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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 2017

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2017 amounted to approximately HK\$353.0 million (for the year ended 31 March 2016: approximately HK\$399.3 million).
- Profit attributable to the owners of the Company for the year ended 31 March 2017 amounted to approximately HK\$8.4 million (for the year ended 31 March 2016: approximately HK\$29.2 million).
- Equity attributable to owners of the Company as at 31 March 2017 amounted to approximately HK\$345.1 million (as at 31 March 2016: approximately HK\$166.5 million).
- Basic and diluted earnings per share for the year ended 31 March 2017 amounted to approximately HK cent 0.17 (for the year ended 31 March 2016: approximately (restated) HK cent 0.67).
- The Board does not recommend the declaration of a final dividend for the year ended 31 March 2017.

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 2017 (the “**Year**”) together with comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	4	353,038	399,277
Cost of sales		(312,746)	(328,830)
Gross profit		40,292	70,447
Other income, gains and losses	4	5,155	892
Fair value change on investment properties		(834)	–
Administrative and other operating expenses		(29,543)	(32,562)
Operating profit		15,070	38,777
Finance costs		(1,037)	(1,079)
Profit before income tax	5	14,033	37,698
Income tax expense	6	(5,674)	(8,473)
Profit and total comprehensive income for the year attributable to owners of the Company		8,359	29,225
Basic and diluted earnings per share	7	HK cent 0.17	(Restated) HK cent 0.67

Details of dividends are disclosed in Note 8 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		62,718	62,261
Investment properties		21,300	–
Intangible assets		430	–
		<u>84,448</u>	<u>62,261</u>
Current assets			
Trade and other receivables	9	152,829	119,105
Gross amounts due from customers for contract work		43,891	26,363
Financial assets at fair value through profit or loss		82,571	–
Tax recoverable		14	–
Cash and cash equivalents (excluding bank overdrafts)		52,061	50,251
		<u>331,366</u>	<u>195,719</u>
Total assets		<u>415,814</u>	<u>257,980</u>
EQUITY			
Capital and reserves			
Share capital	10	26,310	22,880
Reserves		318,750	143,581
Total equity		<u>345,060</u>	<u>166,461</u>
LIABILITIES			
Non-current liabilities			
Borrowings		4,333	14,046
Deferred tax liabilities		5,848	5,787
		<u>10,181</u>	<u>19,833</u>
Current liabilities			
Trade and other payables	11	29,287	36,405
Gross amounts due to customers for contract work		431	16,544
Borrowings		29,888	15,823
Current income tax liabilities		967	2,914
		<u>60,573</u>	<u>71,686</u>
Total liabilities		<u>70,754</u>	<u>91,519</u>
Total equity and liabilities		<u>415,814</u>	<u>257,980</u>
Net current assets		<u>270,793</u>	<u>124,033</u>
Total assets less current liabilities		<u>355,241</u>	<u>186,294</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 GENERAL INFORMATION

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

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

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange (the “**Reorganisation**”), the group entities were under the control of Mr. Chan and Mr. Ip. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 23 July 2015.

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

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

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards adopted by the Group

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

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

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

New standards and interpretations not yet adopted

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

HKFRS 16 Leases

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

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

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

4 REVENUE AND SEGMENT INFORMATION

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

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

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: Provision of management and operation of public fill reception facilities, including public fill banks and temporary construction waste sorting facilities, for construction and demolition materials.
- (c) Investments in securities.
- (d) Money lending.

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

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

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

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

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

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

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

Information about major customers

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

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

¹ Revenue from construction wastes handling.

² Revenue from foundation works and ancillary services.

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

5 PROFIT BEFORE INCOME TAX

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before income tax has been arrived at after charging:		
Auditors' remuneration		
– Current year	950	880
– Over-provision in prior year	–	(70)
	<u>950</u>	<u>810</u>
Staff costs	68,595	96,419
Depreciation	19,555	17,132
Operating lease rental on premises	1,165	1,302
Direct operating expenses arising from investment properties that generate rental income	15	–
	<u>15</u>	<u> </u>

6 INCOME TAX EXPENSE

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

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

7 EARNINGS PER SHARE

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

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

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

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

8 DIVIDENDS

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

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

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

9 TRADE AND OTHER RECEIVABLES

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

The credit period granted customers is 7 to 75 days generally. The ageing analysis of trade receivables based on payment certificate is as follows:

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

The Group's loan receivables of approximately HK\$67,000,000 (2016: Nil), which arise from the money lending business, are not overdue based on contractual maturity date as at 31 March 2017 (2016: same).

10 SHARE CAPITAL

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

Notes:

- (a) The balance of share capital at 31 March 2015 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.
- (b) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 15 May 2015, which was then transferred to Grand Jade on the same date.
- (c) On 12 August 2015, the then sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- (d) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Glory Port International Limited from Grand Jade, on 23 July 2015, (i) the 1 nil-paid share then held by Grand Jade was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Grand Jade.

- (e) Pursuant to the written resolutions of the sole shareholder of the Company passed on 12 August 2015, the Company issued and allotted a total of 2,001,990,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company's shares on the register of members at the close of business on 11 August 2015 by way of capitalisation of the sum of HK\$20,019,900 standing to the credit of the share premium account of the Company.
- (f) On 1 September 2015, 286,000,000 ordinary shares of HK\$0.01 each were issued to the public at a price of HK\$0.25 per share for cash totalling HK\$71,500,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK\$3,363,000, were credited to the share premium account of the Company.
- (g) On 26 May 2016, 168,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.50 per share for cash totalling HK\$84,000,000 by way of placing. The excess of the issue price over the par value of the shares, net of issuance costs of approximately HK\$2,940,000, were credited to the share premium account of the Company.
- (h) On 23 September 2016, 175,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.52 per share for cash totalling HK\$91,000,000 by way of placing. The excess of the issue price over the par value of the shares, net of issuance costs of approximately HK\$1,820,000, were credited to the share premium account of the Company.

11 TRADE AND OTHER PAYABLES

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

Payment terms granted by suppliers are generally 15 to 80 days from the invoice date of the relevant purchases. The ageing analysis of trade payables based on the invoice date is as follows:

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

12 CONTINGENT LIABILITIES

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

Pending litigations

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

13 EVENT AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major sources of revenue were from foundation works and ancillary services and construction wastes handling services in Hong Kong. During the Year, the Group has commenced the investment in securities business and the money lending business in order to broaden the Group's investment strategy.

During the Year, except for the commencement of investment in securities business and money lending business, 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\$264.5 million, approximately HK\$67.6 million less than that for the year ended 31 March 2016. Such decrease was mainly attributable to keen competition in the market resulting in the contract sum of the newly awarded projects during the Year was less than that of the comparable completed projects including major projects in Ma On Shan, Kau To and Kwun Tong, in which majority of revenue was recognised in the corresponding period in 2016.

Gross profit of this segment during the Year was approximately HK\$7.9 million, which decreased approximately 87.1% as compared with approximately HK\$61.4 million for the year ended 31 March 2016. Such decrease was mainly due to a decrease in revenue from foundation projects and the Group had to reduce the profit margin of new foundation projects in order to compete in the increasingly competitive market due to an increase in the number of competitors and a decrease in the number of capital works projects as discussed in the section headed "Prospects" below. Gross profit margin of this segment for the Year was approximately 3%, representing a decrease of 15.5 percentage points from approximately that of 18.5% for the year ended 31 March 2016. The decrease was mainly due to the completion of certain design and build projects, and no new awarded design and build projects during the Year. Such projects have higher gross profit margins.

As at the date of this announcement, the Group was awarded a site formation design and build project with contract sum of approximately HK\$90 million. Going forward, the Group will focus on bidding for projects with higher gross profit margins including design and build projects.

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.

During the Year, revenue from this segment amounted to approximately HK\$62.2 million, which decreased approximately HK\$5.0 million as compared with approximately HK\$67.2 million for the year ended 31 March 2016.

Gross profit of this segment for the Year was approximately HK\$6.1 million, which decreased by approximately 32.2% as compared with approximately HK\$9.0 million for the year ended 31 March 2016. Such decrease was mainly due to a decrease in revenue and an increase in certain cost of sales items including depreciation and transportation fees. The decrease in revenue is due to the completion of a construction wastes handling project in December 2016. As at the date of this announcement, we have been awarded a new construction wastes handling project in the Tuen Mun district which has commenced operations in May 2017. Gross profit margin of this segment for the Year was approximately 9.7%, representing a decrease of 3.7 percentage points from approximately 13.4% for the year ended 31 March 2016. Such decrease is 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\$324.7 million. The details of the new projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern district	Foundation, pile cap and basement construction works
Foundation and Ancillary Works	Yau Tong district	Earthwork & steel platform
Foundation and Ancillary Works	Cheung Sha district	Excavation and structure works
Foundation and Ancillary Works	Tuen Mun district	Site formation, ELS and foundation works
Foundation and Ancillary Works	Kwai Chung district	Site formation & ELS works
Foundation and Ancillary Works	Chai Wan district	Bored piles construction works
Construction Wastes Handling	Tuen Mun district	Fill bank operation

Projects in Progress

As at 31 March 2017, the Group had 6 projects in progress with total contract value amounted to approximately HK\$152.8 million. The details of projects in progress are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Tuen Mun district	Demolition works
Foundation and Ancillary Works	Southern district	Site formation & mini-piling works
Foundation and Ancillary Works	Kowloon City district	Piling foundation works and ancillary works
Foundation and Ancillary Works	Yuen Long district	Site formation, ELS & concrete footing construction
Foundation and Ancillary Works	Wan Chai district	Hoarding & demolition works
Foundation and Ancillary Works	Yau Tsim Mong District	Disposal of excavated materials

Completed Projects

During the Year, the Group completed 16 projects with total contract value amounted to approximately HK\$525.4 million. The details of completed projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Yau Tong district	Earthwork and Steel Platform
Foundation and Ancillary Works	Cheung Sha district	Excavation and Structure Works
Foundation and Ancillary Works	Tuen Mun district	Site Formation, ELS And Foundation Works
Foundation and Ancillary Works	Kwai Chung district	Site Formation & ELS Works
Foundation and Ancillary Works	Pok Fu Lam district	Site Preparation & Working Platform
Foundation and Ancillary Works	Chai Wan district	Bored Piles Construction Works
Foundation and Ancillary Works	Tseung Kwan O district	Hoarding, Pipe Pile and King Post Works

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Aberdeen district	Piling Foundation works and ancillary works
Foundation and Ancillary Works	Shau Kei Wan district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Ma On Shan district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Kwun Tong district	ELS Works
Foundation and Ancillary Works	Kwai Chung district	Reinforced Concrete Structure Works
Foundation and Ancillary Works	Kau To district	Site Formation & ELS Works
Foundation and Ancillary Works	Yau Ma Tei district	Excavation & Lateral Support and Piling Works
Foundation and Ancillary Works	Tsim Sha Tsui district	Excavation & Lateral Support and Piling and Structure Works
Construction Wastes handling	Tseung Kwan O and Tuen Mun districts	Operation of temporary construction wastes sorting facilities

Investment in Securities

During the Year, the Group has commenced a new business segment of investment in securities in order to diversify the Group's business. The Group has invested in a portfolio of listed securities in Hong Kong.

As at 31 March 2017, the Group managed a portfolio of listed securities with aggregate market value of approximately HK\$82.6 million. During the Year, the Group recorded a gross profit in the segment of investment in securities of approximately HK\$24.1 million of which, approximately HK\$23.6 million, fair value change on investment in securities and approximately HK\$0.6 million is dividend income from investment in securities. The Company has been continuously evaluating the performance of its existing investment portfolio and looking for other investment opportunities. The Company may make suitable investment decisions based on the then market situation, which may include investing in new listed securities and/or disposing the existing listed securities and/or diversifying its investment portfolio in order to improve returns and minimise risks.

Money Lending

During the Year, the Group obtained the money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and commenced its money lending business since

then. During the year, the Group generated approximately HK\$2.2 million revenue and 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 as well as the interests of the Company and its shareholders overall.

During the Year, except for the commencement of investment in securities business and money lending business, the Group had no material changes in its business nature and principal activities.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately 11.6% from approximately HK\$399.3 million for the year ended 31 March 2016 to approximately HK\$353.0 million for the Year. The decline was mainly due to keen competition in the market of foundation works and ancillary services resulting in the contract sum of the newly awarded projects during the Year being less than that of the comparable completed projects including major projects in Ma On Shan, Kau To and Kwun Tong, in which a majority of revenue was recognised in the corresponding period in 2016.

Gross profit and gross margin

Gross profit decreased by approximately 42.8% from approximately HK\$70.4 million for the year ended 31 March 2016 to approximately HK\$40.3 million for the Year. The decrease in gross profit margin was mainly due to the decrease in revenue as discussed in the section headed “Revenue” above. Gross profit margin for the Year was approximately 11.4%, representing a decrease of 6.2 percentage points from approximately 17.6% for the year ended 31 March 2016. The decrease was mainly due to the decrease in revenue from foundation projects and the Group had to reduce the profit margin of new foundation projects in order to compete in the increasingly competitive market due to an increase in the number of competitors and a decrease in the number of capital works projects as discussed in the section headed “Prospects” below.

Other income, gains and losses

Other income, gains and losses mainly consisted of Government grants and gain on the disposal of property, plant and equipment. During the Year, other income, gains and losses amounted to approximately HK\$5.2 million (2016: HK\$0.9 million).

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the Year amounted to approximately HK\$29.5 million, representing a decrease of approximately 9.3% compared with approximately HK\$32.6 million for the year ended 31 March 2016. Such decrease was mainly due to the absence of one-off listing expenses during the Year when compared to last year.

Finance costs

Finance costs decreased by approximately 9.1% from approximately HK\$1.1 million for the year ended 31 March 2016 to approximately HK\$1.0 million for the Year, which is mainly due to the repayment of finance leases during the Year, which was slightly offset by the bank borrowings drawn during the Year..

Income tax expense

Income tax expense decreased by approximately 32.9% from approximately HK\$8.5 million for the year ended 31 March 2016 to approximately HK\$5.7 million for the Year. Such decrease was due to The decrease in profit before tax due to the decrease in revenue and gross profit as discussed in the sections headed “Revenue” and “Gross profit and gross margin” above.

Profit for the year

The Group recorded a net profit of approximately HK\$8.4 million for the Year, representing a decrease of 71.2% compared with approximately HK\$29.2 million for the year ended 31 March 2016. The decrease in the profit for the year was mainly due to the net effect of the decrease in revenue, gross profit, administrative expenses and income tax expense for the Year as discussed above.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 7 September 2016, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with 10threalm Corporation Limited (“**10threalm**”) in relation to the investment in 10threalm by subscription of new shares of 10threalm as contemplated under the MOU and subject to the execution of a formal agreement between the parties to the MOU (the “**Possible Transaction**”). 10threalm is in the process of obtaining a patent right, registered in the U.S. in regards to a wearable gesture control interface apparatus which is used for controlling devices based on gestures provided by a user. The possible applications of such patent include but not limited to personal computers, personal drones, augmented reality, virtual reality, 3D tracking and sign language translation. As at the date of this announcement, the negotiation is still on-going. For details of the Possible Transaction, please refer to the announcement published by the Company on the website of Stock Exchange dated 7 September 2016.

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

PROSPECTS

The construction industry in Hong Kong is facing keen market competition with the increase in the number of competitors leading to the dilution in the profit margin of awarded contracts. Furthermore, the number of capital works projects dropped due to the filibustering in the Legislative Council causing delay in funding approval for public works. Despite the fact that the construction industry in Hong Kong is facing such uncertainties, the Group expects that the construction industry is under temporary adjustment and looks forward to the rebound from the downturn of the market. The Group’s outlook still remains positive towards the construction industry and will proactively look for opportunities to create maximum returns to the shareholders of the Company.

Further, as always, there are both uncertainties and opportunities to the outlook of the investment industry for global financial markets. The implementation of balance sheet normalization program by the Federal Reserve may signal an end of the global credit easing in the previous decade. This would have a gradual impact on the asset market as a whole. In addition, the rising political instability in a number of regions would render the global economic outlook volatile.

Looking on the bright side, the growth of the Mainland China economy and the flow of capital from Mainland China to Hong Kong would lend support to local investment sentiment and asset returns.

The Group will continue to respond to the changing market environment and review its investment strategy regularly. The Group will also seek investment opportunities in listed securities and other financial products in Hong Kong and other recognised financial markets in the overseas with a view to generate additional income and enhance the capital use of the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The net proceeds of the share offer received by the Company in relation to the listing on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 2 September 2015 (the “**Listing Date**”) 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 out in the paragraph headed “Future plans and use of proceeds” in the prospectus of the Company dated 21 August 2015 (the “**Prospectus**”). Such uses were to acquire machinery and equipment, strengthen the workforce and manpower, repayment of the outstanding bank borrowings to reduce the finance costs and fund general working capital as during the period from the Listing Date to 31 March 2017, which were as follows:

Business objectives as stated in the Prospectus	Planned use of proceeds <i>HK\$'000</i>	Actual use of proceeds from the Listing Date to 31 March 2017 <i>HK\$'000</i>
Repayment of the outstanding bank borrowing	8,000	8,000
Acquisition of machinery and equipment	36,500	36,500
Strengthening the workforce and manpower	10,200	10,200
General working capital	5,500	5,500
	<u>60,200</u>	<u>60,200</u>

The Directors are not aware of material change to the planned use of proceeds as at the date of this announcement.

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 2017, the Group had cash equivalents (excluding bank overdrafts) of approximately HK\$52.1 million (31 March 2016: approximately HK\$50.3 million). The increase was mainly due to the aggregate net proceeds of approximately HK\$170.2 million received from the placing of the Shares offset by net cash used in operations of approximately HK\$132.7 million mainly as result of investments in securities. For further information of the placing of the Shares, please refer to the paragraph "Placing of Shares" under this section of this announcement. The interest-bearing loans of the Group as at 31 March 2017 was approximately HK\$34.2 million (31 March 2016: approximately HK\$29.9 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 31 March 2017 was approximately 10.0% (as at 31 March 2016: approximately 17.9%). This is mainly due to the increase in equity from the placing of the Shares.

SHARE SUBDIVISION

On 9 March 2017, the Board proposed that each of the existing issued and unissued shares of HK\$0.010 each in the share capital of the Company be subdivided into two shares of HK\$0.005 each. An ordinary resolution to approve the share subdivision has been passed by the shareholders of the Company at the extraordinary general meeting held on 21 April 2017. Upon the share subdivision having become effective on 22 April 2017 and as at the date of this announcement, the Company's authorized share capital was HK\$100,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.005 each, of which 5,262,000,000 were in issued and fully paid. For details, please refer to the Company's announcements dated 9 March 2017, 20 March 2017, 29 March 2017 and 21 April 2017 and the Company's circular dated 3 April 2017.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

The Group's machinery and equipment with an aggregate net book value of approximately HK\$8.4 million and HK\$12.7 million and motor vehicles with an aggregate net book value of approximately HK\$2.8 million and HK\$6.8 million as at 31 March 2017 and 2016, respectively, were pledged under finance leases. As at 31 March 2017, investment properties with a carrying amount of approximately HK\$11,000,000 (2016: Nil) have been pledged to other borrowing granted to the Group.

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 2017, the Group employed 104 staff (31 March 2016: 236 staff). Total staff costs including directors' emoluments for the Year, amounted to approximately HK\$68.6 million (for the year ended 31 March 2016: approximately HK\$96.4 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save for the Possible Transaction as mentioned above, during the Year, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

PLACING OF SHARES

On 26 May 2016, the Company issued and allotted a total of 168,000,000 ordinary Shares of HK\$0.01 each to not less than six placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates at a price of HK\$0.5 per Share, representing a discount of approximately 29.58% to the closing price of HK\$0.71 per share on that day. The Directors are of the view that the placing will strengthen the financial position of the Group to be able to fund any potential development and investment opportunities to be identified by the Company. It can also broaden the shareholders base and the capital base of the Company. The net proceeds of the placing (after deducting all applicable costs and expenses of the placing) was approximately HK\$81 million, representing a net issue price of approximately HK\$0.48 per placing share. As stated in the announcement of the Company dated 13 May 2016, the Company will allocate (i) approximately HK\$16 million out of the net proceeds from the placing of approximately HK\$81 million for general working capital purposes, among which, approximately HK\$8 million will be used for loan repayment and approximately HK\$8 million will be allocated as general working capital; and (ii) the remaining of the net proceeds of approximately HK\$65 million for financing any potential investment opportunities of the Group that may arise from time to time. The placing of new Shares was completed on 26 May 2016. For details, please refer to the Company's announcements dated 10 May 2016, 13 May 2016 and 26 May 2016.

On 23 September 2016, the Company issued and allotted a total of 175,000,000 ordinary Shares of HK\$0.01 each to not less than six placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates at a price of HK\$0.52 per Share, representing a discount of approximately 18.75% to the closing price of HK\$0.64 per share on that day. The Directors are of the view that the placing will broaden the Company's shareholder and capital base and increase the overall liquidity of the Shares. Moreover, it will also strengthen the financial position of the Company. The net proceeds from the placing will be used for financing any investment opportunities when they arise, including but not limited to the Possible Transaction as disclosed in the Company's announcement dated 7 September 2016. The placing of new Shares was completed on 23 September 2016. For details, please refer to the Company's announcements dated 7 September 2016 and 23 September 2016.

CAPITAL COMMITMENTS

The Group had capital commitment amounted to approximately HK\$1.7 million as at 31 March 2017 (31 March 2016: approximately HK\$6.4 million).

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, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group save as disclosed below.

Name of Director	Name of entity which is considered to compete or likely to compete with the business of the Group	Description of business	Nature of interests
Ho Ho Ming	KSL Holdings Limited (Stock Code: 8170)	Principally engaged in the provision of engineering consulting, contracting and project management services in Hong Kong with a focus on geotechnical engineering works	Independent non-executive director (Resigned on 1 January 2017)
	Wan Kei Group Holdings Limited (Stock Code: 1718)	Provision of foundation works; and ground investigation field works in Hong Kong	Independent non-executive director (Resigned on 1 March 2017)
	Kwan On Holdings Limited (Stock Code: 1559)	Provision of construction and maintenance works on civil engineering contracts in respect of buildings, waterworks, site formation, road works and drainage and slope upgrading in Hong Kong	Independent non-executive director
Cheung Kwok Yan Wilfred	Chun Sing Engineering Holdings Limited (Stock Code: 2277)	Principally engaged in the foundation and substructure construction business in Hong Kong	Independent non-executive Director (Resigned on 10 June 2016)

On 17 August 2015, the Group and each of Mr. Ip Ying Chau, Mr. Chan Wing Chung and Grand Jade (the “**Covenantors**”) has executed a deed of non-competition (the “**Deed of Non-competition**”), pursuant to which they have irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of each other member of the Group). Details are set out in the section headed “Relationship with our controlling shareholders – Non-Competition Undertaking” in the Prospectus.

Each of the Covenantors declared that they have complied with the Deed of Non-competition. The independent non-executive Directors have conducted such review for the Year and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully complied.

EVENTS AFTER THE YEAR

Share Subdivision

On 9 March 2017, the Board proposed that each of the existing issued and unissued shares of HK\$0.010 each in the share capital of the Company be subdivided into two shares of HK\$0.005 each. An ordinary resolution to approve the share subdivision has been passed by the shareholders of the Company at the extraordinary general meeting held on 21 April 2017. Upon the share subdivision having become effective on 22 April 2017 and as at the date of this announcement, the Company's authorized share capital was HK\$100,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.005 each, of which 5,262,000,000 were in issued and fully paid. For details, please refer to the Company's announcements dated 9 March 2017, 20 March 2017, 29 March 2017 and 21 April 2017 and the Company's circular dated 3 April 2017.

FINAL DIVIDEND

The Board has resolved not to declare any annual dividend for the Year (2016: Nil).

CORPORATE GOVERNANCE CODE

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 throughout from the Listing Date, save for the deviation from code deviation from A.2.1 which is explained below. The Company periodically reviews its corporate governance practices to ensure that they continue to meet the requirements of the CG Code.

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.

Mr. Ip Ying Chau is the Chairman and the 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.

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 for the Year 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 ANNUAL RESULTS

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.

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 under the Listing Rules for the Year and up to the date of this announcement.

PUBLICATION

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.leapholdings.hk. The annual report of the Company for the Year containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

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, 21 June 2017

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