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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the six months ended 30 September 2015 amounted to approximately HK\$197.9 million (for the six months ended 30 September 2014: approximately HK\$130.7 million).
- Profit attributable to the owners of the Company for the six months ended 30 September 2015 amounted to approximately HK\$12.9 million (for the six months ended 30 September 2014: approximately HK\$17.4 million).
- Basic and diluted earnings per share for the six months ended 30 September 2015 amounted to approximately HK cent 0.63 (for the six months ended 30 September 2014: approximately HK cent 0.87).
- During the six months ended 30 September 2015, members of the Group declared and settled the payment of a dividend of HK\$25.0 million to its then shareholder (2014: Nil). The Board does not recommend the declaration of any further interim dividend for the six months ended 30 September 2015.

The board (the “**Board**”) of directors (the “**Directors**”) of LEAP Holdings Group Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2015 (the “**Period**”), together with the comparative figures for the corresponding period in 2014. These information should be read in conjunction with the prospectus (the “**Prospectus**”) of the Company dated 21 August 2015.

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

*For the six months ended 30 September 2015*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2015</b>	<b>2014</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	6	<b>197,867</b>	130,713
Cost of sales		<b>(155,689)</b>	(104,098)
<b>Gross profit</b>		<b>42,178</b>	26,615
Other income and net gains	6	<b>795</b>	1,904
Administrative and other operating expenses		<b>(24,506)</b>	(5,494)
Operating profit		<b>18,467</b>	23,025
Finance costs	7	<b>(578)</b>	(699)
<b>Profit before income tax</b>	8	<b>17,889</b>	22,326
Income tax expense	9	<b>(4,941)</b>	(3,640)
<b>Profit and total comprehensive income for the period</b>		<b>12,948</b>	18,686
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>12,948</b>	17,409
Non-controlling interests		–	1,277
Profit and total comprehensive income for the period		<b>12,948</b>	18,686
<b>Basic and diluted earnings per share (HK cent)</b>	10	<b>0.63</b>	0.87

Details of dividend are disclosed in Note 11 to the condensed consolidated interim financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	<i>Notes</i>	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<u>46,113</u>	<u>49,982</u>
<b>Current assets</b>			
Trade and other receivables	13	104,831	86,990
Gross amounts due from customers for contract work		11,910	6,431
Amounts due from directors	14	–	9,988
Cash and bank balances		<u>75,817</u>	<u>22,543</u>
		<u>192,558</u>	<u>125,952</u>
<b>Total assets</b>		<u><b>238,671</b></u>	<u><b>175,934</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	15	22,880	1
Reserves		<u>127,304</u>	<u>86,176</u>
<b>Total equity</b>		<u><b>150,184</b></u>	<u><b>86,177</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	8,398	8,235
Deferred tax liabilities		<u>5,290</u>	<u>5,263</u>
		<u>13,688</u>	<u>13,498</u>
<b>Current liabilities</b>			
Trade and other payables	17	38,673	36,655
Gross amounts due to customers for contract work		11,784	10,371
Borrowings	16	12,839	17,455
Current income tax liabilities		<u>11,503</u>	<u>11,778</u>
		<u>74,799</u>	<u>76,259</u>
<b>Total liabilities</b>		<u><b>88,487</b></u>	<u><b>89,757</b></u>
<b>Total equity and liabilities</b>		<u><b>238,671</b></u>	<u><b>175,934</b></u>
<b>Net current assets</b>		<u><b>117,759</b></u>	<u><b>49,693</b></u>
<b>Total assets less current liabilities</b>		<u><b>163,872</b></u>	<u><b>99,675</b></u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company					Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note a)	Merger reserve HK\$'000 (Note b)	Retained earnings HK\$'000			
Balance at 1 April 2014	1	–	–	–	44,178	44,179	2,727	46,906
Profit and total comprehensive income for the period	–	–	–	–	17,409	17,409	1,277	18,686
Balance at 30 September 2014	<u>1</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>61,587</u>	<u>61,588</u>	<u>4,004</u>	<u>65,592</u>
Balance at 1 April 2015	1	–	–	–	86,176	86,177	–	86,177
Profit and total comprehensive income for the period	–	–	–	–	12,948	12,948	–	12,948
Dividend	–	–	–	–	(25,000)	(25,000)	–	(25,000)
Transactions with owners:								
Reorganisation	(1)	–	–	1	–	–	–	–
Shares issued pursuant to the capitalisation issue	20,020	(20,020)	–	–	–	–	–	–
Shares issued under share offer	2,860	68,640	–	–	–	71,500	–	71,500
Shares issuance costs	–	(3,363)	–	–	–	(3,363)	–	(3,363)
Deemed capital contribution	–	–	7,922	–	–	7,922	–	7,922
Balance at 30 September 2015	<u>22,880</u>	<u>45,257</u>	<u>7,922</u>	<u>1</u>	<u>74,124</u>	<u>150,184</u>	<u>–</u>	<u>150,184</u>

*Notes:*

- The capital reserve represents the deemed capital contribution from its shareholder, Grand Jade Group Limited (“Grand Jade”), in relation to listing expenses reimbursed to the Company during the period ended 30 September 2015.
- 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.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2015*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash generated from operating activities	<u>4,464</u>	<u>15,629</u>
Net cash used in investing activities	<u>(2,659)</u>	<u>(6,818)</u>
Net cash generated from/(used in) financing activities	<u>53,198</u>	<u>(4,112)</u>
Net increase in cash and cash equivalents	<b>55,003</b>	4,699
Cash and cash equivalents at beginning of the period	<u>18,156</u>	<u>680</u>
Cash and cash equivalents at end of the period, represented by cash and bank balances and bank overdrafts	<u><b>73,159</b></u>	<u><b>5,379</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND CORPORATE REORGANISATION

### (a) General information

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is 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 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 and construction wastes handling.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 September 2015.

### (b) Corporate reorganisation

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company underwent a corporate reorganisation (the "Reorganisation").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 15 May 2015. Through the Reorganisation, as more fully explained in the paragraph headed "Corporate Reorganisation" in Appendix IV "Statutory and General Information" to the prospectus (the "Prospectus") in connection with the share offer of the Company's shares dated 21 August 2015, the Company became the holding company of the companies now comprising the Group on 23 July 2015.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2015 have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The condensed consolidated interim financial statements should be read in conjunction with the combined financial statements for the three years ended 31 March 2013, 2014 and 2015 as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Prospectus.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis. The significant accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those described in the Accountants' Report except for the adoption of the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the condensed consolidated interim financial statements.

The Group has not yet adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results and financial position.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), which is the Group’s functional and presentation currency.

#### 4. FINANCIAL RISK MANAGEMENT

All aspects of the Group’s financial risk management objectives and policies are consistent with those disclosed in the Accountants’ Report.

During the six months ended 30 September 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group’s financial assets and liabilities.

There were no reclassifications of financial assets.

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the critical accounting estimates and judgements applied are consistent with those described in the Accountants’ Report.

#### 6. REVENUE AND SEGMENT INFORMATION

Revenue and other income and net gains recognised during the six months ended 30 September 2015 and 2014 are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$’000</b>	HK\$’000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Foundation works and ancillary services	<b>164,733</b>	96,781
Rental income	<b>584</b>	886
Construction wastes handling	<b>32,550</b>	33,046
	<b>197,867</b>	130,713
<b>Other income and net gains</b>		
Interest income	<b>46</b>	45
Gain/(Loss) on disposal of plant and equipment	<b>130</b>	(82)
Government grants	<b>280</b>	1,878
Others	<b>339</b>	63
	<b>795</b>	1,904

## 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:

Foundation works and ancillary services: Provision of site formation works, excavation and lateral support 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.

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.

Segment revenue is measured in a manner consistent with that in the interim condensed 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 interim condensed consolidated statement of financial position except unallocated cash and bank balances, amounts due from directors and other unallocated assets.

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

	<b>Foundation works and ancillary services <i>HK\$'000</i></b>	<b>Construction wastes handling <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Period ended 30 September 2015 (Unaudited)</b>			
<b>Revenue</b>			
External revenue	<u>165,317</u>	<u>32,550</u>	<u>197,867</u>
Segment results	<u>39,593</u>	<u>2,585</u>	42,178
Unallocated income			795
Unallocated corporate expenses			(24,506)
Finance costs			(578)
Profit before income tax			17,889
Income tax expense			(4,941)
Profit for the period			<u>12,948</u>
Included in segment results are:			
Depreciation	<u>6,165</u>	<u>1,880</u>	<u>8,045</u>

	<b>Foundation works and ancillary services <i>HK\$'000</i></b>	<b>Construction wastes handling <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>At 30 September 2015 (Unaudited)</b>			
Segment assets	135,294	22,081	157,375
Unallocated assets			<u>81,296</u>
Total assets			<u><u>238,671</u></u>
Segment liabilities	42,343	2,608	44,951
Unallocated liabilities			5,506
Borrowings			21,237
Current income tax liabilities			11,503
Deferred tax liabilities			<u>5,290</u>
Total liabilities			<u><u>88,487</u></u>
	<b>Foundation works and ancillary services <i>HK\$'000</i></b>	<b>Construction wastes handling <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Period ended 30 September 2014 (Unaudited)</b>			
Revenue			
External revenue	<u>97,667</u>	<u>33,046</u>	<u>130,713</u>
Segment results	<u>24,983</u>	<u>1,632</u>	26,615
Unallocated income			1,904
Unallocated corporate expenses			(5,494)
Finance costs			<u>(699)</u>
Profit before income tax			22,326
Income tax expense			<u>(3,640)</u>
Profit for the period			<u><u>18,686</u></u>
Included in segment results are:			
Depreciation	<u>4,647</u>	<u>1,163</u>	<u>5,810</u>

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2015 (Audited)			
Segment assets	122,746	17,217	139,963
Unallocated assets			35,971
			<hr/>
Total assets			175,934
			<hr/> <hr/>
Segment liabilities	40,018	1,579	41,597
Unallocated liabilities			5,429
Borrowings			25,690
Current income tax liabilities			11,778
Deferred tax liabilities			5,263
			<hr/>
Total liabilities			89,757
			<hr/> <hr/>

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.

## 7. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on finance leases	432	464
Interest on bank overdrafts and bank borrowings wholly repayable within 5 years	132	218
Interest on bank borrowings not wholly repayable within 5 years	14	17
	<hr/>	<hr/>
	578	699
	<hr/> <hr/>	<hr/> <hr/>

## 8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging the following:

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of owned assets	5,076	4,260
Depreciation of leased assets	3,185	2,119
Operating lease rental on premises	629	520
Listing expenses (included in administrative and other operating expenses)	12,021	–
Staff costs, including directors' emoluments		
– salaries and allowances	44,718	27,722
– retirement scheme contributions	1,931	1,187
	<u>50,530</u>	<u>37,808</u>

## 9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for both periods.

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
Current income tax	4,914	2,852
Deferred income tax	27	788
	<u>4,941</u>	<u>3,640</u>

## 10. EARNINGS PER SHARE

For the purpose of these condensed consolidated interim financial statements, the calculation of the basic earnings per share attributable to owners of the Company was based on:

- (i) the profit attributable to owners of the Company for the respective periods;
- (ii) the weighted average number of 2,002,000,000 shares (comprising 10,000 shares in issue and 2,001,990,000 shares issued under the capitalisation issue) as if these 2,002,000,000 shares were outstanding throughout the period ended 30 September 2015 and the weighted average number of 286,000,000 shares issued under share offer during the period ended 30 September 2015; and
- (iii) the weighted average number of 2,002,000,000 shares (comprising 10,000 shares in issue and 2,001,990,000 shares issued under the capitalisation issue) as if these 2,002,000,000 shares were outstanding throughout the period ended 30 September 2014.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<b>12,948</b>	17,409
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<b>2,047,322</b>	2,002,000
Basic earnings per share (HK cent)	<b>0.63</b>	0.87

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the respective periods.

## 11. DIVIDEND

During the six months ended 30 September 2015, the Group declared and paid an interim dividend of HK\$25,000,000 to its then shareholder.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Dividend	<b>25,000</b>	–

## 12. PROPERTY, PLANT AND EQUIPMENT

**Property,  
plant and equipment  
HK\$'000**

### Six months ended 30 September 2015 (Unaudited)

<b>Net book value</b>	
Opening amount as at 1 April 2015	49,982
Additions	4,789
Disposals	(397)
Depreciation	(8,261)
	<hr/>
<b>Closing amount as at 30 September 2015</b>	<b>46,113</b>
	<hr/> <hr/>

### Six months ended 30 September 2014 (Unaudited)

<b>Net book value</b>	
Opening amount as at 1 April 2014	34,115
Additions	14,643
Disposals	(620)
Depreciation	(6,379)
	<hr/>
Closing amount as at 30 September 2014	41,759
	<hr/> <hr/>

## 13. TRADE AND OTHER RECEIVABLES

	<b>As at 30 September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (Audited)</b>
Trade receivables	62,711	52,376
Other receivables, deposits and prepayments	5,026	6,481
Retention receivables	37,094	28,133
	<hr/>	<hr/>
	<b>104,831</b>	<b>86,990</b>
	<hr/> <hr/>	<hr/> <hr/>

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 30 to 75 days generally. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on date of revenue recognition is as follows:

	<b>As at 30 September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (Audited)</b>
0-30 days	23,776	25,783
31-60 days	21,909	18,415
61-90 days	11,598	4,705
Over 90 days	5,428	3,473
	<u>62,711</u>	<u>52,376</u>

Trade receivables of approximately HK\$44,609,000 and HK\$34,582,000 as at 30 September 2015 and 31 March 2015 respectively were not yet past due and approximately HK\$18,102,000 and HK\$17,794,000 as at 30 September 2015 and 31 March 2015 respectively 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.

Except for retention receivables of approximately HK\$17,550,000 and HK\$12,093,000 as at 30 September 2015 and 31 March 2015 respectively, which are expected to be recovered after one year, all of the remaining retention receivables are expected to be recovered within one year.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

#### 14. AMOUNTS DUE FROM DIRECTORS

<b>Name of directors</b>	<b>Maximum outstanding balance during the period HK\$'000 (Unaudited)</b>	<b>As at 30 September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (Audited)</b>
Mr. Chan Wing Chung	9,239	–	5,776
Mr. Ip Ying Chau	5,612	–	4,212
		<u>–</u>	<u>9,988</u>

The amounts due were unsecured, non-interest bearing and had no fixed terms of repayment.

## 15. SHARE CAPITAL

	<i>Notes</i>	<b>Number of ordinary shares</b>	<b>Nominal amount HK\$'000</b>
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>	9,962,000,000	99,620
		<u>10,000,000,000</u>	<u>100,000</u>
As at 30 September 2015			
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>	286,000,000	2,860
		<u>2,288,000,000</u>	<u>22,880</u>
As at 30 September 2015			

### *Notes:*

- (a) The balance of share capital at 31 March 2015 represents the aggregate of paid up share capital of the subsidiaries comprising the Group prior to 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 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 the issue price over the par value of the shares, net of shares issuance costs of approximately HK\$3,363,000, were credited to the share premium account of the Company.

## 16. BORROWINGS

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
<b>Non-current</b>		
Finance lease liabilities ( <i>Note b</i> )	8,398	8,235
<b>Current</b>		
Bank overdrafts ( <i>Note a</i> )	2,658	4,387
Bank borrowings ( <i>Note a</i> )	1,006	3,109
Finance lease liabilities ( <i>Note b</i> )	9,175	9,959
	<u>12,839</u>	<u>17,455</u>
<b>Total borrowings</b>	<u><u>21,237</u></u>	<u><u>25,690</u></u>

*Notes:*

(a) Bank overdrafts and bank borrowings

The bank overdrafts and 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 overdrafts and bank borrowings are repayable as follows:

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
Bank overdrafts on demand	2,658	4,387
Within 1 year	271	626
Between 1 and 2 years	278	641
Between 2 and 5 years	457	1,743
Over 5 years	–	99
	<u>3,664</u>	<u>7,496</u>

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

	<b>As at 30 September 2015 <i>HK\$'000</i> (Unaudited)</b>	As at 31 March 2015 <i>HK\$'000</i> (Audited)
HK\$	<b>2,658</b>	6,358
US\$	<b>1,006</b>	1,138
	<hr/>	<hr/>
	<b>3,664</b>	7,496
	<hr/> <hr/>	<hr/> <hr/>

(b) 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.

	<b>As at 30 September 2015 <i>HK\$'000</i> (Unaudited)</b>	As at 31 March 2015 <i>HK\$'000</i> (Audited)
Gross finance lease liabilities – minimum lease payments		
Within 1 year	<b>9,677</b>	10,560
Between 1 and 2 years	<b>4,815</b>	5,524
Between 2 and 5 years	<b>3,884</b>	3,000
	<hr/>	<hr/>
	<b>18,376</b>	19,084
Future finance charges on finance leases	<b>(803)</b>	(890)
	<hr/>	<hr/>
Present value of finance lease liabilities	<b>17,573</b>	18,194
	<hr/> <hr/>	<hr/> <hr/>

The present value of finance lease liabilities is as follows:

	<b>As at 30 September 2015 HK\$'000 (Unaudited)</b>	As at 31 March 2015 HK\$'000 (Audited)
Within 1 year	9,175	9,959
Between 1 and 2 years	4,599	5,314
Between 2 and 5 years	3,799	2,921
	<u>17,573</u>	<u>18,194</u>

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of approximately HK\$14,384,000 and HK\$13,349,000 and motor vehicles with an aggregate net book value of approximately HK\$7,325,000 and HK\$9,948,000 as at 30 September 2015 and 31 March 2015 respectively.

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

(c) The interest rates per annum of borrowings are as follows:

	<b>As at 30 September 2015</b>	As at 31 March 2015
Bank overdrafts	6.50%	6.00% to 6.50%
Bank borrowings	2.50%	2.20% to 2.50%
Finance lease liabilities	<u>2.86% to 7.96%</u>	<u>2.88% to 7.96%</u>

(d) As at 30 September 2015 and 31 March 2015, the undrawn banking facilities amounted to approximately HK\$4,842,000 and HK\$3,113,000 respectively.

(e) These banking facilities are secured/guaranteed by:

- (i) Personal guarantees given by certain directors of the Company and a director of a subsidiary as at 31 March 2015;
- (ii) Certain properties held by a director of the Company as at 31 March 2015;
- (iii) Pledge of life insurance amounting to approximately HK\$2,498,000 and HK\$2,481,000 as at 30 September 2015 and 31 March 2015 respectively;
- (iv) Corporate guarantee provided by Progressive Foundation as at 31 March 2015;
- (v) Guarantees by the Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme as at 31 March 2015; and
- (vi) Corporate guarantee provided by the Company as at 30 September 2015.

## 17. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (Audited)</b>
Trade payables	31,642	32,979
Accruals and other payables	7,031	3,676
	<u>38,673</u>	<u>36,655</u>

*Note:*

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>As at 30 September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (Audited)</b>
0-30 days	22,116	24,214
31-60 days	426	5,894
61-90 days	1,729	1,017
Over 90 days	7,371	1,854
	<u>31,642</u>	<u>32,979</u>

All trade and other payables are denominated in HK\$.

## 18. COMMITMENTS

### (a) Capital commitments

Capital commitments outstanding at the end of each reporting period not provided for were as follows:

	<b>As at 30 September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (Audited)</b>
Contracted but not provided for: Property, plant and equipment	<u>1,594</u>	<u>240</u>

**(b) Operating lease commitments – Group as lessee**

At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	<b>As at 30 September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2015 HK\$'000 (Audited)</b>
Within one year	<b>1,592</b>	1,873
In the second to fifth years inclusive	<b>1,161</b>	1,930
	<b><u>2,753</u></b>	<b><u>3,803</u></b>

The Group is the lessee in respect of office premises and equipment 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.

**19. 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.

- (a) Save as disclosed in Notes 14 and 16 to these condensed consolidated interim financial statements, the Group did not have any significant related party transaction with related parties during the reporting period.
- (b) Key management compensation

	<b>Six months ended 30 September 2015 HK\$'000 (Unaudited)</b>	<b>2014 HK\$'000 (Unaudited)</b>
Salaries and allowances	<b>1,727</b>	1,158
Retirement scheme contributions	<b>38</b>	25
	<b><u>1,765</u></b>	<b><u>1,183</u></b>

## 20. 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 30 September 2015, there were a number of ongoing employees' compensation claims and personal injury claims 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 considered necessary.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **BUSINESS REVIEW**

The Company's shares (the "**Shares**") were successfully listed on the Stock Exchange on 2 September 2015 (the "**Listing Date**") when 286,000,000 new Shares had been offered for subscription and 286,000,000 Shares for sale, at an offer price of HK\$0.25 per Share.

The Group's major sources of revenue were from foundation works and ancillary services and construction wastes handling services in Hong Kong.

For the Period, the Group achieved satisfactory growth in its business. The revenue of the Group for the Period amounted to approximately HK\$197.9 million, 51.4% more than that of approximately HK\$130.7 million for the corresponding period of 2014. The gross profit of the Group for the Period amounted to approximately HK\$42.2 million, representing a growth of approximately 58.6% as compared with approximately HK\$26.6 million for the corresponding period of 2014. The profit for the Period of the Group amounted to approximately HK\$12.9 million, representing a decrease of approximately 31.0% compared with HK\$18.7 million for the corresponding period of 2014. Such decrease was mainly due to the one-off listing expenses of approximately HK\$12.0 million incurred during the Period. Without the aforesaid listing expenses, the Group achieved a profit for the Period of approximately HK\$24.9 million, representing an increase of approximately 33.2% comparing with the corresponding period of 2014.

## SEGMENT ANALYSIS

### 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.

For the Period, revenue from this segment amounted to approximately HK\$165.3 million, approximately HK\$67.6 million more than the corresponding period of 2014. Such growth was mainly attributable to the commencements of the newly awarded projects in Ma On Shan, Hung Hom and Sha Tin which the Group also made some progress. For the Period, these projects contributed significantly to the growth of the Group’s revenue in this segment and recorded revenue amounting to approximately HK\$72.4 million.

Gross profit of this segment for the Period was approximately HK\$39.6 million, increased approximately 58.4% as compared with approximately HK\$25.0 million for the corresponding period in 2014. Such increase is mainly due to in line with the increase in revenue as mentioned in the paragraph headed “Financial Review” below.

### Construction Wastes Handling Services

The Group’s construction wastes handling services mainly included 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.

For the Period, revenue from this segment amounted to approximately HK\$32.6 million, dropped approximately HK\$0.4 million as compared with HK\$33.0 million for the corresponding period of 2014.

Gross profit of this segment for the Period was approximately HK\$2.6 million, increased approximately 62.5% as compared with HK\$1.6 million for the corresponding period in 2014. Such increase is mainly due to the decrease in direct cost.

## NEW PROJECTS AWARDED

During the six months ended 30 September 2015, the Group had been awarded 8 new contracts with total contract value of approximately HK\$156.2 million. The details of new projects were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Yuen Long district	Site formation, ELS & pile cap works
Foundation and Ancillary Works	Wan Chai district	Hoarding & demolition works
Foundation and Ancillary Works	Southern district	Piling works
Foundation and Ancillary Works	Kowloon City district	Site formation works
Foundation and Ancillary Works	Southern district	Ground investigation related works
Foundation and Ancillary Works	Eastern district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Sha Tin district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Kwun Tong district	ELS works

## PROJECTS IN PROGRESS

As at 30 September 2015, the Group had 16 projects in progress, whose total contract value amounted to approximately HK\$610.4 million. The details of projects in progress were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Yuen Long district	Site formation, ELS & pile cap works
Foundation and Ancillary Works	Wan Chai district	Hoarding & demolition works
Foundation and Ancillary Works	Southern district	Piling works
Foundation and Ancillary Works	Kowloon City district	Site formation works
Foundation and Ancillary Works	Eastern district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Sha Tin district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Kwun Tong district	ELS works
Foundation and Ancillary Works	Kwai Tsing district	Reinforced concrete structure works
Foundation and Ancillary Works	Yau Tsim Mong district	Sheet piling works
Foundation and Ancillary Works	Sha Tin district	Site formation & ELS works
Foundation and Ancillary Works	Southern district	Foundations, ELS and pile caps works
Foundation and Ancillary Works	Eastern district	Site formation, foundation works
Foundation and Ancillary Works	Yau Tsim Mong district	ELS and piling works
Foundation and Ancillary Works	Yau Tsim Mong district	ELS and piling and structure works
Foundation and Ancillary Works	Yau Tsim Mong district	Earthwork
Construction Wastes Handling	Tseung Kwan O Area 137 and Tuen Mun Area 38	Operation of temporary construction waste sorting facilities

## COMPLETED PROJECTS

For the Period, the Group completed 6 projects. The details of completed projects were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern district	Ground investigation related works
Foundation and Ancillary Works	Tai Po district	Removal & disposal of existing filled materials
Foundation and Ancillary Works	Sha Tin district	Site formation works
Foundation and Ancillary Works	Eastern district	Foundation, ELS & pile cap works
Foundation and Ancillary Works	Kwai Tsing district	Site formation, ELS works
Foundation and Ancillary Works	Wan Chai district	Foundation works

## **FINANCIAL REVIEW**

The Group recorded revenue of approximately HK\$197.9 million for the Period, representing a growth of approximately 51.4% compared with approximately HK\$130.7 million for the corresponding period of 2014. The growth is mainly contributed by commencement of the newly awarded projects in Ma On Shan, Hung Hom and Sha Tin during the Period which the Group had made some progress.

The gross profit of the Group for the Period amounted to approximately HK\$42.2 million, representing an increase of approximately 58.6% compared with approximately HK\$26.6 million for the corresponding period of 2014. Such increase is in line with the increase in revenue as stated above.

The administrative and other operating expenses of the Group for the Period amounted to approximately HK\$24.5 million, representing an increase of approximately 345.5% compared with approximately HK\$5.5 million for the corresponding period of 2014. Such increase is mainly due to the one-off listing expenses incurred, increase in staff costs and donations made during the Period.

## **LIQUIDITY, FINANCIAL RECOURSES AND CAPITAL STRUCTURE**

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the listing of the Company on 2 September 2015.

As at 30 September 2015, the Group had cash and bank balances of approximately HK\$75.8 million (31 March 2015: approximately HK\$22.5 million). The increase is mainly due to the net proceeds received from the listing of the Company on 2 September 2015 and net cash inflow from operating activities during the Period. The interest-bearing loans of the Group as at 30 September 2015 was approximately HK\$21.2 million (31 March 2015: approximately HK\$25.7 million).

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 30 September 2015 was approximately 14.1% (31 March 2015: approximately 29.8%). As a result of the increased equity following the listing of the Company, the Group's gearing ratio decreased.

## **PLEDGE OF ASSETS**

The Group's machinery and equipment with an aggregate net book value of approximately HK\$14.4 million and HK\$13.3 million and motor vehicles with an aggregate net book value of approximately HK\$7.3 million and HK\$9.9 million as at 30 September 2015 and 31 March 2015, respectively, were pledged under finance leases.

## **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 it arises. Therefore, the Group has not engaged in any derivative to hedge its exposure to foreign exchange risk during the Period.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2015, the Group employed 281 staff (30 September 2014: 222 staff). Total staff costs for the Period including directors' emoluments, amounted to approximately HK\$46.6 million (2014: approximately HK\$28.9 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**

The Group had capital commitment amounted to approximately HK\$1.6 million as at 30 September 2015 (31 March 2015: approximately HK\$0.2 million).

## **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.

As at 30 September 2015, there were a number of ongoing employees' compensation claims and personal injury claims 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 proceedings shall be covered by the relevant insurance policy, no provision for contingent liabilities in respect of pending litigations is considered necessary.

## PROSPECTS

The economy of Hong Kong is expected to continue to grow moderately and the Hong Kong Government is dedicated to increasing the supply of land for residential development in efforts to ease housing needs. In the public sector, in May, the Lands Department issued a government notice for the reclamation works for the building of the third runway at the Hong Kong International Airport and the Development Bureau has also recently discussed the need for Route 11 which will connect Yuen Long and North Lantau. Therefore, it is foreseeable that the construction industry in both public and private sectors will continue to be active. As such, the Group strives to develop its relationship with different customers for exploring future opportunities.

The Group would continue to focus on its core businesses of foundation works and ancillary services and construction wastes handling services in Hong Kong. In order to achieve the continuing growth of its core businesses, the Group would reinforce its well-established position in the market via its reputation, expertise and experienced management.

## USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK\$60.2 million, after deduction of underwriting fees and commissions and expenses. These proceeds are intended to be applied in accordance with the proposed application set put in the paragraph headed “Future plans and use of proceeds” in the Prospectus. Such uses were to acquire machinery and equipment, strengthen the workforce and manpower, repayment of the outstanding bank borrowings to reduce our finance costs and fund general working capital as follows:

	<b>Planned use of proceeds</b>	<b>Actual use of proceeds from the Listing Date to 30 September 2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Repayment of the outstanding bank borrowings	8,000	4,593
Acquisition of machinery and equipment	36,500	2,019
Strengthening the workforce and manpower	10,200	345
General working capital	5,500	—
	<hr/>	<hr/>
Total	<b>60,200</b>	<b>6,957</b>
	<hr/> <hr/>	<hr/> <hr/>

The Directors are not aware of any material change to the planned use of proceeds as at the date of this announcement. Any net proceeds that were not applied immediately have been placed on the short-term demand deposits with authorised financial institutions or licensed banks in Hong Kong as at the date of this announcement.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

No purchase, sale or redemption of the Company's listed securities was made from the date of Listing, 2 September 2015 and up to the date of this announcement.

### **INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2015.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the corporate governance code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date. Under code provision A.2.1 of the CG Code as set out in Appendix 14 of the Listing Rules, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Under the current organisation structure of the Company, Mr. Ip Ying Chau is the chairman and chief executive officer of the Company. With his extensive experience in the industry, 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. Ip Ying Chau 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. 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. Save for the aforesaid, the Board is of the view that the Company has complied with the code provisions as set out in the CG Code from the Listing Date to the date of this announcement.

### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the requirements of the Model Code since the Listing Date and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the requirements of the 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 between 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. The Audit Committee comprises three independent non-executive directors, namely Mr. Cheung Kwok Yan Wilfred (chairman), Mr. Feng Zhidong and Mr. Ho Ho Ming.

## **REVIEW OF INTERIM RESULTS**

The Group’s unaudited condensed consolidated interim financial statements for the Period 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.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to express my sincere gratitude to all our staff 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**  
**Ip Ying Chau**  
*Chairman and Chief Executive Officer*

Hong Kong, 25 November 2015

*As at the date of this announcement, the Board comprises Mr. Ip Ying Chau (Chairman), Mr. Chan Wing Chung, Ms. Tung Ah Pui Athena and Mr. Chan Chiang Kan as executive Directors, and Mr. Cheung Kwok Yan Wilfred, Mr. Feng Zhidong and Mr. Ho Ho Ming as independent non-executive Directors.*