar or the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

9. GENERAL

- (i) All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Company, the Offeror and parties acting in concert with it, Head & Shoulders Securities, Veda Capital, Get Nice Securities, Amasse Capital Limited, Grand Moore Capital Limited, the Registrar or the company secretary of the Company, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (iv) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (v) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Head & Shoulders Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (vi) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares are sold to the Offeror free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to the receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (vii) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.

- (viii) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholders who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (ix) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (x) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or Head & Shoulders Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (xi) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror and its beneficial owners, the Company, Veda Capital, Head & Shoulders Securities, Amasse Capital Limited, Grand Moore Capital Limited or the Registrar or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (xii) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial information of the Group for each of the two financial years ended 31 March 2016 and 31 March 2017, as extracted from the audited consolidated financial statements of the Group set forth in the published annual reports of the Company for the relevant years.

	For the year ended	
	31 March	
	2017	2016
	(HK\$'000)	(HK\$'000)
	(Audited)	(Audited)
Revenue	353,038	399,277
Profit before income tax	14,033	37,698
Income tax expense	(5,674)	(8,473)
Profit and total comprehensive income for the year attributable to owners of the Company	8,359	29,225
Profit for the year attributable to non-controlling interests	–	–
		(Restated)
Basic and diluted earnings per share	HK cent 0.17	HK cent 0.67
Dividends	–	–
Non-current assets	84,448	62,261
Current Assets	331,366	195,719
Current liabilities	60,573	71,686
Net current assets	270,793	124,033
Non-current liabilities	10,181	19,833
Net current assets	270,793	124,033
Total assets less current liabilities	355,241	186,294
Capital and reserves		
Share capital	26,310	22,880
Reserves	318,750	143,581
Total equity	345,060	166,461

Notes:

- (1) No qualified opinion in respect of the audited consolidated financial statements of the Group for each of the two financial years ended 31 March 2016 and 31 March 2017 has been issued by HLB Hodgson Impey Cheng Limited, the auditors of the Group, and the Company has no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years.
- (2) Since the Company was listed on the Main Board of the Stock Exchange on 2 September 2015, the annual report for the year ended 31 March 2015 was not published and therefore the above table only shows the summary of the audited consolidated results of the Group for the two financial years ended 31 March 2016 and 2017 as stated in the Company's 2016 and 2017 annual report.

2. AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The following is the full text of the audited consolidated financial statements of the Group for the financial year ended 31 March 2017 extracted from the annual report of the Company for the financial year ended 31 March 2017.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	5	353,038	399,277
Cost of sales		<u>(312,746)</u>	<u>(328,830)</u>
Gross profit		40,292	70,447
Other income, gains and losses	5	5,155	892
Fair value change on investment properties		(834)	–
Administrative and other operating expenses		<u>(29,543)</u>	<u>(32,562)</u>
Operating profit		15,070	38,777
Finance costs	6	<u>(1,037)</u>	<u>(1,079)</u>
Profit before income tax	7	14,033	37,698
Income tax expense	10	<u>(5,674)</u>	<u>(8,473)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u><u>8,359</u></u>	<u><u>29,225</u></u>
Basic and diluted earnings per share	11	<u><u>HK cent 0.17</u></u>	<u><u>HK cent 0.67</u></u> (Restated)

Details of dividends are disclosed in Note 13 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>14</i>	62,718	62,261
Investment properties	<i>15</i>	21,300	–
Intangible assets	<i>16</i>	430	–
		<u>84,448</u>	<u>62,261</u>
Current assets			
Trade and other receivables	<i>18</i>	152,829	119,105
Gross amounts due from customers for contract work	<i>19</i>	43,891	26,363
Financial assets at fair value through profit or loss	<i>20</i>	82,571	–
Tax recoverable		14	–
Cash and cash equivalents (excluding bank overdrafts)	<i>21</i>	52,061	50,251
		<u>331,366</u>	<u>195,719</u>
Total assets		<u>415,814</u>	<u>257,980</u>
EQUITY			
Capital and reserves			
Share capital	<i>22</i>	26,310	22,880
Reserves		<u>318,750</u>	<u>143,581</u>
Total equity		<u>345,060</u>	<u>166,461</u>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>24</i>	4,333	14,046
Deferred tax liabilities	<i>25</i>	<u>5,848</u>	<u>5,787</u>
		<u>10,181</u>	<u>19,833</u>
Current liabilities			
Trade and other payables	<i>26</i>	29,287	36,405
Gross amounts due to customers for contract work	<i>19</i>	431	16,544

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

	<i>Note</i>	2017 <i>HK\$ '000</i>	2016 <i>HK\$ '000</i>
Borrowings	24	29,888	15,823
Current income tax liabilities		967	2,914
		<u>60,573</u>	<u>71,686</u>
Total liabilities		<u>70,754</u>	<u>91,519</u>
Total equity and liabilities		<u><u>415,814</u></u>	<u><u>257,980</u></u>
Net current assets		<u><u>270,793</u></u>	<u><u>124,033</u></u>
Total assets less current liabilities		<u><u>355,241</u></u>	<u><u>186,294</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000 (Note 22)	Share premium HK\$'000	Capital reserve HK\$'000 (Note a)	Merger reserve HK\$'000 (Note b)	Retained earnings HK\$'000	
Balance at 1 April 2015	1	–	–	–	86,176	86,177
Profit and total comprehensive income for the year	–	–	–	–	29,225	29,225
Dividends paid	1	–	–	–	115,401	115,402
Reorganisation	–	–	–	–	(25,000)	(25,000)
Shares issued pursuant to the capitalisation issue	(1)	–	–	1	–	–
Shares issued under share offer	20,020	(20,020)	–	–	–	–
Shares issuance costs	2,860	68,640	–	–	–	71,500
Deemed capital contribution	–	(3,363)	–	–	–	(3,363)
	–	–	7,922	–	–	7,922
Balance at 31 March 2016	<u>22,880</u>	<u>45,257</u>	<u>7,922</u>	<u>1</u>	<u>90,401</u>	<u>166,461</u>
Balance at 1 April 2016	22,880	45,257	7,922	1	90,401	166,461
Profit and total comprehensive income for the year	–	–	–	–	8,359	8,359
Shares issued under placing	22,880	45,257	7,922	1	98,760	174,820
Shares issuance costs	3,430	171,570	–	–	–	175,000
	–	(4,760)	–	–	–	(4,760)
Balance at 31 March 2017	<u>26,310</u>	<u>212,067</u>	<u>7,922</u>	<u>1</u>	<u>98,760</u>	<u>345,060</u>

Notes:

- The capital reserve represents the deemed capital contribution from the Company's shareholder, Grand Jade Group Limited ("Grand Jade"), in relation to listing expenses reimbursed to the Company in prior years.
- The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation (as defined in Note 1 to the consolidated financial statements).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cash flows from operating activities			
Net cash (used in)/generated from operations	27	(125,165)	5,269
Income tax paid		(7,574)	(16,813)
Interest paid on bank overdrafts		(10)	(127)
Dividend received		576	–
Net cash used in operating activities		<u>(132,173)</u>	<u>(11,671)</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		11,548	2,535
Purchases of property, plant and equipment		(20,254)	(18,534)
Purchases of investment properties		(11,047)	–
Acquisition of subsidiaries, net of cash acquired	31	(9,830)	–
Interest received		1	58
Net cash used in investing activities		<u>(29,582)</u>	<u>(15,941)</u>
Cash flows from financing activities			
Net proceeds from share offer		–	68,137
Proceeds from placing of shares		175,000	–
Shares issuance costs		(4,760)	–
Proceeds from deemed capital contribution		–	7,922
Dividends paid to a shareholder	13	–	(10,148)
Inception of finance leases		–	6,840
Repayment of finance leases		(15,831)	(9,856)
Drawdown of bank borrowings		10,000	–
Repayment of bank borrowings		(275)	(2,236)
Interest paid on finance leases		(805)	(902)
Interest paid on bank borrowings		(222)	(50)
Net cash generated from financing activities		<u>163,107</u>	<u>59,707</u>
Net increase in cash and cash equivalents		<u>1,352</u>	<u>32,095</u>
Cash and cash equivalents at beginning of year		<u>50,251</u>	<u>18,156</u>
Cash and cash equivalents at end of year		<u><u>51,603</u></u>	<u><u>50,251</u></u>
Analysis of cash and cash equivalents			
Cash at banks	21	47,205	50,228
Cash held with brokers	21	4,834	–
Cash on hand	21	22	23
Bank overdrafts	24	(458)	–
		<u><u>51,603</u></u>	<u><u>50,251</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the year ended 31 March 2017***1 GENERAL INFORMATION AND BASIS OF PRESENTATION**

The Company was incorporated in the Cayman Islands on 15 May 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 2 September 2015. Its parent and ultimate holding company is Grand Jade, a company incorporated in the British Virgin Islands (“BVI”) and wholly-owned by Mr. Chan Wing Chung (“Mr. Chan”) and Mr. Ip Ying Chau (“Mr. Ip”), the controlling shareholders of the Company.

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the Company’s principal place of business is Units 2701-02, 27th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company. The Group is principally engaged in provision of foundation works and ancillary services, construction wastes handling, investments in securities and money lending business.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange (the “Reorganisation”), the group entities were under the control of Mr. Chan and Mr. Ip. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 23 July 2015. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Chan and Mr. Ip prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation where this is a shorter period.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 21 June 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2016:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above new and amended standards did not have any significant impact on the consolidated financial statements.

(b) New standards and interpretations not yet adopted

The following are new standards, amendments and interpretations that have been issued but not yet effective for the annual accounting period beginning 1 April 2016 and have not been early adopted by the Group:

		Effective for the accounting periods beginning on or after
HKAS 7 (Amendment)	Disclosure Initiative	1 January 2017
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKAS 40 (Amendment)	Transfers of Investment Property	1 January 2018
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2014-2016 Cycle	1 January 2017 or 1 January 2018 as appropriate
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

The application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

The directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

Except for the Reorganisation, the Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchase of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss account.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Merger accounting for common control combinations

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

2.6 Property, plant and equipment

Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

– Land and buildings	Over shorter of remaining lease term or 50 years
– Leasehold improvements	Over relevant lease term
– Furniture, fixtures and office equipment	20%
– Machinery and equipment	20%
– Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income as part of a valuation gain or loss.

2.8 Intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets have a finite useful lives are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

When a sale and leaseback results in a finance lease, any gain on sale is deferred and recognised as an income over the lease term. Any loss on sale is immediately recognised as an impairment loss when the sale occurs.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.11 Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the “percentage-of-completion method” to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total contract value.

On the consolidated statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets as financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group’s loans and receivables comprise “trade and other receivables” and “cash and cash equivalent (excluding bank overdrafts)” in the consolidated statement of financial position.

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of profit or loss within “Revenue” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of “Revenue” when the Group’s right to receive payments is established.

2.13 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for services performed and loans granted to customers in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, cash held with brokers, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits*

The Group operates a defined contribution plan and pays contributions to a privately administered pension insurance plan on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

(iv) *Bonus plans*

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2.22 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

(a) Foundation works and ancillary services income

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in note 2.11 above.

(b) Construction wastes handling services income

Revenue from provision of construction wastes handling services are recognised on completion of the related services rendered to the customer.

(c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Rental income

Rental income from lease of property and machinery is recognised based on the straight-line basis over the lease terms.

2.25 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

2.27 Related Parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk, price risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings obtained with variable rates expose the Group to cash flow interest rate risk which is partially offset by cash deposited at variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 March 2017, if the interest rate on all variable-rate borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit after income tax for the year would have been decreased/increased by approximately HK\$181,000 (2016: HK\$179,000), mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

(ii) Credit risk

Credit risk arises mainly from trade and other receivables and cash and cash equivalents (excluding bank overdrafts). The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2017, there were four (2016: three) customers which individually contributed over 10% of the Group's trade and other receivables. The aggregate amounts of trade and other receivables from these customers amounted to 57% (2016: 56%) of the Group's total trade and other receivables as at 31 March 2017.

(iii) Price risk

The Group is exposed to securities price risk because certain investments held by the Group are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss as at 31 March 2017.

As at 31 March 2017, if the quoted price of the financial assets at fair value through profit or loss had appreciated/depreciated by 10% with all other variables held constant, the Group's profit after income tax for the year would have been approximately HK\$6,895,000 higher/lower as a result of gains/losses on change in fair value of the financial assets at fair value through profit or loss.

(iv) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current rates at the end of each reporting period) and the earliest date the Group may be required to pay:

	On demand or within one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
At 31 March 2017				
Trade and other payables	29,287	–	–	29,287
Finance lease liabilities	9,096	4,318	98	13,512
Borrowings (excluding finance lease liabilities)	21,940	–	–	21,940
	<u>60,323</u>	<u>4,318</u>	<u>98</u>	<u>64,739</u>
At 31 March 2016				
Trade and other payables	36,405	–	–	36,405
Finance lease liabilities	15,688	10,858	3,548	30,094
Borrowings (excluding finance lease liabilities)	912	–	–	912
	<u>53,005</u>	<u>10,858</u>	<u>3,548</u>	<u>67,411</u>

3.2 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities as at each year end divided by the total equity as at each year end.

The gearing ratios of the Group are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Total borrowings (<i>Note 24</i>)	34,221	29,869
Total equity	<u>345,060</u>	<u>166,461</u>
Gearing ratio	<u>10%</u>	<u>18%</u>

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2017 and 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 March 2017	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Financial assets at fair value through profit or loss				
– Listed equity securities	<u>82,571</u>	<u>–</u>	<u>–</u>	<u>82,571</u>
As at 31 March 2016	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Financial assets at fair value through profit or loss				
– Listed equity securities	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

There were no transfers between levels during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments listed in Hong Kong Stock market classified as trading securities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimates fair value of investment property

The fair value of investment property is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 15.

(b) Impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of each financial period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

5 REVENUE AND SEGMENT INFORMATION

Revenue and other income, gains and losses recognised during the year are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue		
Foundation works and ancillary services	262,287	330,953
Rental income from lease of machinery	2,183	1,131
Construction wastes handling	62,168	67,193
Fair value change on investments in securities		
– Realised change	21,069	–
– Unrealised change	2,542	–
Dividend income from investments in securities	576	–
Interest income from money lending business	2,213	–
	<u>353,038</u>	<u>399,277</u>
Other income, gains and losses		
Rental income from lease of investment properties	309	–
Interest income	88	148
Gain/(Loss) on disposal of property, plant and equipment	3,060	(406)
Government grants (<i>Note</i>)	1,221	449
Recovery of bad debts	–	253
Others	477	448
	<u>5,155</u>	<u>892</u>

Note: There are no unfulfilled conditions or contingencies relating to these grants.

Segment information

Management has determined the operating segments based on the reports reviewed by the directors of the Company, the chief operating decision-maker, that are used to make strategic decisions. The directors consider the business from a product/service perspective. Principal activities of the segments are as follows:

- (a) Foundation works and ancillary services: Provision of site formation works, excavation and lateral support, piling construction, pile caps or footing construction and reinforced concrete structure works and ancillary services mainly included hoarding and demolition works and lease of machinery.
- (b) Construction wastes handling: Provision of management and operation of public fill reception facilities, including public fill banks and temporary construction waste sorting facilities, for construction and demolition materials.
- (c) Investments in securities.
- (d) Money lending.

Segment revenue is measured in a manner consistent with that in the consolidated statements of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment results. Unallocated income, fair value change on investment properties, unallocated corporate expenses, finance costs, income tax expense and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except investment properties, unallocated cash and cash equivalents (excluding bank overdrafts) and other unallocated assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the consolidated statement of financial position except current income tax liabilities, deferred tax liabilities, borrowings and other unallocated liabilities.

	Foundation works and ancillary services HK\$'000	Construction wastes handling HK\$'000	Investments in securities HK\$'000	Money lending HK\$'000	Total HK\$'000
Year ended 31 March 2017					
Revenue					
External revenue	264,470	62,168	24,187	2,213	353,038
Segment results	7,938	6,058	24,083	2,213	40,292
Unallocated income					5,155
Fair value change on investment properties					(834)
Unallocated corporate expenses					(29,543)
Finance costs					(1,037)
Profit before income tax					14,033
Income tax expense					(5,674)
Profit for the year					8,359
Included in segment results are:					
Depreciation	12,748	5,994	–	–	18,742
At 31 March 2017					
Segment assets	194,015	13,073	92,127	68,020	367,235
Unallocated assets					48,579
Total assets					415,814
Additions to non-current asset:					
Segment assets	8,074	3,511	–	430	12,015
Unallocated assets					39,174
					51,189
Segment liabilities	23,605	333	–	–	23,938
Unallocated liabilities					5,780
Borrowings					34,221
Current income tax liabilities					967
Deferred tax liabilities					5,848
Total liabilities					70,754

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2016					
Revenue					
External revenue	<u>332,084</u>	<u>67,193</u>	<u>–</u>	<u>–</u>	<u>399,277</u>
Segment results	<u>61,424</u>	<u>9,023</u>	<u>–</u>	<u>–</u>	<u>70,447</u>
Unallocated income					892
Unallocated corporate expenses					(32,562)
Finance costs					<u>(1,079)</u>
Profit before income tax					37,698
Income tax expense					<u>(8,473)</u>
Profit for the year					<u>29,225</u>
Included in segment results are:					
Depreciation	<u>13,224</u>	<u>3,476</u>	<u>–</u>	<u>–</u>	<u>16,700</u>
At 31 March 2016					
Segment assets	233,096	17,522	–	–	250,618
Unallocated assets					<u>7,362</u>
Total assets					<u>257,980</u>
Additions to non-current asset:					
Segment assets	30,411	1,685	–	–	32,096
Unallocated assets					<u>256</u>
					<u>32,352</u>
Segment liabilities	48,815	2,948	–	–	51,763
Unallocated liabilities					1,186
Borrowings					29,869
Current income tax liabilities					2,914
Deferred tax liabilities					<u>5,787</u>
Total liabilities					<u>91,519</u>

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. The Group's major operations and markets are located in Hong Kong, no geographical segment information is provided.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A ²	N/A ³	41,134
Customer B ²	N/A ³	71,267
Customer C ²	53,078	72,296
Customer D ²	N/A ³	45,783
Customer E ^{1 and 2}	63,225	67,966
Customer F ²	52,373	N/A ³
Customer G ²	75,763	N/A ³

¹ Revenue from construction wastes handling.

² Revenue from foundation works and ancillary services.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6 FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on finance leases	805	902
Interest on bank overdrafts, bank borrowings and other borrowing	232	177
	<u>1,037</u>	<u>1,079</u>

7 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Auditors' remuneration		
– Current year	950	880
– Overprovision in prior year	–	(70)
	<u>950</u>	<u>810</u>
Staff costs, including directors' emoluments (<i>Note 8</i>)	68,595	96,419
Depreciation (<i>Note 14</i>)	19,555	17,132
Operating lease rental on premises	1,165	1,302
Direct operating expenses arising from investment properties that generate rental income	15	–

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2017 HK\$'000	2016 HK\$'000
Salaries and allowances	66,431	92,599
Retirement scheme contributions – defined contribution plan	2,164	3,820
	<u>68,595</u>	<u>96,419</u>

The Group operates a defined contribution scheme in Hong Kong which complies with the requirements under the Mandatory Provident Fund (“MPF”) Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year ended 31 March 2017 is set out below:

	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Employer's contribution to a retirement scheme HK\$'000	Total HK\$'000
Year ended 31 March 2017					
<i>Executive directors</i>					
Mr. Ip (Chief Executive Officer)	–	2,023	–	18	2,041
Mr. Chan	–	1,176	–	18	1,194
Ms. Tung Ah Pui Athena (“Ms. Tung”)	–	960	–	18	978
Mr. Chan Chiang Kan (“Mr. Chan C.K.”)	–	900	–	18	918
Mr. Mui Wai Sum (“Mr. Mui”) (Note (i))	331	–	–	–	331
<i>Independent non-executive directors</i>					
Mr. Cheung Kwok Yan, Wilfred (“Mr. Cheung”)	120	–	–	–	120
Mr. Feng Zhidong (“Mr Feng”)	120	–	–	–	120
Professor Ho Ho Ming (“Professor Ho”)	120	–	–	–	120
	<u>691</u>	<u>5,059</u>	<u>–</u>	<u>72</u>	<u>5,822</u>
Year ended 31 March 2016					
<i>Executive directors</i>					
Mr. Ip (Note (ii))	–	1,111	–	18	1,129
Mr. Chan (Note (ii))	–	1,111	–	18	1,129
Ms. Tung (Note (ii))	–	885	240	18	1,143
Mr. Chan C.K. (Note (ii))	–	790	70	18	878
<i>Independent non-executive directors</i>					
Mr. Cheung (Note (iii))	70	–	–	–	70
Mr. Feng (Note (iii))	70	–	–	–	70
Professor Ho (Note (iii))	70	–	–	–	70
	<u>210</u>	<u>3,897</u>	<u>310</u>	<u>72</u>	<u>4,489</u>

During the year ended 31 March 2017, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2017 (2016: Nil).

Notes:

- (i) Mr. Mui was appointed as executive director of the Company on 29 April 2016.
- (ii) Mr. Ip, Mr. Chan, Ms. Tung and Mr. Chan C.K. were appointed as executive directors of the Company on 15 May 2015. They were also directors of certain subsidiaries of the Company and/or employees of the Group during the year ended 31 March 2016 and the Group paid emoluments to them in their capacity as the directors of these subsidiaries and/or employees of the Group before their appointment as executive directors of the Company on 15 May 2015.
- (iii) The independent non-executive directors, Mr. Cheung, Mr. Feng and Professor Ho were appointed as directors of the Company on 12 August 2015.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, four (2016: four) of them are directors for the year ended 31 March 2017 whose emoluments are disclosed above. The emoluments in respect of the remaining one (2016: one) individual for the year ended 31 March 2017 are as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries and allowances	859	840
Discretionary bonuses	–	70
Retirement scheme contributions	15	18
	<u>874</u>	<u>928</u>

The emoluments fell within the following band:

	Number of individuals	
	2017	2016
Emolument band (in HK\$)		
Nil – HK\$1,000,000	<u>1</u>	<u>1</u>

During the year ended 31 March 2017, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2016: Nil).

10 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	5,613	7,967
– Overprovision in prior years	–	(18)
Deferred income tax (<i>Note 25</i>)	<u>61</u>	<u>524</u>
Income tax expense	<u><u>5,674</u></u>	<u><u>8,473</u></u>

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before income tax	<u><u>14,033</u></u>	<u><u>37,698</u></u>
Calculated at a tax rate of 16.5%	2,316	6,220
Income not subject to tax	(173)	(231)
Expenses not deductible for tax purposes	1,084	2,682
Tax losses not recognised	2,504	–
Overprovision in prior years	–	(18)
Tax concession	(88)	(80)
Others	<u>31</u>	<u>(100)</u>
Income tax expense	<u><u>5,674</u></u>	<u><u>8,473</u></u>

11 EARNINGS PER SHARE

	2017	2016
Profit attributable to owners of the Company (HK\$'000)	<u><u>8,359</u></u>	<u><u>29,225</u></u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u><u>5,043,562</u></u>	(Restated) <u><u>4,335,322</u></u>
Basic earnings per share (HK cent)	<u><u>0.17</u></u>	(Restated) <u><u>0.67</u></u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2017 has been adjusted for the share subdivision on 24 April 2017 as if they have taken place since the beginning of the year.

The comparative figures for the basic earnings per share for the year ended 31 March 2016 are restated to take into account of the effect of the above share subdivision during the year retrospectively as if they have taken place since the beginning of the comparative year.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2016 and 2017.

12 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2017:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of interest held
Progressive Foundation Company Limited	Hong Kong, limited liability company	Provision of foundation engineering works and project management business in Hong Kong	Ordinary share HK\$100	100% (indirect)
Bright Access (HK) Limited	Hong Kong, limited liability company	Provision of foundation business in Hong Kong	Ordinary share HK\$100	100% (indirect)
Chung Shun Construction Limited	Hong Kong, limited liability company	Provision of construction works, which included foundation works and ancillary services, and heavy duty machines business in Hong Kong	Ordinary share HK\$100	100% (indirect)
Win Target Engineering Limited	Hong Kong, limited liability company	Provision of foundation engineering works business in Hong Kong	Ordinary share HK\$10,000	100% (indirect)
Luck Win Group Inc.	BVI, limited liability company	Property holding	Ordinary share United States dollars ("US\$") 50,000	100% (direct)
Gold Toys Limited	BVI, limited liability company	Investments in securities	Ordinary share US\$50,000	100% (direct)
Simple Rise Inc.	BVI, limited liability company	Property holding	Ordinary share US\$50,000	100% (direct)
Hong Kong Tamron Group Company Limited ("Tamron")	Hong Kong, limited liability company	Money lending business	Ordinary share HK\$1,000,000	100% (direct)
Sunny Harvest Limited ("Sunny Harvest")	Hong Kong, limited liability company	Property holding	Ordinary share HK\$2	100% (indirect)
Elements Assets Management Limited ("Elements Assets")	Hong Kong, limited liability company	Property holding	Ordinary share HK\$1	100% (indirect)

13 DIVIDENDS

During the year ended 31 March 2016, the Company declared interim dividends of HK\$25,000,000 to the then shareholder of the Company. Interim dividends of approximately HK\$10,148,000 was settled by cash and the remaining balance of approximately HK\$14,852,000 was settled by offset against the amounts due from directors.

No interim dividend was declared for the year ended 31 March 2017.

No final dividend was proposed by the Board for the year ended 31 March 2017 (2016: Nil).

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Machinery and equipment HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 April 2015	–	69,117	767	1,654	28,691	100,229
Additions	–	29,606	–	113	2,633	32,352
Disposals	–	(4,389)	–	–	(2,091)	(6,480)
At 31 March 2016	–	94,334	767	1,767	29,233	126,101
Accumulated depreciation						
At 1 April 2015	–	32,345	119	1,090	16,693	50,247
Charge for the year (Note 7)	–	12,336	256	176	4,364	17,132
Disposals	–	(1,993)	–	–	(1,546)	(3,539)
At 31 March 2016	–	42,688	375	1,266	19,511	63,840
Net book value						
At 31 March 2016	–	51,646	392	501	9,722	62,261
Cost						
At 1 April 2016	–	94,334	767	1,767	29,233	126,101
Additions	8,479	10,889	–	190	696	20,254
Acquisition of assets through acquisition of subsidiaries (Note 31)	7,892	–	10	12	457	8,371
Disposals	–	(11,395)	–	–	(7,589)	(18,984)
At 31 March 2017	16,371	93,828	777	1,969	22,797	135,742
Accumulated depreciation						
At 1 April 2016	–	42,688	375	1,266	19,511	63,840
Charge for the year (Note 7)	111	15,462	256	172	3,554	19,555
Disposals	–	(4,061)	–	–	(6,310)	(10,371)
At 31 March 2017	111	54,089	631	1,438	16,755	73,024
Net book value						
At 31 March 2017	16,260	39,739	146	531	6,042	62,718

Notes:

- (a) The net book value of machinery and equipment and motor vehicles of the Group include amounts of approximately HK\$8,429,000 (2016: HK\$12,651,000) and approximately HK\$2,832,000 (2016: HK\$6,824,000), respectively, in respect of assets held under finance leases.
- (b) Depreciation expense of approximately HK\$18,742,000 (2016: HK\$16,700,000) has been included in cost of sales.

15 INVESTMENT PROPERTIES

	2017 HK\$'000	2016 HK\$'000
At fair value		
At 1 April	–	–
Additions	11,047	–
Acquisition of asset through acquisition of a subsidiary (Note 31)	11,087	–
Fair value change	(834)	–
	<u>21,300</u>	<u>–</u>
At 31 March	<u>21,300</u>	<u>–</u>

As at 31 March 2017, investment properties with a carrying amount of approximately HK\$11,000,000 (2016: Nil) have been pledged to other borrowing granted to the Group (Note 24).

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 March 2017 has been arrived at on the basis of a valuation carried by ARM Appraisals Limited, an independent qualified professional valuer not connected to the Group who has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of investment properties classified in level 3 fair value hierarchy was determined based on the direct comparison approach where comparison is made based on prices realised on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

The following table gives information about how the fair value of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group	Fair value hierarchy	Valuation techniques and key inputs	Unobservable inputs	Relationship of significant unobservable inputs to fair value
Commercial and residential property units	Level 3	Direct comparison method based on market observable transactions and adjust to reflect the conditions and locations of the subject properties	Various unobservable inputs concluding with a range of 0% to 25%	Higher premium for properties with higher characteristic will result in a higher fair value measurement
		The key inputs are: (1) Floor level adjustment (2) View adjustment (3) Size adjustment (4) Location adjustment (5) Time adjustment		

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

In estimating the fair value of the investment properties, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

16 INTANGIBLE ASSETS

	2017 HK\$'000	2016 HK\$'000
At 1 April	–	–
Acquisition of asset through acquisition of a subsidiary (<i>Note 31</i>)	430	–
At 31 March	<u>430</u>	<u>–</u>

The intangible asset represents direct costs incurred for the acquisition of a money lenders licence with indefinite useful life and is stated at cost less any impairment losses.

The money lenders licence is considered by the directors of the Company as having indefinite useful lives because it is expected that the money lenders licence can be renewed continuously at minimal cost and it will contribute net cash inflows for the Group in the foreseeable future. The money lenders licence will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2017 HK\$'000	2016 HK\$'000
Financial assets		
<i>Loans and receivables</i>		
Trade and other receivables excluding prepayments	151,924	118,446
Cash and cash equivalents (excluding bank overdrafts)	52,061	50,251
	<u>203,985</u>	<u>168,697</u>
<i>Financial assets at fair value through profit or loss</i>		
Financial assets at fair value through profit or loss	82,571	–
Total	<u>286,556</u>	<u>168,697</u>
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	29,287	36,405
Borrowings (excluding finance lease liabilities)	21,056	873
Finance lease liabilities	13,165	28,996
Total	<u>63,508</u>	<u>66,274</u>

18 TRADE AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables	42,200	74,282
Loan receivables	67,000	–
Other receivables, deposits and prepayments	10,217	6,999
Retention receivables	33,412	37,824
	<u>152,829</u>	<u>119,105</u>

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 7 to 75 days generally. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on payment certificate is as follows:

	2017 HK\$'000	2016 HK\$'000
0-30 days	22,969	51,609
31-60 days	13,616	10,774
61-90 days	–	668
Over 90 days	5,615	11,231
	<u>42,200</u>	<u>74,282</u>

Trade receivables of approximately HK\$24,448,000 (2016: HK\$60,428,000) as at 31 March 2017 were not yet past due and approximately HK\$17,752,000 (2016: HK\$13,854,000) as at 31 March 2017 were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables of approximately HK\$33,412,000 (2016: HK\$37,824,000) as at 31 March 2017 were not yet past due and will be settled in accordance with the terms of respective contract.

- (c) The Group's loan receivables, which arise from the money lending business, are denominated in HK\$. The loan receivables are neither impaired nor overdue based on contractual maturity date as at 31 March 2017. All the loan receivables are entered with contractual maturity within 1 year. Loan receivables are interest-bearing at rates ranging from 7% to 54% per annum.
- (d) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

19 GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gross amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	491,739	425,992
Less: Progress billings received and receivable	<u>(447,848)</u>	<u>(399,629)</u>
	<u>43,891</u>	<u>26,363</u>
Gross amounts due to customers for contract work		
Progress billings received and receivable	18,031	113,240
Less: Contract costs incurred plus recognised profits less recognised losses	<u>(17,600)</u>	<u>(96,696)</u>
	<u>431</u>	<u>16,544</u>

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Held for trading investments include:		
Listed equity securities, at quoted price in Hong Kong	<u>82,571</u>	<u>–</u>

21 CASH AND CASH EQUIVALENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cash at banks	47,205	50,228
Cash held with brokers	4,834	–
Cash on hand	<u>22</u>	<u>23</u>
Cash and cash equivalents (excluding bank overdrafts)	<u>52,061</u>	<u>50,251</u>

All cash and cash equivalents are denominated in HK\$.

22 SHARE CAPITAL

	<i>Note</i>	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
On 15 May 2015 (date of incorporation)	<i>b</i>	38,000,000	380
Increase in authorised share capital	<i>c</i>	<u>9,962,000,000</u>	<u>99,620</u>
At 31 March 2016, 1 April 2016 and 31 March 2017		<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:			
On 15 May 2015 (date of incorporation)	<i>b</i>	1	–
Shares issued upon Reorganisation	<i>d</i>	9,999	–
Shares issued pursuant to the capitalisation issue	<i>e</i>	2,001,990,000	20,020
Shares issued under share offer	<i>f</i>	<u>286,000,000</u>	<u>2,860</u>
At 31 March 2016 and 1 April 2016		2,288,000,000	22,880
Shares issued under placing	<i>g</i>	168,000,000	1,680
Shares issued under placing	<i>h</i>	<u>175,000,000</u>	<u>1,750</u>
At 31 March 2017		<u><u>2,631,000,000</u></u>	<u><u>26,310</u></u>

Notes:

- (a) The balance of share capital at 31 March 2015 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.
- (b) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 15 May 2015, which was then transferred to Grand Jade on the same date.
- (c) On 12 August 2015, the then sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- (d) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Glory Port International Limited (“Glory Port”) from Grand Jade on 23 July 2015, (i) the 1 nil-paid share then held by Grand Jade was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Grand Jade.
- (e) Pursuant to the written resolutions of the sole shareholder of the Company passed on 12 August 2015, the Company issued and allotted a total of 2,001,990,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company’s shares on the register of members at the close of business on 11 August 2015 by way of capitalisation of the sum of HK\$20,019,900 standing to the credit of the share premium account of the Company.

- (f) On 1 September 2015, 286,000,000 ordinary shares of HK\$0.01 each were issued to the public at a price of HK\$0.25 per share for cash totalling HK\$71,500,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK\$3,363,000, were credited to the share premium account of the Company.
- (g) On 26 May 2016, 168,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.50 per share for cash totalling HK\$84,000,000 by way of placing. The excess of the issue price over the par value of the shares, net of issuance costs of approximately HK\$2,940,000, were credited to the share premium account of the Company.
- (h) On 23 September 2016, 175,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.52 per share for cash totalling HK\$91,000,000 by way of placing. The excess of the issue price over the par value of the shares, net of issuance costs of approximately HK\$1,820,000, were credited to the share premium account of the Company.

23 SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 12 August 2015 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, substantial shareholders, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 12 August 2015, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2016 and 2017.

24 BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current		
Finance lease liabilities (<i>Note c</i>)	4,333	14,046
Current		
Bank overdrafts (<i>Note b</i>)	458	–
Bank borrowings (<i>Notes a and b</i>)	10,598	873
Other borrowing (<i>Note d</i>)	10,000	–
Finance lease liabilities (<i>Note c</i>)	8,832	14,950
	<u>29,888</u>	<u>15,823</u>
Total borrowings	<u><u>34,221</u></u>	<u><u>29,869</u></u>

Notes:

(a) Bank borrowings

The bank borrowings are classified as current liabilities according to the HK Interpretation 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA. According to the repayment schedule, the bank borrowings are repayable as follows:

	2017 HK\$'000	2016 HK\$'000
Within 1 year	10,282	275
Between 1 and 2 years	291	573
Between 2 and 5 years	25	25
	<u>10,598</u>	<u>873</u>

(b) The carrying amounts of the bank overdrafts and bank borrowings are denominated in the following currencies:

	2017 HK\$'000	2016 HK\$'000
HK\$	10,458	–
US\$	598	873
	<u>11,056</u>	<u>873</u>

(c) Finance lease liabilities

Lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

At the end of lease term of certain finance leases the Group has the option to purchase the leased asset at a price deemed to be a bargain purchase option.

Certain machinery and equipment was under finance leases in the form of sale and leaseback arrangements. There was no disposal gain or loss recognised for the transactions as the fair value was not significantly different to the carrying value of the relevant machinery and equipment.

	2017 HK\$'000	2016 HK\$'000
Gross finance lease liabilities – minimum lease payments		
Within 1 year	9,096	15,688
Between 1 and 2 years	4,318	10,858
Between 2 and 5 years	98	3,548
	<u>13,512</u>	<u>30,094</u>
Future finance charges on finance leases	(347)	(1,098)
	<u>13,165</u>	<u>28,996</u>

The present value of finance lease liabilities is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 year	8,832	14,950
Between 1 and 2 years	4,249	10,551
Between 2 and 5 years	84	3,495
	<u>13,165</u>	<u>28,996</u>

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of approximately HK\$8,429,000 (2016: HK\$12,651,000) and motor vehicles with an aggregate net book value of approximately HK\$2,832,000 (2016: HK\$6,824,000) as at 31 March 2017. Finance leases with carrying amounts of approximately HK\$5,452,000 (2016: HK\$6,984,000) as at 31 March 2017 are guaranteed by personal guarantees given by certain directors of the Company.

The carrying amounts of all finance lease liabilities are denominated in HK\$.

- (d) The other borrowing was secured by a charge over the Group's investment properties (Note 15). The other borrowing is repayable within one year and denominated in HK\$.
- (e) The interest rates per annum of borrowings are as follows:

	2017	2016
Bank overdrafts	5%	N/A
Bank borrowings	2.75% to 3.00%	2.50%
Other borrowing	8%	N/A
Finance lease liabilities	<u>2.88% to 5.68%</u>	<u>2.88% to 7.96%</u>

- (f) These banking facilities are secured by pledge of life insurance amounting to approximately HK\$2,550,000 (2016: HK\$2,513,000) and guaranteed by corporate guarantee given by the Group as at 31 March 2017.

25 DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from:	Depreciation allowances in excess of the related depreciation <i>HK\$'000</i>
At 1 April 2015	5,263
Charged to profit or loss (<i>Note 10</i>)	524
At 31 March 2016 and 1 April 2016	5,787
Charged to profit or loss (<i>Note 10</i>)	61
At 31 March 2017	5,848

At the end of the reporting period, the Group has unused tax losses of approximately HK\$15 million (2016: Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. All losses are carried forward indefinitely.

26 TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	23,507	29,031
Accruals and other payables	5,780	7,374
	<u>29,287</u>	<u>36,405</u>

Notes:

- (a) Payment terms granted by suppliers are generally 15 to 80 days from the invoice date of the relevant purchases.

The ageing analysis of trade payables based on the invoice date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0-30 days	9,186	15,849
31-60 days	3,875	9,773
61-90 days	894	59
Over 90 days	9,552	3,350
	<u>23,507</u>	<u>29,031</u>

- (b) All trade and other payables are denominated in HK\$.

27 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash (used in)/generated from operations

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before income tax	14,033	37,698
Adjustments for:		
Depreciation	19,555	17,132
(Gain)/Loss on disposal of property, plant and equipment	(3,060)	406
Fair value change on investment properties	834	–
Dividend income	(576)	–
Interest income	(88)	(148)
Interest expense	1,037	1,079
	<u>31,735</u>	<u>56,167</u>
Operating profit before working capital changes	31,735	56,167
Increase in trade and other receivables	(33,448)	(32,025)
Increase in gross amounts due from customers for contract work	(17,528)	(19,932)
Increase in amounts due from directors	–	(4,864)
Increase in financial assets at fair value through profit or loss	(82,571)	–
Decrease in trade and other payables	(7,240)	(250)
(Decrease)/Increase in gross amounts due to customers for contract work	(16,113)	6,173
	<u>(125,165)</u>	<u>5,269</u>
Net cash (used in)/generated from operations	<u>(125,165)</u>	<u>5,269</u>

(b) Material non-cash transactions

During the year ended 31 March 2016, additions to property, plant and equipment of approximately HK\$13,818,000 were financed by finance lease arrangements.

28 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at the end of reporting period not provided for in the consolidated financial statements were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Contracted but not provided for:		
Property, plant and equipment	1,673	6,400
	<u>1,673</u>	<u>6,400</u>

(b) Operating lease commitments — Group as lessee

The future minimum lease payments under non-cancellable operating leases were payable as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	527	1,215
In the second to fifth years inclusive	35	485
	<u>562</u>	<u>1,700</u>

The Group is the lessee in respect of office premises under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the leases when all terms are renegotiated.

(c) Operating lease commitments – Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	332	–

The Group leases out certain investment properties under operating leases. The leases generally run for an initial period of 1 to 2 years, with an option to renew the leases after that date at which time all terms are renegotiated.

29 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 9.

30 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

Pending litigations

As at 31 March 2017, there were three (2016: three) ongoing employees' compensation claims and one (2016: two) personal injury claim against the Group. As the claims are being handled by the relevant insurer's lawyer and the directors take the view that the amount to be borne by the Group in the proceeding shall be covered by the relevant insurance policy, no provision for contingent liabilities in respect of pending litigations is necessary.

31 ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During the year ended 31 March 2017, the Group acquired 100% equity interest in Tamron from an independent third party, at a cash consideration of approximately HK\$536,000.

During the year ended 31 March 2017, the Group acquired 100% equity interest in Sunny Harvest from an independent third party, at a cash consideration of approximately HK\$7,906,000.

During the year ended 31 March 2017, the Group acquired 100% equity interest in Elements Assets from an independent third party, at a cash consideration of approximately HK\$1,492,000.

	Tamron <i>HK\$'000</i>
Property, plant and equipment	22
Intangible assets	430
Cash and bank balance	50
Other receivables	39
Loan to a shareholder	618
Other payables	(5)
	<u> </u>
Net assets	1,154
Assignment of loan to a shareholder	(618)
	<u> </u>
Satisfied by cash	<u> </u> <u> </u> 536
	<u> </u>
Cash consideration	536
Cash and bank balance acquired	(50)
	<u> </u>
Net outflow of cash and cash equivalent	<u> </u> <u> </u> 486
	<u> </u>
	Sunny Harvest <i>HK\$'000</i>
Property, plant and equipment	7,892
Other receivables	14
Shareholder's loan	(3,258)
	<u> </u>
Net assets	4,648
Assignment of shareholder's loan	3,258
	<u> </u>
Satisfied by cash	<u> </u> <u> </u> 7,906
	<u> </u>
Cash consideration	7,906
Cash and bank balance acquired	–
	<u> </u>
Net outflow of cash and cash equivalent	<u> </u> <u> </u> 7,906

	Elements
	Assets
	<i>HK\$'000</i>
Property, plant and equipment	457
Investment property	11,087
Cash and bank balance	54
Other receivables	11
Borrowings	(10,000)
Other payables	(117)
	<hr/>
Net assets satisfied by cash	1,492
	<hr/> <hr/>
Cash consideration	1,492
Cash and bank balance acquired	(54)
	<hr/>
Net outflow of cash and cash equivalent	1,438
	<hr/> <hr/>

32 EVENT AFTER THE REPORTING PERIOD

An ordinary resolution for the share subdivision was passed at the extraordinary general meeting of the Company held on 21 April 2017. The subdivision of each of the existing issued and unissued share of HK\$0.01 each in the share capital of the Company into two shares of HK\$0.005 each has been effective from 24 April 2017.

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Interests in subsidiaries		261,130	94,795
Current assets			
Trade and other receivables		250	272
Amount due from a subsidiary		40,187	33,743
Cash and bank balances		19,543	24,181
		59,980	58,196
Total assets		321,110	152,991
EQUITY			
Capital and reserves			
Share capital		26,310	22,880
Reserves	<i>33(b)</i>	292,572	129,939
Total equity		318,882	152,819
LIABILITIES			
Current liabilities			
Trade and other payables		50	172
Amounts due to subsidiaries		2,178	–
		2,228	172
Total equity and liabilities		321,110	152,991
Net current assets		57,752	58,024
Total assets less current liabilities		318,882	152,819

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 21 June 2017 and signed on its behalf by:

Mr. Ip Ying Chau
Director

Mr. Mui Wai Sum
Director

(b) Reserve movement

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
On 15 May 2015 (date of incorporation)	–	–	–	–	–
Profit and total comprehensive income for the period	–	–	–	6,965	6,965
Dividends paid	–	–	–	(25,000)	(25,000)
Reorganisation	–	–	94,795	–	94,795
Shares issued pursuant to the capitalisation issue	(20,020)	–	–	–	(20,020)
Shares issued under share offer	68,640	–	–	–	68,640
Shares issuance costs	(3,363)	–	–	–	(3,363)
Deemed capital contribution	–	7,922	–	–	7,922
Balance at 31 March 2016	<u>45,257</u>	<u>7,922</u>	<u>94,795</u>	<u>(18,035)</u>	<u>129,939</u>
Balance at 1 April 2016	45,257	7,922	94,795	(18,035)	129,939
Loss and total comprehensive expense for the year	–	–	–	(4,177)	(4,177)
Shares issued under placing	171,570	–	–	–	171,570
Shares issuance costs	(4,760)	–	–	–	(4,760)
Balance at 31 March 2017	<u>212,067</u>	<u>7,922</u>	<u>94,795</u>	<u>(22,212)</u>	<u>292,572</u>

Special reserve

Special reserve represents the difference between the fair value of the shares of Glory Port acquired pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange therefore.

3. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 31 August 2017, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had outstanding secured bank borrowing of approximately HK\$459,000. In addition, the Group had outstanding secured and/or guaranteed finance lease liabilities of approximately HK\$8,478,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 31 August 2017.

The Directors confirm that there has been no material change in the indebtedness or contingent liabilities of the Group since 31 August 2017 up to and including the Latest Practicable Date.

4. MATERIAL CHANGE

“Save as disclosed below,

- (i) Reference is made to the announcement of the Company dated 11 October 2017, whereby it is disclosed that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017, it is expected that the consolidated net profit attributable to shareholders of the Company for the six months ended 30 September 2017 will increase substantially as compared to the net profit attributable to shareholders of the Company for the corresponding period in 2016;
- (ii) Property, plant and machinery of the Group as at 31 August 2017 decreased by approximately 41.4% as compared with that as at 31 March 2017, which was mainly due to the disposal of certain subsidiaries completed in August 2017;
- (iii) Cash and cash equivalents of the Group as at 31 August 2017 increased by approximately 101.3% as compared with that as at 31 March 2017, which was mainly resulted by the net proceeds from the disposal of securities under the investments in securities business;
- (iv) Current borrowings of the Group as at 31 August 2017 decreased by approximately 84.4% as compared with that as at 31 March 2017, which was mainly resulted by the repayment of bank loans and other borrowing during the five months period; and
- (v) The Company completed the disposal of certain subsidiaries, which owned all the investment property of HK\$21.3 million as at 31 March 2017, in September 2017,

the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

1. REPORT FROM HLB HODGSON IMPEY CHENG LIMITED

The following is the full text of the report for the purpose of incorporation in this Composite Document, received from HLB Hodgson Impey Cheng Limited, the auditors of the Company.

17 October 2017

The Board of Directors
LEAP Holdings Group Limited
Units 2701-02, 27th Floor, Win Plaza
9 Sheung Hei Street, San Po Kong
Kowloon
Hong Kong

Dear Sirs,

LEAP Holdings Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

Profit estimate for the five months ended 31 August 2017

We refer to the statement as set out in the announcement of the Company dated 11 October 2017 in respect of the positive profit alert made by the directors of the Company (the “**Profit Estimate**”) and as below:

“Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017, it is expected that the consolidated net profit attributable to shareholders of the Company for the six months ended 30 September 2017 will increase substantially as compared to the net profit attributable to shareholders of the Company for the corresponding period in 2016.”

Directors’ Responsibilities

We have been advised by the directors of the Company that the Profit Estimate is based on the preliminary assessment by the directors of the Company of an estimate of the consolidated net profit attributable to the owners of the Company for the five months ended 31 August 2017 which has been prepared based on the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017.

The Company’s directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "*Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness*" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2017.

Yours faithfully,

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hong Kong

2. REPORT FROM THE JOINT INDEPENDENT FINANCIAL ADVISERS

The following is the full text of the report prepared for the purpose of incorporation in this Composite Document, received from the Joint Independent Financial Advisers.

AMASSE CAPITAL
寶 積 資 本

 中毅資本有限公司
Grand Moore Capital Limited

The Board of Directors
LEAP Holdings Group Limited
Units 2701-02, 27th Floor
Win Plaza, 9 Sheung Hei Street,
San Po Kong,
Kowloon, Hong Kong

20 October 2017

Dear Sirs,

We refer to the composite document jointly issued by LEAP Holdings Group Limited (the “**Company**”) and Right Star Investment Development Limited (the “**Offeror**”) dated 20 October 2017 (the “**Composite Document**”) in relation to the mandatory conditional cash offer to be made by Head & Shoulders Securities for and on behalf of the Offeror for all the issued shares of the Company (other than those already owned or agreed to be owned by the Offeror and parties acting in concert with it). Unless the context otherwise requires, all capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

We refer to the announcement of the Company dated 11 October 2017 in relation to the positive profit alert and the below statement made by the Board under the Composite Document (the “**Profit Estimate**”):

“based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017, it is expected that the consolidated net profit attributable to shareholders of the Company for the six months ended 30 September 2017 will increase substantially as compared to the net profit attributable to shareholders of the Company for the corresponding period in 2016.”

We note that the Profit Estimate constitutes profit forecasts pursuant to Rule 10 of the Takeovers Code.

We have reviewed the Profit Estimate and other relevant information and documents (in particular the unaudited consolidated management accounts of the Group for the five months ended 31 August 2017 with comparative figures for the corresponding period in 2016 (the “**Unaudited Management Accounts & Comparative Figures**”)) which you as the Directors are solely responsible for and

discussed with the Company the information and documents (in particular, the Unaudited Management Accounts & Comparative Figures) provided by the Group which formed the key bases upon the Profit Estimate have been made.

In respect of the accounting policies and calculations concerned, upon which the Profit Estimate has been made, we have considered the report as contained in Appendix III to the Composite Document addressed to the Board from HLB Hodgson Impey Cheng Limited, being the auditors of the Company. HLB Hodgson Impey Cheng Limited is of the opinion that so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2017.

On the basis of the foregoing, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible for, have been made by the Directors after due care and consideration.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the Group. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group. Save as provided in this letter, we do not express any other opinion or views on the Profit Estimate. The Directors remain solely responsible for the Profit Estimate.

Our opinion has been given for the sole purpose of compliance with Note 1(c) to Rules 10.1 and 10.2 and Rule 10.4 of the Takeovers Code and for no other purpose. We do not accept any responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
May Tsang
Responsible Officer

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Hugo Cheung
Responsible Officer

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information in relation to the Group, the Vendor and parties acting in concert with any of them and the Directors), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group, the Vendor and parties acting in concert with any of them and the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price of Shares (HK\$)
31 March	0.265
28 April	0.245
31 May	0.201
30 June	0.213
31 July	0.260
31 August	0.206
15 September (Last Trading Day)	0.270
29 September	0.250
Latest Practicable Date	0.270

Note: Trading of Shares was suspended from 18 September 2017 to 19 September 2017 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares was HK\$0.315 per Share as quoted on the Stock Exchange on 12 September 2017 and the lowest closing price of the Shares was HK\$0.158 per Share as quoted on the Stock Exchange on 25 July 2017.

3. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (a) save for the Sale Shares, none of the Offeror nor parties acting in concert with it had dealt for value in any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;
- (b) no person owning or controlling any shareholding in the Company with whom the Offeror, the Offeror's associates or any person acting in concert with the Offeror has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company; and
- (c) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with the Offeror had borrowed or lent.

4. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- (a) save for the Sale Shares, neither the Offeror nor parties acting in concert with it was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;
- (b) there was no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;
- (c) the Offeror and/or parties acting in concert with it had not received any irrevocable commitment to accept or reject the Offer;
- (d) there was no arrangement of the kind referred to in the Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror's associates or any person acting in concert with it and any other person;
- (e) there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror's associates or any person acting in concert with it and any other person;
- (f) there was no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company which the Offeror or any party acting in concert with it borrowed or lent;

- (g) no benefit will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (h) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offer; and
- (i) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer.

Pursuant to the terms of the Facility, the Offeror has agreed to charge, including but not limited to, any Shares to be acquired pursuant to the Offer in favor of Get Nice Securities (details of which has been set out in the section headed “Confirmation of financial resources of the Offeror” in the “Letter from Head & Shoulders Securities”). Save as aforementioned, there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons. As at the Latest Practicable Date, Get Nice Securities is not interested in any securities in the Company.

5. QUALIFICATIONS AND CONSENTS OF EXPERTS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
Head & Shoulders Securities	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
Veda Capital	a licenced corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of Head & Shoulders Securities and Veda Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appear.

As at the Latest Practicable Date, each of Head & Shoulders Securities and Veda Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. GENERAL

As at the Latest Practicable Date:

- (a) The registered office of the Offeror was situated at Corporate Registrations Limited of Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror was situated at Room A, 23/F., Block 2, Marina South, 8 Ap Lei Chau Drive, Ap Lei Chau, Hong Kong.
- (b) The registered office of Veda Capital was situated at Room 1106, 11/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (c) The registered office of Head & Shoulders Securities was situated at Room 2511, 25/F., Cosco Tower, 183 Queen's Road Central, Hong Kong.
- (d) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

1. RESPONSIBILITY STATEMENT

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror, the sole director of the Offeror, and parties acting in concert with any of them), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

(a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
20,000,000,000 Shares of HK\$0.005 each	100,000,000
<i>Issued and fully paid:</i>	
5,262,000,000 Shares of HK\$0.005 each	26,310,000

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants or other conversion rights affecting the Shares.

No Shares have been issued since 31 March 2017, being the date to which the latest audited financial statements of the Company were made up.

(b) Listing

The Shares are listed and traded on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Shares or securities of the Company

As at the Latest Practicable Date, none of the Directors and their respective associates nor the chief executive of the Company had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or had any interests or short positions in the Shares, underlying Shares and debentures of the Company and shares, underlying shares and debentures of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or disclosed under the Takeovers Code.

(b) Interests of substantial Shareholders in the Shares or securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors) held interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or had interests or short positions in the Shares and underlying Shares which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company:

Name of substantial Shareholder	Nature of Interest	Total number of Shares interested	Approximate percentage of the existing issue share capital of the Company
The Offeror	Beneficial owner	2,352,000,000	44.70%
Mr. Wong	Interest of controlled corporation ⁽¹⁾	2,352,000,000	44.70%

Note:

- The Offeror is directly interested in 2,352,000,000 Shares and is direct wholly-owned by Mr. Wong who is also the sole director of the Offeror.

(c) Other Interests

As at the Latest Practicable Date,

- (i) none of the Company, any member of the Group or any of the Directors was interested in any shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror;
- (ii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group, and any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code, but excluding exempt principal traders (as defined under the Takeovers Code), owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (iii) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company; and
- (iv) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES

(a) During the Relevant Period and up to the Latest Practicable Date,

- (i) save for the sale of the Sale Shares under the Sale and Purchase Agreement, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror;
- (iii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders (as defined under the Takeovers Code) had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

- (iv) save for the Sale and Purchase Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code; and
- (v) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

5. OTHER ARRANGEMENTS RELATING TO THE OFFER

Except as disclosed in this section headed “Disclosure of Interests” in this Appendix V, as at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Sale and Purchase Agreement, there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

7. SERVICE CONTRACTS OF DIRECTORS

The Company has entered into a service contract or letter of appointment with the following Directors (i) which was entered into/amended within six months before the commencement of the Offer Period or (ii) for a fixed term of more than 12 months irrespective of notice period (in which case, the appointment shall be subject to the provision for retirement by rotation in the articles of association of the Company).

Mr. Mui Wai Sum (梅偉琛) has entered into a director’s service agreement with the Company for a term commencing from 29 April 2016 and ending on the date of the annual general meeting of the Company to be held in 2019, subject to rotation and re-election at

annual general meetings of the Company in accordance with the Articles. The service agreement can be terminated by either party by giving the other party six months' written notice in advance. The director's remuneration of Mr. Mui is HK\$360,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

Mr. Yip To Chun (葉道臻) has entered into a director's service agreement with the Company for a term commencing from 12 July 2017 and ending on the date of the annual general meeting of the Company to be held in 2019. Mr. Yip is subject to re-election at the annual general meeting of the Company to be held in 2017 in accordance with the articles of association of the Company. The service agreement can be terminated by either party by giving the other party one month written notice in advance. The director's remuneration of Mr. Yip is HK\$744,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

- (a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period;
- (b) which are continuous contracts with a notice period of 12 months or more; or
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACTS

Save for contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group, and the contracts set out below neither the Company nor any of its subsidiaries have entered into any contracts which are or may be material within two years prior to 19 September 2017 (being the date of commencement of the Offer Period) up to and including the Latest Practicable Date:

- (a) the placing agreement dated 10 May 2016 entered into between the Company and Koala Securities Limited in respect of the placing of a maximum of 168,000,000 shares of HK\$0.01 each of the Company at the placing price of HK\$0.5 each (the **"Koala Placing Agreement"**)
- (b) the supplemental agreement to the Koala Placing Agreement dated 13 May 2016 entered into between the Company and Koala Securities Limited relating to the change of the long stop date from 10 June 2016 (or such later date as the Company and Koala Securities Limited may agree in writing) to 30 May 2016 (or such later date as the Company and Koala Securities Limited may agree in writing);

- (c) the placing agreement date 7 September 2016 entered into between the Company and Great Roc Capital Securities Limited in respect of the placing of a maximum of 175,000,000 shares of HK\$0.01 each of the Company at the placing price of HK\$0.52 each.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the expert(s) who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualifications
Amasse Capital Limited	a licensed corporation to carry out Type 6 regulated activity under the SFO
Grand Moore Capital Limited	a licensed corporation to carry out Type 1 and Type 6 regulated activities under the SFO

The above experts have given and have not withdrawn their respective written consent to the issue of this Composite Document with the inclusion herein of its letter, report and references to its name, in the form and context in which they are included.

As at the Latest Practicable Date, the above experts had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Units 2701-02, 27th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (<http://www.leapholdings.hk>) during the period from the date of this Composite Document onwards for as long as the Offer remain open for acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual report of the Company for the financial year ended 31 March 2016;

- (d) the annual report of the Company for the financial year ended 31 March 2017;
- (e) the letter from Head & Shoulders Securities, the text of which is set out on pages 7 to 18 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 19 to 24 of this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this Composite Document;
- (h) the letter from the Joint Independent Financial Advisers, the text of which is set out on pages 27 to 46 of this Composite Document;
- (i) the reports issued by HLB Hodgson Impey Cheng Limited and the Joint Independent Financial Advisers on the Positive Profit Alert Announcement set out in the Appendix III to this Composite Document;
- (j) the letter of consent referred to in the paragraph headed “QUALIFICATIONS AND CONSENTS OF EXPERTS” in the Appendix IV and the Appendix V to this Composite Document;
- (k) the material contracts referred to under the paragraph headed “MATERIAL CONTRACTS” in the Appendix V to this Composite Document;
- (l) the service contracts referred to under the paragraph headed “SERVICE CONTRACTS OF DIRECTORS” in the Appendix V to this Composite Document;
and
- (m) the Positive Profit Alert Announcement.