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## **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)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019**

### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the year ended 31 March 2019 amounted to approximately HK\$364.9 million (for the year ended 31 March 2018: approximately HK\$298.6 million).
- Loss attributable to owners of the Company for the year ended 31 March 2019 amounted to approximately HK\$27.2 million (Profit attributable to the owners of the Company for the year ended 31 March 2018: approximately HK\$25.4 million).
- Equity attributable to owners of the Company as at 31 March 2019 amounted to approximately HK\$341.7 million (as at 31 March 2018: approximately HK\$370.4 million).
- Basic and diluted loss per share for the year ended 31 March 2019 amounted to approximately HK cent 0.52 (Basic and diluted earnings per share for the year ended 31 March 2018: approximately HK cent 0.48).
- The Board does not recommend the declaration of a final dividend for the year ended 31 March 2019.

The board (the “**Board**”) of directors (the “**Directors**”) of LEAP Holdings Group Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2019 (the “**Year**”) together with comparative figures for the year ended 31 March 2018 as follows:

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

*For the year ended 31 March 2019*

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	4	<b>364,906</b>	298,625
Cost of sales		<u><b>(334,423)</b></u>	<u>(227,943)</u>
Gross profit		<b>30,483</b>	70,682
Other income, gains and losses	4	<b>4,011</b>	2,740
Administrative and other operating expenses		<b>(53,302)</b>	(38,758)
Impairment losses on financial assets and contract assets		<u><b>(2,367)</b></u>	<u>–</u>
Operating (loss)/profit		<b>(21,175)</b>	34,664
Finance costs		<u><b>(6,868)</b></u>	<u>(2,917)</u>
(Loss)/profit before income tax	5	<b>(28,043)</b>	31,747
Income tax credit/(expense)	6	<u><b>808</b></u>	<u>(6,379)</u>
<b>(Loss)/profit for the year attributable to owners of the Company</b>		<b>(27,235)</b>	25,368
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<u><b>1,490</b></u>	<u>–</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company		<u><u><b>(25,745)</b></u></u>	<u><u>25,368</u></u>
<b>Basic and diluted (loss)/earnings per share</b>	7	<u><u><b>HK cent (0.52)</b></u></u>	<u><u>HK cent 0.48</u></u>

Details of dividends are disclosed in Note 8 to this announcement.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		2019	2018
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		28,033	29,020
Intangible assets		430	430
Deferred tax assets		663	–
		<u>29,126</u>	<u>29,450</u>
<b>Current assets</b>			
Trade and other receivables	9	124,410	169,187
Contract assets		90,742	–
Gross amounts due from customers for contract work		–	35,922
Financial assets at fair value through profit or loss		9,044	1,194
Tax recoverable		2,230	179
Pledged bank deposit		6,611	6,500
Cash and cash equivalents		332,495	330,638
		<u>565,532</u>	<u>543,620</u>
<b>Total assets</b>		<b><u>594,658</u></b>	<b><u>573,070</u></b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	26,310	26,310
Reserves		315,372	344,118
<b>Total equity</b>		<b><u>341,682</u></b>	<b><u>370,428</u></b>

	<i>Note</i>	<b>2019</b> <b><i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		153	192
Deferred tax liabilities		<u>2,205</u>	<u>3,550</u>
		<u>2,358</u>	<u>3,742</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	92,772	43,880
Gross amounts due to customers for contract work		–	1,981
Amount due to a former subsidiary		10,641	–
Loan from a related party		143,438	136,688
Borrowings		179	4,819
Current income tax liabilities		<u>3,588</u>	<u>11,532</u>
		<u>250,618</u>	<u>198,900</u>
<b>Total liabilities</b>		<u>252,976</u>	<u>202,642</u>
<b>Total equity and liabilities</b>		<u><u>594,658</u></u>	<u><u>573,070</u></u>
<b>Net current assets</b>		<u><u>314,914</u></u>	<u><u>344,720</u></u>
<b>Total assets less current liabilities</b>		<u><u>344,040</u></u>	<u><u>374,170</u></u>

*For the year ended 31 March 2019*

## **1 GENERAL INFORMATION**

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 2 September 2015. Its parent company is OKC Holdings Corporation, a company incorporated in the Cayman Islands with limited liability, and controlled by Mr. Xu Mingxing. The address of the Company’s registered office is at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is at Unit 902-903, 9th Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of foundation works and ancillary services and construction wastes handling services, money lending business and investments in securities.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company, unless otherwise stated.

## **2 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 Hong Kong Institute of Certified Public Accountants (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 for the financial assets at fair value through profit or loss.

The preparation of consolidated 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.

### 3 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Shares-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to Hong Kong Accounting Standards (“HKASs”) 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **HKFRS 15 *Revenue from Contracts with Customers***

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from foundation works and ancillary services and construction wastes handling services which arise from contracts with customers.

**Summary of effects arising from initial application of HKFRS 15**

The following table summarises the impact of transition to HKFRS 15 on retained earnings at 1 April 2018.

	<i>HK\$'000</i>
<b>Retained earnings</b>	
Recognition of construction costs	(850)
Tax effects	<u>250</u>
Impact at 1 April 2018	<u><u>(600)</u></u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	<i>Notes</i>	Carrying amounts previously reported at 31 March 2018 <i>HK\$'000</i>	Impact <i>HK\$'000</i>	Carrying amounts under HKFRS 15 at 1 April 2018* <i>HK\$'000</i>
Trade and other receivables	<i>(b)</i>	169,187	(27,863)	141,324
Contract assets	<i>(b)&amp;(c)</i>	–	60,954	60,954
Gross amounts due from customers for contract work	<i>(a)&amp;(c)</i>	35,922	(35,922)	–
Tax recoverable	<i>(a)</i>	179	75	254
Gross amounts due to customers for contract work	<i>(a)&amp;(c)</i>	1,981	(1,981)	–
Current income tax liabilities	<i>(a)</i>	11,532	(175)	11,357
Retained earnings		<u><u>124,128</u></u>	<u><u>(600)</u></u>	<u><u>123,528</u></u>

\* The amounts in this column are before the adjustments from the application of HKFRS 9.

*Notes:*

- (a) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Under HKAS 11, contract costs are recognised as expenses by reference to the stage of completion, which is measured by reference to work performed to date as a percentage of total contract value. Under HKFRS 15, costs that related to satisfied performance obligations are expensed as incurred. Construction costs of approximately HK\$850,000 recognised in gross amounts due from/to customers for contract work were adjusted to retained earnings. The related tax effect of approximately HK\$250,000 was recognised in tax recoverable, current income tax liabilities and retained earnings.

- (b) At the date of initial application, retention receivables of approximately HK\$27,863,000 arising from the construction contracts was reclassified from trade and other receivables to contract assets.
- (c) At the date of initial application, amount of approximately HK\$33,091,000 arising from the construction contracts are for work completed and not billed because the rights are conditioned on factors other than passage of time, and such amount was reclassified from gross amounts due from/to customers for contract work to contract assets.

### **HKFRS 9 *Financial Instruments***

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and other items (for example, contract assets) and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between the carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

### ***Summary of effects arising from initial application of HKFRS 9***

#### ***Loans and receivables***

A life insurance policy of approximately HK\$2,603,000 previously classified as loans and receivables was reclassified to fair value through profit or loss upon the application of HKFRS 9 because its cash flows do not represent solely payments of principal and interest on the principal amount outstanding.



### ***Impairment under ECL Model***

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. Except for those which had been determined as credit impaired under HKAS 39, contract assets and trade receivables have been assessed individually with significant balances and the remaining balances are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including other receivables, loan receivables, pledged bank deposit and cash and cash equivalents are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of approximately HK\$2,839,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

All loss allowances as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	<b>Contract assets</b> <i>HK\$'000</i>	<b>Trade and other receivables</b> <i>HK\$'000</i>
At 31 March 2018 – HKAS 39	–	–
Amount remeasurement through opening retained earnings	<u>1,877</u>	<u>962</u>
At 1 April 2018 – HKFRS 9	<u><u>1,877</u></u>	<u><u>962</u></u>

The following table summarises the impact of transition to HKFRS 9 on retained earnings at 1 April 2018.

	<i>HK\$'000</i>
<b>Retained earnings</b>	
Recognition of impairment loss	(2,839)
Tax effects	<u>438</u>
Impact at 1 April 2018	<u><u>(2,401)</u></u>

**Summary of effects arising from initial application of HKFRS 9 and HKFRS 15**

As a result of the changes in the Group's accounting policies above, the table below illustrates the overall application on HKFRS 9 and HKFRS 15 at the date of initial application, 1 April 2018. Line items that were not affected by the changes have not been included.

	At 31 March 2018 <i>HK\$'000</i>	HKFRS 15 <i>HK\$'000</i>	HKFRS 9 <i>HK\$'000</i>	At 1 April 2018 <i>HK\$'000</i> (Restated)
Trade and other receivables	169,187	(27,863)	(3,565)	137,759
Contract assets	–	60,954	(1,877)	59,077
Gross amounts due from customers for contract work	35,922	(35,922)	–	–
Financial assets at fair value through profit or loss	1,194	–	2,603	3,797
Tax recoverable	179	75	–	254
Gross amounts due to customers for contract work	1,981	(1,981)	–	–
Current income tax liabilities	11,532	(175)	–	11,357
Deferred tax liabilities	3,550	–	(438)	3,112
Retained earnings	<u>124,128</u>	<u>(600)</u>	<u>(2,401)</u>	<u>121,127</u>

*Note:* For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2018 as disclosed above.

The adoption of these standards has no impact on the net cash flow from operating, investing and financing activities on the consolidated statement of cash flows.

#### 4 REVENUE, OTHER INCOME, GAINS AND LOSSES AND SEGMENT INFORMATION

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Foundation works and ancillary services	254,837	150,004
Construction wastes handling services	<u>104,590</u>	<u>99,637</u>
<b>Revenue from contracts with customers</b>	<b>359,427</b>	249,641
Rental income from lease of machinery	3,408	2,443
Interest income from money lending business	2,257	5,195
Fair value change on investments in securities		
– Realised change	(137)	43,639
– Unrealised change	(49)	(2,492)
Dividend income from investments in securities	<u>–</u>	<u>199</u>
<b>Total revenue</b>	<b><u><u>364,906</u></u></b>	<b><u><u>298,625</u></u></b>
<b>Other income, gains and losses</b>		
Rental income from lease of investment properties	–	306
Interest income	1,853	86
Gain/(loss) on disposal of property, plant and equipment	179	(577)
Government grants ( <i>Note</i> )	–	71
Gain on disposal of subsidiaries	2	1,056
Net loss on change in fair value of financial assets		
at fair value through profit or loss	(56)	–
Services income	1,415	–
Others	<u>618</u>	<u>1,798</u>
	<b><u><u>4,011</u></u></b>	<b><u><u>2,740</u></u></b>

*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, 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 services: 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) Money lending business; and
- (d) Investments in securities.

Segment revenue is measured in a manner consistent with that in the consolidated statement 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, 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 unallocated cash and cash equivalents 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, amount due to a former subsidiary, loan from a related party, borrowings and other unallocated liabilities.

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 March 2019</b>					
<b>Revenue</b>					
External revenue	<u>258,245</u>	<u>104,590</u>	<u>2,257</u>	<u>(186)</u>	<u>364,906</u>
Segment results	<u>26,802</u>	<u>2,394</u>	<u>1,481</u>	<u>(194)</u>	30,483
Unallocated income					4,011
Unallocated corporate expenses					(53,302)
Impairment losses on financial assets and contract assets					(2,367)
Finance costs					(6,868)
Loss before income tax					(28,043)
Income tax credit					808
Loss for the year					<u>(27,235)</u>
Included in segment results are:					
Depreciation	<u>10,985</u>	<u>1,079</u>	<u>-</u>	<u>-</u>	<u>12,064</u>
<b>At 31 March 2019</b>					
Segment assets	187,173	31,846	182,107	-	401,126
Unallocated assets					193,532
Total assets					<u>594,658</u>
Additions to non-current asset:					
Segment assets	2,675	-	-	-	2,675
Unallocated assets					10,816
					<u>13,491</u>
Segment liabilities	54,322	18,456	-	-	72,778
Unallocated liabilities					19,994
Amount due to a former subsidiary					10,641
Loan from a related party					143,438
Borrowings					332
Current income tax liabilities					3,588
Deferred tax liabilities					2,205
Total liabilities					<u>252,976</u>

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 March 2018</b>					
<b>Revenue</b>					
External revenue	<u>152,447</u>	<u>99,637</u>	<u>5,195</u>	<u>41,346</u>	<u>298,625</u>
Segment results	<u>20,073</u>	<u>4,240</u>	<u>5,128</u>	<u>41,241</u>	70,682
Unallocated income					2,740
Unallocated corporate expenses					(38,758)
Finance costs					<u>(2,917)</u>
Profit before income tax					31,747
Income tax expense					<u>(6,379)</u>
Profit for the year					<u>25,368</u>
Included in segment results are:					
Depreciation	<u>12,773</u>	<u>1,996</u>	<u>–</u>	<u>–</u>	<u>14,769</u>
<b>At 31 March 2018</b>					
Segment assets	152,169	36,011	121,792	2,327	312,299
Unallocated assets					<u>260,771</u>
Total assets					<u>573,070</u>
Additions to non-current asset:					
Segment assets	710	–	–	–	710
Unallocated assets					<u>3,988</u>
					<u>4,698</u>
Segment liabilities	25,019	10,479	–	–	35,498
Unallocated liabilities					10,363
Loan from a related party					136,688
Borrowings					5,011
Current income tax liabilities					11,532
Deferred tax liabilities					<u>3,550</u>
Total liabilities					<u>202,642</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:

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Customer A <sup>2</sup>	N/A <sup>3</sup>	68,766
Customer B <sup>1</sup>	<b>76,382</b>	73,099
Customer C <sup>2</sup>	<b>69,458</b>	N/A <sup>3</sup>
Customer D <sup>2</sup>	<b>41,084</b>	N/A <sup>3</sup>
Customer E <sup>2</sup>	<b>53,663</b>	N/A <sup>3</sup>
Customer F <sup>2</sup>	<b>N/A<sup>3</sup></b>	<b>45,670</b>

<sup>1</sup> Revenue from construction wastes handling services.

<sup>2</sup> Revenue from foundation works and ancillary services.

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

**5 (LOSS)/PROFIT BEFORE INCOME TAX**

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
(Loss)/profit before income tax has been arrived at after charging:		
Auditors' remuneration	<b>1,150</b>	950
Staff costs	<b>57,633</b>	54,197
Depreciation	<b>13,721</b>	15,936
Operating lease rental on premises	<b>9,568</b>	1,919
Direct operating expenses arising from investment properties that generate rental income	<b>–</b>	28
	<b><u>–</u></b>	<b><u>28</u></b>

**6 INCOME TAX (CREDIT)/EXPENSE**

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	<b>850</b>	8,664
– Over-provision in prior years	<b>(88)</b>	(13)
Deferred income tax	<b><u>(1,570)</u></b>	<u>(2,272)</u>
Income tax (credit)/expense	<b><u>(808)</u></b>	<b><u>6,379</u></b>



## 7 (LOSS)/EARNINGS PER SHARE

	2019	2018
(Loss)/profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>(27,235)</u>	<u>25,368</u>
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share ( <i>in thousand</i> )	<u>5,262,000</u>	<u>5,262,000</u>
Basic (loss)/earnings per share ( <i>HK cent</i> )	<u>(0.52)</u>	<u>0.48</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2018 has been adjusted for the share subdivision on 24 April 2017 as if they have taken place since the beginning of the year.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2019 and 2018.

## 8 DIVIDENDS

No interim dividend was declared for the year ended 31 March 2019 (2018: Nil).

No final dividend was proposed by the Board for the year ended 31 March 2019 (2018: Nil).

## 9 TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	62,590	51,622
<i>Less: Provision for impairment losses</i>	<u>(2,009)</u>	<u>–</u>
	<u>60,581</u>	<u>51,622</u>
Loan receivables	34,466	80,000
<i>Less: Provision for impairment losses</i>	<u>(1,179)</u>	<u>–</u>
	<u>33,287</u>	<u>80,000</u>
Retention receivables*	–	27,863
Other receivables, deposits and prepayments	<u>30,542</u>	<u>9,702</u>
	<u><b>124,410</b></u>	<u><b>169,187</b></u>

\* Upon application of HKFRS 15, the retention receivables were reclassified to contract assets.

The credit period granted to customers is 7 to 75 days generally.

The ageing analysis of the trade receivables based on payment certificate issued by customers is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	49,201	40,754
31–60 days	4,483	3,421
61–90 days	287	4,249
Over 90 days	<u>8,619</u>	<u>3,198</u>
	<u><b>62,590</b></u>	<u><b>51,622</b></u>

The Group's loan receivables, which arise from the money lending business, are not overdue based on contractual maturity date as at 31 March 2019 and 2018.

## 10 SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
At 1 April 2017, ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Effect of share subdivision to HK\$0.005 each ( <i>Note</i> )	<u>10,000,000,000</u>	<u>–</u>
At 31 March 2018, 1 April 2018 and 31 March 2019, ordinary shares of HK\$0.005 each	<u><u>20,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:		
At 1 April 2017	2,631,000,000	26,310
Effect of share subdivision ( <i>Note</i> )	<u>2,631,000,000</u>	<u>–</u>
At 31 March 2018, 1 April 2018 and 31 March 2019	<u><u>5,262,000,000</u></u>	<u><u>26,310</u></u>

*Note:*

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.

## 11 TRADE AND OTHER PAYABLES

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>63,134</b>	31,240
Accruals and other payables	<b>29,638</b>	12,640
	<u><b>92,772</b></u>	<u>43,880</u>

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:

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 – 30 days	<b>42,565</b>	15,010
31 – 60 days	<b>6,749</b>	9,973
61 – 90 days	<b>4,020</b>	163
Over 90 days	<b>9,800</b>	6,094
	<u><b>63,134</b></u>	<u>31,240</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's major sources of revenue were from foundation works and ancillary services, construction wastes handling services, money lending business and investments in securities in Hong Kong.

During the Year, the Group had no material changes in its business nature and principal activities.

#### **Foundation Works and Ancillary Services**

The foundation works of the Group mainly included site formation works, excavation and lateral support ("ELS") works, 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.

During the Year, revenue from this segment amounted to approximately HK\$258.2 million, compared with approximately HK\$152.4 million for the year ended 31 March 2018, representing an increase of 69.4%. Such increase was resulted from the increase in number of projects undertaken and these projects started contributing revenue to the Group during the Year.

Gross profit of this segment during the Year was approximately HK\$26.8 million, which increased approximately 33.3% as compared with approximately HK\$20.1 million for the year ended 31 March 2018. Gross profit margin of this segment for the Year was approximately 10.4%, representing a decrease of 2.8 percentage points from approximately that of 13.2% for the year ended 31 March 2018. The decrease was mainly attributable to the increase in subcontracting cost.

## **Construction Wastes Handling Services**

The Group is mainly engaged in construction wastes handling services including the management and operation of public fill reception facilities, such as public fill banks and temporary construction waste sorting facilities, for construction and demolition materials.

During the Year, revenue from this segment amounted to approximately HK\$104.6 million, which increased approximately HK\$5.0 million as compared with approximately HK\$99.6 million for the year ended 31 March 2018. The increase was mainly due to the increase in revenue from on-going projects during the Year.

Gross profit of this segment for the Year was approximately HK\$2.4 million, which decreased approximately 42.9% as compared with approximately HK\$4.2 million for the year ended 31 March 2018. Such decrease was mainly due to an increase in certain cost of sales items including waste handling charge and subcontracting cost. Gross profit margin of this segment for the Year was approximately 2.3%, representing a decrease of 2.0 percentage points from approximately 4.3% for the year ended 31 March 2018. Such decrease was mainly due to the increase in cost of sales items as mentioned above.

## **New Projects Awarded**

During the Year, the Group had been awarded 7 new contracts with total contract value of approximately HK\$495.00 million. The details of the new projects are as follows:

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Kwun Tong district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Tai Po district	Piling Works
Foundation and Ancillary Works	Southern district	Substructure and Raft Foundation Works

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Yuen Long district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Southern district	Substructure, Superstructure and Site Formation Works
Foundation and Ancillary Works	Southern district	Substructure and Superstructure Works
Foundation and Ancillary Works	Southern district	ELS and Pile Cap Works

### **Projects in Progress**

As at 31 March 2019, the Group had 16 projects in progress with total contract value amounted to approximately HK\$874.70 million. The details of projects in progress are as follows:

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Kwun Tong district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Tai Po district	Piling Works
Foundation and Ancillary Works	Southern district	Substructure and Raft Foundation Works

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Yuen Long district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Southern district	Substructure, Superstructure and Site Formation Works
Foundation and Ancillary Works	Southern district	Substructure and Superstructure Works
Foundation and Ancillary Works	Sha Tin district	Foundation, ELS and Basement Slab Works
Foundation and Ancillary Works	Kwun Tong district	Demolition Works and Construction of the Hoarding Works
Foundation and Ancillary Works	Sha Tin district	Piling and ELS Works
Foundation and Ancillary Works	Kwai Tsing district	Piling and ELS Works
Foundation and Ancillary Works	Sai Kung district	Site Formation & Foundation, ELS, Pile Caps and Tie Beam Works
Foundation and Ancillary Works	Sha Tin district	Foundation, ELS, Pile Cap, Slope and Drainage Works
Foundation and Ancillary Works	Kowloon City district	Foundation, ELS, Pile Cap and Tree Works
Foundation and Ancillary Works	Wan Chai district	ELS, Site Formation, Foundation and Pile Cap Works
Foundation and Ancillary Works	Southern district	ELS and Pile Cap Works



<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Construction Wastes Handling	Tuen Mun district	Fill Bank Operation

### **Completed Projects**

During the Year, the Group completed 5 projects with total contract value amounted to approximately HK\$153.85 million. The details of completed projects are as follows:

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Southern district	Site Formation & Foundation
Foundation and Ancillary Works	Southern district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Southern district	Foundation (Mini-pile), Site Formation & Underground Drainage
Foundation and Ancillary Works	Yuen Long district	Structrual Work, Building Service Works, Civil, Retaining Walls
Foundation and Ancillary Works	Yau Tsim Mong district	Disposal of Excavated Materials

## **Money Lending Business**

During the Year, the Group continued to carry out its money lending business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the Year, the Group generated approximately HK\$1.5 million gross profit from this segment. The Directors consider it will be beneficial to the Group to explore new opportunities in the money lending business to widen its revenue base and minimise the risks of the Group overall, in order to enhance the capital use of the Group for the interests of the Company and its shareholders.

## **Investments in Securities**

During the Year, the Group maintained the business segment of investments in securities in order to diversify the Group's business. The Group invested in a portfolio of listed securities in Hong Kong.

During the Year, the Group recorded a gross loss in the segment of investments in securities of approximately HK\$0.2 million. The Company reviews the performance of its existing investment portfolio and evaluates the investment potentials of other investment opportunities available to the Company as part of the routine exercise with a view to optimise the expected return and minimise the risks.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue increased by approximately 22.2% from approximately HK\$298.6 million for the year ended 31 March 2018 to approximately HK\$364.9 million for the Year. The increase was mainly due to the increase in number of projects undertaken and these projects started to contributing revenue to the Group during the Year.

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

Gross profit decreased by approximately 56.9% from approximately HK\$70.7 million for the year ended 31 March 2018 to approximately HK\$30.5 million for the Year. Gross profit margin for the Year was approximately 8.4%, representing a decrease of 15.3 percentage points from approximately 23.7% for the year ended 31 March 2018. The decrease was mainly due to the significant decrease in revenue from the investments in securities business.

### **Other income, gains and losses**

Other income, gains and losses mainly consisted of interest income and service income. During the Year, other income, gains and losses amounted to approximately HK\$4.0 million (2018: HK\$2.7 million).

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

The administrative and other operating expenses of the Group for the Year amounted to approximately HK\$53.3 million, representing an increase of approximately 37.4% compared with approximately HK\$38.8 million for the year ended 31 March 2018. Such increase was mainly due to the additional staff costs for the Group's expansion into data science and information technologies and the increase in rental expenses in respect of the lease of the new premises with large area.

### **Finance costs**

Finance costs increased by approximately 137.9% from approximately HK\$2.9 million for the year ended 31 March 2018 to approximately HK\$6.9 million for the Year, which was mainly due to the accrued interests on loan from a related party.

### **Income tax credit/(expense)**

Income tax credit for the Year was approximately HK\$0.8 million, compared to income tax expense of HK\$6.4 million for the year ended 31 March 2018, which was mainly due to the Group's loss position.

## **(Loss)/Profit for the Year**

The Group recorded a net loss of approximately HK\$27.2 million for the Year, compared to a profit of approximately HK\$25.4 million for the corresponding period in 2018. The net loss was mainly attributable to (i) the decrease in its revenues from the securities investment segment; and (ii) the Group focused more of its resources on opportunities related to data science and information technologies, which have not yet been revenue-generating during the Year.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, the Company does not have any other plans for material investments or capital assets.

## **PROSPECTS**

Amid the slowdown in growth of governmental construction works, infrastructure and land resources are among the top priorities on the government's agenda in the 2018-2019 Budget of the Hong Kong government. The government has put forward an array of initiatives to stimulate the growth of the construction industry by devoting resources to produce approximately 100,000 units of public housing for the next five years which opens up numerous new business opportunities for the Group. The strong support from the government will possibly bring beneficial impacts to the sustainable growth of the construction industry in Hong Kong and also, the Group.

While infrastructure development, the Government's public housing policy and private sectors' private housing supply help underpin Hong Kong's construction industry, the increase in number of competitors, the rising construction costs and shortage in labour supply remain wide concerns in recent years. The Group expects its profit margin to remain substantially suppressed. Control of costs is a major challenge across the industry as construction costs in Hong Kong are the second highest in the world after New York. To improve overall efficiency and profitability, the Group will continue to strengthen cost control and increase construction efficiency to create long-term value for our shareholders.

As the global economy moves towards the digital era, information technology has been an integral aspect of business success achieved by some companies, with e-commerce and other digital functions, such as financial technologies, providing a broader platform to sell and market to a larger customer base. Financial technology is perceived to be relatively new in Hong Kong, as compared to its extensive use in the PRC. Seizing the opportunity to pursue new business opportunities in the financial technology sector in Hong Kong at this time may help generate additional income and enhance the capital use of the Group.

The Group will keep in exploring various investment opportunities in the areas of information technologies and financial technologies in Hong Kong and overseas, with a view to create an investment portfolio with stable cash flow and value appreciation.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

The Group has funded the liquidity and capital requirements primarily through capital contributions from the Company's shareholders, bank borrowings, internally generated cash flow and proceeds received from the placing of the Company's shares (the "Share(s)").

As at 31 March 2019, the Group had cash and cash equivalents of approximately HK\$332.5 million (31 March 2018: approximately HK\$330.6 million) and pledged bank deposit of approximately HK\$6.6 million (31 March 2018: HK\$6.5 million). The increase was mainly due to the cash received from the repayment of loan receivables for money lending business.

## **GEARING RATIO**

The gearing ratio is calculated based on the amount of total interest-bearing loans divided by total equity. The gearing ratio of the Group as at 31 March 2019 was approximately 42.1% (as at 31 March 2018: approximately 38.2%). This is mainly due to the accrued interests on a loan from a related party.

## **PLEDGE OF ASSETS**

The Group's machinery and equipment with an aggregate net book value of approximately HK\$0.6 million and HK\$7.6 million and motor vehicles with an aggregate net book value of approximately HK\$0.4 million and HK\$2.4 million as at 31 March 2019 and 2018, respectively, were pledged under finance leases.

## **PLEDGED BANK DEPOSIT**

As at 31 March 2019, the Group has pledged bank deposit of approximately HK\$6.6 million (31 March 2018: HK\$6.5 million) to secure the bank facilities granted to the Group.

## **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.

## **FOREIGN EXCHANGE RISK**

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Year.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2019, the Group employed 148 staffs (31 March 2018: 109 staffs). Total staff costs, including directors' emoluments for the Year, amounted to approximately HK\$57.6 million (for the year ended 31 March 2018: approximately HK\$54.2 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group provides adequate job training to the employees to equip them with practical knowledge and skills.

## **CAPITAL COMMITMENTS**

As at 31 March 2019, the Group did not have any significant capital commitments (31 March 2018: Nil).

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

### **Disposal of 100% issued shares of Gold Toys Limited**

On 19 September 2018, the Company and Element Delight Limited, a company incorporated in the British Virgin Islands with limited liability (the "**Purchaser**"), have entered into the disposal agreement dated 19 September 2018 (the "**Disposal Agreement**") in relation to the disposal (the "**Gold Toys Disposal**") of 50,000 ordinary shares in the share capital of Gold Toys Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by the Company (the "**Target Company**"), being the entire issued share capital of the Target Company (the "**Sale Shares**") pursuant to which the Company agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares at the consideration of HK\$400,000 upon and subject to the terms and conditions of the Disposal Agreement.

The completion of the Gold Toys Disposal took place on 28 September 2018.

Save as disclosed above and as at the date of this announcement, the Group did not have any significant investments or any material acquisitions or disposals of subsidiaries or associates of the Company.

## ACQUISITION OF SHARES BY OKC HOLDINGS CORPORATION

Reference is made to the joint announcement dated 23 January 2019 (the “**Joint Announcement**”) jointly issued by OKC Holdings Corporation (the “**Offeror**”) and the Company. The Board was informed by the Right Star Investment Development Limited (the “**Vendor**”) (being the controlling shareholder of the Company immediately prior to completion of the sales shares) that, on 10 January 2019, the Offeror (as purchaser), the Vendor (as vendor) and Mr. Anthony Wong, the sole shareholder of the Vendor (as warrantor), entered into the sale and purchase agreement pursuant to which the Offeror had agreed to purchase and the Vendor had agreed to sell the 3,182,790,001 shares of the Company, representing approximately 60.49% of the entire issued share capital of the Company, for the consideration of HK\$483,890,536 (being approximately HK\$0.1520 per share of the Company) (the “**Acquisition**”). Completion of the Acquisition took place on 14 January 2019.

Pursuant to Rule 26.1 of The Code on Takeovers and Mergers (the “**Takeovers Code**”), the Offeror and parties acting in concert with it were 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 (the “**Offer**”). As at 4:00 p.m. on Wednesday, 10 April 2019 (close of the Offer), the Offeror had received valid acceptances in respect of a total of 722,135,000 Offer Shares under the Offer, representing approximately 13.72% of the entire issued share capital of the Company. Details of the Acquisition and the Offer were disclosed in the Joint Announcement, the circular dated 20 March 2019 and further announcements of the Company dated 13 February 2019, 13 March 2019, 20 March 2019, 27 March 2019 and 10 April 2019.



## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

No purchase, sale or redemption of the Company’s listed securities was made by the Company nor any of its subsidiaries during the Year and up to the date of this announcement.

## **DIRECTORS’ INTEREST IN COMPETING BUSINESS**

During the Year and up to the date of this announcement, none of the Directors is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## **EVENTS AFTER THE YEAR**

### **Close of the Offer**

As the sub-section head “Acquisition of Shares by OKC Holdings Corporation” in the section headed “Management Discussion and Analysis” on pages 32 of this announcement, the Offer had closed at 4:00 p.m. on Wednesday, 10 April 2019 (the “**Close of Offer**”). Detail of the Close of Offer was disclosed in announcement of the Company dated 11 April 2019.

### **Change of Directors**

#### **(i) Appointment of Non-Executive Directors**

On 11 April 2019, Mr. Xu Mingxing and Mr. Pu Xiaojiang have been appointed as non-executive Directors (the “**Appointment**”). Details of the Appointment was disclosed in the announcement of the Company dated 11 April 2019.

#### **(ii) Resignation of Directors**

On 16 May 2019, Mr. Cheng Yuk has resigned as an executive Director and Mr. Chan King Chung has resigned as an independent non-executive Director (the “**Resignations**”). Details of the Resignations were disclosed in the announcement of the Company dated 16 May 2019.

## **Disposal of Shares by Substantial Shareholders**

On 25 April 2019, Mr. Ren Yunan (“**Mr. Ren**”) and Thriving Market Limited (“**TML**”) had entered into sale and purchase agreements (the “**Agreements**”) with a number of purchasers (the “**Purchasers**”) respectively in relation to the sale of 614,900,000 Shares held by TML and 148,810,000 Shares held by Mr. Ren (collectively, the “**Disposals**”), representing all Shares held by TML and by Mr. Ren respectively as of 25 April 2019. The completion of the Disposals under respective Agreements took place on or before 2 May 2019. Details of the Disposals were disclosed in the announcements dated 26 April 2019 and 2 May 2019.

## **Entering into Agreements with Prime Trust, LLC**

On 31 May 2019 (after the trading hours of the Stock Exchange), OKLink Fintech Limited, an indirectly wholly-owned subsidiary of the Company, and Prime Trust, LLC had entered into a technology service agreement and an application programming interface (API) funding platform technology agreement for the development of the platform for providing USDK services (the “**Business Development**”). Details of the Business Development was disclosed in the announcement of the Company dated 2 June 2019.

## **PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER**

On 17 April 2018, the Company had been notified that Right Star Investment Development Limited (“**Right Star**”), a controlling shareholder of the Company, had pledged an aggregate of 3,182,790,001 ordinary shares in the issued share capital of the Company (the “**Pledged Shares**”) in favour of Mr. Ren as a security of a loan (the “**Loan**”) provided by the independent third party to Mr. Anthony Wong (“**Mr. Wong**”), the beneficial owner of Right Star.

On 12 October 2018, the Loan and interest accrued thereon had been repaid by Mr. Wong. Accordingly, the Pledged Shares have been released. Right Star is interested in 3,182,790,001 ordinary Shares of the Company, representing approximately 60.49% of the issued share capital of the Company. After the Pledged Shares had been released, there was no pledge in the shares of the Company held by Right Star. Details of the Pledged Shares were disclosed in the announcement dated 17 April 2018 and 12 October 2018.

The Pledged Shares did not fall within the scope of Rule 13.17 of the Listing Rules.

## **FINAL DIVIDEND**

The Board has resolved not to declare any final dividend for the Year (2018: Nil).

## **CORPORATE GOVERNANCE CODE**

During the Year, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out Appendix 14 (the “**CG Code**”) to the Listing Rules contained therein except for the following deviation. The Company periodically reviews its corporate governance practices to ensure that they continue to meet the requirements of the CG Code.

- (1) Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should not be performed by the same individual.

During the period from 1 April 2018 to 30 April 2018, Mr. Ip Ying Chau was the Chairman and the chief executive officer of the Company. With his extensive experience in the industry, the Board believed that vesting the roles of both Chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, allowed for effective and efficient planning and implementation of business decisions and strategies, and was beneficial to the business prospects and management of the Group. Although Mr. Ip Ying Chau performed both the roles of Chairman and chief executive officer, the division of responsibilities between the Chairman and chief executive officer was clearly established. The two roles were performed by Mr. Ip Ying Chau distinctly. The Company considers that it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

However, Mr. Ip Ying Chau had resigned as the Chairman, the chief executive officer and the executive Director of the Company with effect from 30 April 2018. The Company had not appointed the Chairman and the chief executive officer after the resignation of Mr. Ip Ying Chau until 9 July 2018. Mr. Ren Yunan has been appointed as an executive Director, the chairman and the chief executive officer of the Company with effect from 9 July 2018. The Board believes that vesting the roles of both Chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Ren Yunan performs both the roles of Chairman and chief executive officer, the division of responsibilities between the Chairman and chief executive officer is clearly established. The two roles are performed by Mr. Ren Yunan distinctly.

- (2) Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Directors and the independent non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**"). In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code during the Year and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee in accordance with the requirements of among Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication among other directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company's internal controls and as to the efficiency of the audits. During the Year, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chan King Chung (the Chairman of the Audit Committee), Mr. Li Zhouxin and Mr. Lee Man Chiu. On 16 May 2019, Mr. Chan King Chung resigned as an independent non-executive Director of the Company, and Mr. Li Zhouxin was appointed as the Chairman of the Audit Committee and Mr. Jiang Guoliang was appointed as a member of the Audit Committee.

The Group's consolidated annual financial statements for the Year have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Group's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float as required under the Listing Rules during the Year.

Immediately after the close of the Offer and subject to the due registration by the registrar for the transfer of the Offer Shares tendered by the independent Shareholders to OKC Holdings Corporation for acceptance, 593,364,999 Shares were held by the public (within the meanings under the Listing Rules), representing approximately 11.28% of the total number of issued Shares. Accordingly, following the close of the Offer, less than 25% of the issued Shares were held by the public and the Company did not satisfy the minimum public float requirement as set out under Rule 8.08(1) of the Listing Rules.

On 25 April 2019, each of TML and Mr. Ren Yunan has entered into the Agreements with a number of purchasers respectively in relation to the sale of 614,900,000 Shares held by TML and 148,810,000 Shares held by Mr. Ren, representing all Shares held by TML and by Mr. Ren respectively as of 25 April 2019. TML is beneficially owned by Mr. Ren, who is an executive Director, the Chairman and the Chief Executive Officer of the Company.

The Company has been informed that the completion of the Disposals under respective Agreements took place on or before 2 May 2019.

On 2 May 2019, immediately after the completion of the Disposals, the Offeror and parties acting in concert with the Offeror hold 3,904,925,001 Shares, representing approximately 74.21% of the issued Shares, whereas 1,357,074,999 Shares, representing 25.79% of the issued Shares are held by the public. Accordingly, the minimum public float of 25% of the total issued share capital of the Company has been restored and the Company is in compliance with Rule 8.08(1)(a) of the Listing Rules.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.leapholdings.hk](http://www.leapholdings.hk). The annual report of the Company for the Year containing all information as required by the Listing Rules will be dispatched by the Company to its shareholders and published on aforesaid websites of the Stock Exchange and the Company in due course.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to express my sincere gratitude to all our staffs for their dedication and contribution to the Group. In addition, I would like to thank all of our shareholders and investors for their support and our customers for their patronage.

By order of the Board  
**LEAP Holdings Group Limited**  
**Ren Yunan**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 28 June 2019

*As at the date of this announcement, the non-executive Directors are Mr. Xu Mingxing and Mr. Pu Xiaojiang; the executive Directors are Mr. Ren Yunan, Mr. Luo Ting and Mr. Zhu Junkan; and the independent non-executive Directors are Mr. Li Zhouxin, Mr. Lee Man Chiu and Mr. Jiang Guoliang.*