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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 2017**

##### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the six months ended 30 September 2017 amounted to approximately HK\$147.9 million (for the six months ended 30 September 2016: approximately HK\$168.8 million).
- Profit attributable to the owners of the Company for the six months ended 30 September 2017 amounted to approximately HK\$44.8 million (for the six months ended 30 September 2016: approximately HK\$9.9 million).
- Basic and diluted earnings per share for the six months ended 30 September 2017 amounted to approximately HK cent 0.85 (for the six months ended 30 September 2016: approximately HK cent 0.21 (restated)).
- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of LEAP Holdings Group Limited (the “**Company**”, together with subsidiaries of the Company, the “**Group**”) is pleased to announce the unaudited consolidated financial results of the Group for the six months ended 30 September 2017 (the “**Period**”) together with comparative figures for the six months ended 30 September 2016 as follows:

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

*For the six months ended 30 September 2017*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2017</b>	<b>2016</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	6	<b>147,907</b>	168,820
Cost of sales		<u><b>(79,841)</b></u>	<u>(146,234)</u>
<b>Gross profit</b>		<b>68,066</b>	22,586
Other income, gains and losses	6	<b>1,241</b>	1,474
Administrative and other operating expenses		<u><b>(12,849)</b></u>	<u>(11,327)</u>
<b>Operating profit</b>		<b>56,458</b>	12,733
Finance costs	7	<u><b>(1,118)</b></u>	<u>(569)</u>
<b>Profit before income tax</b>	8	<b>55,340</b>	12,164
Income tax expense	9	<u><b>(10,582)</b></u>	<u>(2,229)</u>
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<u><b>44,758</b></u>	<u>9,935</u>
<b>Basic and diluted earnings per share (HK cent)</b>	10	<u><b>0.85</b></u>	<u>0.21</u>

(Restated)

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	<i>Note</i>	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	36,711	62,718
Investment properties	13	–	21,300
Intangible assets		430	430
		<u>37,141</u>	<u>84,448</u>
<b>Current assets</b>			
Trade and other receivables	14	147,474	152,829
Gross amounts due from customers for contract work		52,779	43,891
Financial assets at fair value through profit or loss	15	102,564	82,571
Tax recoverable		3,281	14
Cash and cash equivalents (excluding bank overdrafts)		121,491	52,061
		<u>427,589</u>	<u>331,366</u>
<b>Total assets</b>		<u><b>464,730</b></u>	<u><b>415,814</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	16	26,310	26,310
Reserves		363,508	318,750
<b>Total equity</b>		<u><b>389,818</b></u>	<u><b>345,060</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	17	2,335	4,333
Deferred tax liabilities		4,404	5,848
		<u>6,739</u>	<u>10,181</u>
<b>Current liabilities</b>			
Trade and other payables	18	45,970	29,287
Gross amounts due to customers for contract work		–	431
Borrowings	17	5,983	29,888
Current income tax liabilities		16,220	967
		<u>68,173</u>	<u>60,573</u>
<b>Total liabilities</b>		<u><b>74,912</b></u>	<u><b>70,754</b></u>
<b>Total equity and liabilities</b>		<u><b>464,730</b></u>	<u><b>415,814</b></u>
<b>Net current assets</b>		<u><b>359,416</b></u>	<u><b>270,793</b></u>
<b>Total assets less current liabilities</b>		<u><b>396,557</b></u>	<u><b>355,241</b></u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Attributable to owners of the Company					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 2016	22,880	45,257	7,922	1	90,401	166,461
Profit and total comprehensive income for the period	—	—	—	—	9,935	9,935
Shares issued under placing	22,880	45,257	7,922	1	100,336	176,396
Shares issuance costs	3,430	171,570	—	—	—	175,000
	—	(4,760)	—	—	—	(4,760)
Balance at 30 September 2016	<u>26,310</u>	<u>212,067</u>	<u>7,922</u>	<u>1</u>	<u>100,336</u>	<u>346,636</u>
Balance at 1 April 2017	26,310	212,067	7,922	1	98,760	345,060
Profit and total comprehensive income for the period	—	—	—	—	44,758	44,758
Balance at 30 September 2017	<u>26,310</u>	<u>212,067</u>	<u>7,922</u>	<u>1</u>	<u>143,518</u>	<u>389,818</u>

*Notes:*

- The capital reserve represents the deemed capital contribution from the Company's shareholder in relation to listing expenses reimbursed to the Company in prior years.
- The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation in prior years.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	<u>58,895</u>	<u>(61,612)</u>
Net cash generated from/(used in) investing activities	<u>38,056</u>	<u>(18,102)</u>
Net cash (used in)/generated from financing activities	<u>(27,063)</u>	<u>169,984</u>
Net increase in cash and cash equivalents	<u>69,888</u>	<u>90,270</u>
Cash and cash equivalents at beginning of period	<u>51,603</u>	<u>50,251</u>
Cash and cash equivalents at end of period, represented by cash, bank balances, cash held with brokers and bank overdrafts	<u><b>121,491</b></u>	<u><b>140,521</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. 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, investments in securities and money lending business.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2017 have been prepared in accordance with the Hong Kong Accounting Standard 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 of Hong Kong Limited (the "**Listing Rules**"). The condensed consolidated interim financial statements should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2017 (the "**Annual Financial Statements**").

## 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss and investment properties which are carried at fair value. The significant accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those described in the Annual Financial Statements.

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, 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\$**"), unless otherwise stated.

## **4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

### **4.1 Financial risk factors**

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Annual Financial Statements.

There have been no changes in the risk management policies since year end.

### **4.2 Liquidity risk**

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### **4.3 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

At 30 September 2017 and 31 March 2017, listed equity securities held by the Group are measured at level 1.

At 30 September 2017, unlisted convertible bond held by the Group is measured at level 3.

There were no transfers between levels.

There were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial 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 the condensed consolidated interim financial statements, the critical accounting estimates and judgements applied are consistent with those described in the Annual Financial Statements.

## 6. REVENUE AND SEGMENT INFORMATION

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Foundation works and ancillary services	47,966	127,465
Rental income from lease of machinery	1,161	807
Construction wastes handling	35,666	37,627
Fair value change on investments in securities		
– Realised change	28,558	2,711
– Unrealised change	31,494	195
Dividend income from investments in securities	200	–
Interest income from money lending business	2,862	15
	<u>147,907</u>	<u>168,820</u>
<b>Other income, gains and losses</b>		
Rental income from lease of investment properties	306	104
Interest income	45	46
(Loss)/gain on disposal of property, plant and equipment	(1,353)	1,249
Gain on disposal of subsidiaries	1,056	–
Others	1,187	75
	<u>1,241</u>	<u>1,474</u>

### 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
- Construction wastes handling
- Investments in securities
- Money lending

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 investment properties, tax recoverable, 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 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>Investments in securities <i>HK\$'000</i></b>	<b>Money lending <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Period ended 30 September 2017</b>					
<b>(Unaudited)</b>					
<b>Revenue</b>					
External revenue	<u>49,127</u>	<u>35,666</u>	<u>60,252</u>	<u>2,862</u>	<u>147,907</u>
Segment results	<u>4,043</u>	<u>964</u>	<u>60,197</u>	<u>2,862</u>	<u>68,066</u>
Unallocated income					1,241
Unallocated corporate expenses					(12,849)
Finance costs					<u>(1,118)</u>
Profit before income tax					55,340
Income tax expense					<u>(10,582)</u>
Profit for the period					<u>44,758</u>
Included in segment results are:					
Depreciation	<u>4,534</u>	<u>2,486</u>	<u>–</u>	<u>–</u>	<u>7,020</u>

	<b>Foundation works and ancillary services HK\$'000</b>	<b>Construction wastes handling HK\$'000</b>	<b>Investments in securities HK\$'000</b>	<b>Money lending HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 30 September 2017 (Unaudited)</b>					
Segment assets	161,724	40,315	138,322	71,160	411,521
Tax recoverable					3,281
Unallocated assets					<u>49,928</u>
Total assets					<u><u>464,730</u></u>
Segment liabilities	30,397	9,622	–	–	40,019
Unallocated liabilities					5,951
Borrowings					8,318
Current income tax liabilities					16,220
Deferred tax liabilities					<u>4,404</u>
Total liabilities					<u><u>74,912</u></u>
	Foundation works and ancillary services HK\$'000	Construction wastes handling HK\$'000	Investments in securities HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>Period ended 30 September 2016 (Unaudited)</b>					
Revenue					
External revenue	<u>128,272</u>	<u>37,627</u>	<u>2,906</u>	<u>15</u>	<u>168,820</u>
Segment results	<u>12,707</u>	<u>6,958</u>	<u>2,906</u>	<u>15</u>	22,586
Unallocated income					1,474
Unallocated corporate expenses					(11,327)
Finance costs					<u>(569)</u>
Profit before income tax					12,164
Income tax expense					<u>(2,229)</u>
Profit for the period					<u><u>9,935</u></u>
Included in segment results are:					
Depreciation	<u>6,643</u>	<u>3,198</u>	<u>–</u>	<u>–</u>	<u>9,841</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>
At 31 March 2017 (Audited)					
Segment assets	194,015	13,073	92,127	68,020	367,235
Unallocated assets					<u>48,579</u>
Total assets					<u><u>415,814</u></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><u>70,754</u></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.

## 7. FINANCE COSTS

	Six months ended 30 September	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Interest on finance leases	171	432
Interest on bank overdrafts, bank borrowings and other borrowing	<u>947</u>	<u>137</u>
	<u><u>1,118</u></u>	<u><u>569</u></u>

## 8. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	7,808	10,052
Operating lease rental on premises	924	653
Direct operating expenses arising from investment properties that generate rental income	28	–
Staff costs, including directors' emoluments		
– salaries and allowances	25,480	36,832
– retirement scheme contributions	947	1,437
	<u>7,808</u>	<u>10,052</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	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
Current income tax	11,999	2,481
Deferred income tax	(1,417)	(252)
	<u>10,582</u>	<u>2,229</u>

## 10. EARNINGS PER SHARE

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>44,758</u>	<u>9,935</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>5,262,000</u>	<u>4,826,317</u>
		(Restated)
Basic earnings per share (HK cent)	<u>0.85</u>	<u>0.21</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the period ended 30 September 2017 has been adjusted for the share subdivision on 24 April 2017 as if they have taken place since the beginning of the period.

The comparative figures for the basic earnings per share for the period ended 30 September 2016 are restated to take into account of the effect of the above share subdivision during the period retrospectively as if they have taken place since the beginning of the comparative period.

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 periods ended 30 September 2017 and 2016.

## 11. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2017 (2016: Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

	<b>Property, plant and equipment</b>
	<b><i>HK\$'000</i></b>
<b>Six months ended 30 September 2017 (Unaudited)</b>	
<b>Net book value</b>	
<b>Opening amount as at 1 April 2017</b>	<b>62,718</b>
Additions	4,617
Disposal of assets through disposal of subsidiaries	(17,088)
Disposals	(5,728)
Depreciation	(7,808)
	<hr/>
<b>Closing amount as at 30 September 2017</b>	<b>36,711</b>
	<hr/> <hr/>
<b>Six months ended 30 September 2016 (Unaudited)</b>	
<b>Net book value</b>	
<b>Opening amount as at 1 April 2016</b>	<b>62,261</b>
Additions	9,388
Acquisition of assets through acquisition of a subsidiary	22
Disposals	(1,575)
Depreciation	(10,052)
	<hr/>
<b>Closing amount as at 30 September 2016</b>	<b>60,044</b>
	<hr/> <hr/>

### 13. INVESTMENT PROPERTIES

	<b>Investment properties HK\$'000</b>
<b>Six months ended 30 September 2017 (Unaudited)</b>	
<b>At fair value</b>	
<b>Opening amount as at 1 April 2017</b>	<b>21,300</b>
Disposal of assets through disposal of subsidiaries	<u>(21,300)</u>
<b>Closing amount as at 30 September 2017</b>	<b>–</b>
<b>Six months ended 30 September 2016 (Unaudited)</b>	
<b>At fair value</b>	
<b>Opening amount as at 1 April 2016</b>	–
Additions	<u>11,047</u>
<b>Closing amount as at 30 September 2016</b>	<b>11,047</b>

### 14. TRADE AND OTHER RECEIVABLES

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2017 HK\$'000 (Audited)</b>
Trade receivables	<b>42,103</b>	42,200
Loan receivables	<b>60,000</b>	67,000
Other receivables, deposits and prepayment	<b>10,209</b>	10,217
Retention receivables	<b>35,162</b>	33,412
	<u><b>147,474</b></u>	<u>152,829</u>

Notes:

(a) The ageing analysis of the trade receivables based on payment certificate is as follows:

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2017 HK\$'000 (Audited)</b>
0-30 days	<b>29,307</b>	22,969
31-60 days	<b>10,360</b>	13,616
61-90 days	<b>477</b>	–
Over 90 days	<b>1,959</b>	5,615
	<u><b>42,103</b></u>	<u>42,200</u>

(b) As at 30 September 2017, loan receivables amounting to approximately HK\$20,000,000 (31 March 2017: Nil) were past due and subsequently settled in November 2017. The remaining amounting to approximately HK\$40,000,000 (31 March 2017: HK\$67,000,000) were not yet due.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2017 HK\$'000 (Audited)</b>
Held for trading:		
Listed equity securities, at quoted price in Hong Kong	85,576	82,571
Designated as at fair value through profit or loss:		
Unlisted convertible bond, at fair value in Hong Kong	<u>16,988</u>	–
	<b><u>102,564</u></b>	<b><u>82,571</u></b>

## 16. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Authorised:			
At 1 April 2016, 30 September 2016 and 1 April 2017, ordinary shares of HK\$0.01 each		10,000,000,000	100,000
Effect of share subdivision to HK\$0.005 each	<i>a</i>	<u>10,000,000,000</u>	–
At 30 September 2017, ordinary shares of HK\$0.005 each		<b><u>20,000,000,000</u></b>	<b><u>100,000</u></b>
Issued and fully paid:			
At 1 April 2016		2,288,000,000	22,880
Shares issued under placing	<i>b</i>	168,000,000	1,680
Shares issued under placing	<i>c</i>	<u>175,000,000</u>	<u>1,750</u>
At 30 September 2016		<b><u>2,631,000,000</u></b>	<b><u>26,310</u></b>
At 1 April 2017		2,631,000,000	26,310
Effect of share subdivision	<i>a</i>	<u>2,631,000,000</u>	–
At 30 September 2017		<b><u>5,262,000,000</u></b>	<b><u>26,310</u></b>

### Notes:

- (a) 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.
- (b) 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.

- (c) 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.

## 17. BORROWINGS

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
<b>Non-current</b>		
Finance lease liabilities	<u>2,335</u>	<u>4,333</u>
<b>Current</b>		
Bank overdrafts	–	458
Bank borrowings	461	10,598
Other borrowing	–	10,000
Finance lease liabilities	<u>5,522</u>	<u>8,832</u>
	<u>5,983</u>	<u>29,888</u>
<b>Total borrowings</b>	<b><u>8,318</u></b>	<b><u>34,221</u></b>

## 18. Trade and other payables

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Trade payables	40,043	23,507
Accruals and other payables	<u>5,927</u>	<u>5,780</u>
	<b><u>45,970</u></b>	<b><u>29,287</u></b>



Note:

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

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2017 HK\$'000 (Audited)</b>
0-30 days	16,907	9,186
31-60 days	7,857	3,875
61-90 days	8,084	894
Over 90 days	7,195	9,552
	<u>40,043</u>	<u>23,507</u>

## 19. CAPITAL COMMITMENTS

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

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2017 HK\$'000 (Audited)</b>
Contracted but not provided for:		
Property, plant and equipment	–	1,673

## 20. 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) 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 2017 HK\$'000 (Unaudited)</b>	<b>2016 HK\$'000 (Unaudited)</b>
Salaries and allowances	3,280	2,407
Retirement scheme contributions	36	36
	<u>3,316</u>	<u>2,443</u>

## **21. 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 2017, 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 necessary.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

#### **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 which mainly included hoarding and demolition works and lease of machinery.

For the Period, revenue from this segment amounted to approximately HK\$49.1 million, approximately HK\$79.1 million less than the corresponding period in 2016. Such decrease was mainly attributable to the decrease in the number of new projects awarded resulting from the keen competition in the market during the Period.

Gross profit of this segment for the Period was approximately HK\$4.0 million, which was decreased by approximately 68.2% as compared with approximately HK\$12.7 million for the corresponding period in 2016. Such decrease was mainly due to a decrease in revenue from foundation projects and the overall market participants had to reduce the profit margin of new foundation projects in order to compete in the market.

## 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\$35.7 million, which was decreased by approximately HK\$2.0 million as compared with approximately HK\$37.6 million for the corresponding period in 2016. The decrease in revenue was mainly due to the decrease in on-going projects during the Period and we did not have new project awarded in this segment.

Gross profit of this segment for the Period was approximately HK\$1.0 million, which was decreased by approximately 86.1% as compared with approximately HK\$7.0 million for the corresponding period in 2016. Such decrease was mainly due to the increase in subcontracting cost.

### New Projects Awarded

During the Period, the Group had been awarded 1 new contract with total contract value of approximately HK\$64.2 million. The details of the new project is as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Wan Chai district	ELS, site formation, foundation and pile cap works

### Project in Progress

As at 30 September 2017, the Group had 8 projects in progress with total contract value amounted to approximately HK\$363.5 million. The details of projects in progress are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Wan Chai district	Hoarding, demolition, foundation, ELS and pile cap works
Foundation and Ancillary Works	Yuen Long district	Reinforced concrete structure works
Foundation and Ancillary Works	Kowloon City district	Foundation
Foundation and Ancillary Works	Southern district	Foundation (mini-pile), site formation and underground drainage
Foundation and Ancillary Works	Tuen Mun district	Demolition
Foundation and Ancillary Works	Southern district	Foundation, ELS and pile cap works
Foundation and Ancillary Works	Yau Tsim Mong district	Disposal of excavated materials
Construction Wastes Handling	Tuen Mun district	Fill bank operation

## Completed Projects

During the Period, the Group completed 2 projects with total contract value amounted to approximately HK\$10.9 million. The details of completed projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Tsuen Wan district	Hoarding and demolition
Foundation and Ancillary Works	Southern district	Site preparation, formation of platform and miscellaneous works

## Investments in securities

During the Period, the Group has invested in a portfolio of listed securities and unlisted convertible bond in Hong Kong.

As at 30 September 2017, the Group managed a portfolio of listed securities and unlisted convertible bond with aggregate market value of approximately HK\$102.6 million. During the Period, the Group has subscribed a convertible bond with principal amount of HK\$12,000,000 at 7.5 percent coupon rate per annum with maturity in 2019 issued by Larry Jewelry International Company Limited. As at 30 September 2017, the fair value gain on the convertible bond amounted to approximately HK\$5.0 million. Set out below are the significant investments as at 30 September 2017:

Name of investee company	Number of shares held	Investment cost <i>HK\$ '000</i>	Market Value as at 30 September 2017 <i>HK\$ '000</i>	% to the Group's total assets as at 30 September 2017	Unrealized	Dividend received for the period ended 30 September 2017 <i>HK\$ '000</i>
					gain/(loss) on change in fair value for the period ended 30 September 2017 <i>HK\$ '000</i>	
1581 Progressive Path Group Holdings Ltd.	35,910,000	12,958	13,646	2.94%	688	18
8226 KOALA Financial Group Ltd.	112,000,000	16,468	49,280	10.60%	32,812	1,559
<b>Total</b>		<b>29,426</b>	<b>62,926</b>	<b>13.54%</b>	<b>33,500</b>	<b>1,577</b>

## **Brief description of principal business of the respective investee company of the investments**

<b>Name of investee company</b>	<b>Principal Business</b>
Progressive Path Group Holdings Ltd.	Construction works and the provision of construction machinery rental. The Construction Works segment includes foundation and site formation works and builder's work and general building works
KOALA Financial Group Ltd.	Securities brokerage, money lending, securities investment, trading of commodities, trading of garment accessories, and manufacturing and trading of LED digital display products.

### **Money lending**

During the Period, the Group maintained a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the Period, the Group generated approximately HK\$2.9 million revenue and gross profit from this segment. The Directors consider it 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 Period, the Group had no material changes in its business nature and principal activities.

## **FINANCIAL REVIEW**

### ***Revenue***

The Group recorded revenue of approximately HK\$147.9 million for the Period, representing a decrease of approximately 12.4% compared with approximately HK\$168.8 million for the corresponding period in 2016. The decrease was mainly due to the decrease in the revenue from the foundation works of the Group since the number of new projects awarded decreased resulting from the keen competition in the market but offset by the increase in the revenue from the investments in securities and money lending business.

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

The gross profit of the Group for the Period amounted to approximately HK\$68.1 million, representing an increase of approximately 201.4% compared with approximately HK\$22.6 million for the corresponding period in 2016. The gross profit margin increased by 32.6 percentage points to 46.0% for the Period from 13.4% for the same period of last year. Such increase was mainly due to the significant increase in the revenue from the investments in securities.

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

Other income, gains and losses of the Group amounted to approximately HK\$1.2 million, representing a decrease of approximately 15.8% compared with approximately HK\$1.5 million for the corresponding period in 2016.

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

The administrative and other operating expenses of the Group for the Period amounted to approximately HK\$12.8 million, representing an increase of approximately 13.4% compared with approximately HK\$11.3 million for the corresponding period in 2016. Such increase was mainly due to the increase in legal and professional fees and, the rental income and depreciation of a new office which was renovated during the Period when compared to the same period of last year.

### ***Finance costs***

Finance costs for the Group during the Period amounted to approximately HK\$1,118,000, representing an increase of approximately 96.5% compared with approximately HK\$569,000 for the corresponding period in 2016. The increase was mainly due to the increase in borrowings during the Period.

### ***Income tax expense***

Income tax expense for the Group during the Period amounted to approximately HK\$10.6 million, representing an increase of approximately 374.7% compared with approximately HK\$2.2 million for the corresponding period in 2016. Such increase was due to the increase in revenue and gross profit as discussed in the sections headed “Revenue” and “Gross profit and gross margin” above.

### ***Profit for the Period***

The Group recorded a net profit of approximately HK\$44.8 million for the Period, representing an increase of 350.5% compared with approximately HK\$9.9 million for the corresponding period in 2016. The increase in the profit for the Period was mainly due to the significant increase in the revenue from the investments in securities.

## *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. Despite the fact that the construction industry in Hong Kong is facing such uncertainties, the Group expects that the construction industry is only under temporary adjustment and looks forward to the rebound from the downturn of the market. The management of the Company will closely monitor the market of the construction industry and put more effort in exploring new construction projects. 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 (the “**Shareholders**”).

Despite the uncertainties in the global financial markets, 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 overseas with a view to generate additional income and enhance the capital use of the Group.

### **Liquidity, financial and capital resources**

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

As at 30 September 2017, the Group had cash and cash equivalents (excluding bank overdrafts) of approximately HK\$121.5 million (31 March 2017: approximately HK\$52.1 million). The increase was mainly due to the disposal of subsidiaries during the Period. The interest-bearing loans of the Group as at 30 September 2017 was approximately HK\$8.3 million (31 March 2017: approximately HK\$34.2 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 2017 was approximately 2.1% (31 March 2017: approximately 9.9%). This is mainly due to the repayment of loans during the Period.

### **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 at the extraordinary general meeting held on 21 April 2017. Upon the share subdivision having become effective on 24 April 2017 and as at the date of this announcement, the Company's authorised 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.

## **Transfer of Shares**

Reference is made to the joint announcement dated 19 September 2017 (the “**Joint Announcement**”) jointly issued by Right Star Investment Development Limited (the “**Offeror**”) and the Company. As stated in the Joint Announcement, the Board was informed by Grand Jade Group Limited (“**Grand Jade**”) that, on 15 September 2017, the Offeror and Grand Jade entered into a share transfer agreement, pursuant to which the Offeror agreed to purchase and the Vendor agreed to sell the 2,352,000,000 shares of the Company (the “**Transfer of Shares**”), representing approximately 44.70% of the entire issued share capital of the Company. As stated in the Joint Announcement, the completion of the Transfer of Shares was completed on 18 September 2017. Pursuant to Rule 26.1 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), the Offeror and parties acting in concert with it were required to make a mandatory conditional cash offer for all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it (the “**Offer**”). As at 4:00 p.m. on Wednesday, 15 November 2017 (close of the Offer), the Offeror had received valid acceptances in respect of a total of 830,790,001 offer shares, Offeror and the parties acting in concert with it would hold an aggregate of 3,182,790,001 Shares, representing approximately 60.49% of the entire issued share capital of the Company. For details, please refer to the Joint Announcement, the circular dated 20 October 2017 and further announcements dated 1 November 2017 and 15 November 2017 in relation to the Transfer of Shares and the Offer.

## **Pledge of assets**

The Group’s machinery and equipment with an aggregate net book value of approximately HK\$5.6 million and HK\$8.4 million and motor vehicles with an aggregate net book value of approximately HK\$3.1 million and HK\$2.8 million as at 30 September 2017 and 31 March 2017, 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 the Group 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 Period.

## **Employees and Remuneration Policy**

As at 30 September 2017, the Group employed 92 staff (31 March 2017: 104 staff). Total staff costs including directors’ emoluments for the Period, amounted to approximately HK\$26.4 million (30 September 2016: approximately HK\$38.3 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 did not have any capital commitment as at 30 September 2017 (31 March 2017: approximately HK\$1.7 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 2017, 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.

## **OTHER INFORMATION**

### **Future plans for material investments or capital assets**

The Group did not have any other plans for material investments or acquisition of capital assets as at 30 September 2017.

### **Significant investments, acquisitions and disposals**

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

### **Purchase, sale or redemption of the Company's listed securities**

Save as disclosed above, no purchase, sale or redemption of the Company's listed securities was made during the Period and up to the date of this announcement.

### **Substantial shareholders' interests and short positions in Shares and underlying Shares**

As at 30 September 2017, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) held interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or had interests or short positions in the Shares and

underlying Shares which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Chapter 371 of the Laws of Hong Kong (the “SFO”), or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of shareholder</b>	<b>Capacity/Nature</b>	<b>Number of shares held/interested</b>	<b>Approximate percentage of interest</b>
Right Star Investment Development Limited (“ <b>Right Star</b> ”)	Beneficial owner	2,352,000,000	44.70%
Mr. Anthony Wong, also known as 王奕宇 (“ <b>Mr. Wong</b> ”)	Interest of controlled corporation ( <i>Note 1</i> )	2,352,000,000	44.70%

*Note:*

1. Right Star is directly interested in 2,352,000,000 Shares and is direct wholly-owned by Mr. Wong, who is also the sole director of Right Star. As at 4:00 p.m. on Wednesday, 15 November 2017 (close of the Offer), Right Star had received valid acceptances in respect of a total of 830,790,001 Offer Shares, Right Star and the parties acting in concert with it would hold an aggregate of 3,182,790,001 Shares, representing approximately 60.49% of the entire issued share capital of the Company.

### **Share option scheme**

The Company adopted a share option scheme (the “**Share Option Scheme**”) with effect from 12 August 2015. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The main purpose of the Share Option Scheme is to motivate employees to optimize their performance efficiency for the benefit of the Company. During the Period and up to the date of this announcement, no option has been granted, exercised, cancelled or lapsed. As at the date of this announcement, the maximum number of shares available for issue under the Share Option Scheme was 526,200,000, representing 10% of the number of the issued shares of the Company.

### **Interim dividend for the six months ended 30 September 2017**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2017 (30 September 2016: nil).

### **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 during the Period and up 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 during the Period and up to the date of this announcement.

### **Disclosure required under rule 13.51B(1) of the Listing Rules**

Pursuant to Rule 13.51B(1) of the Listing Rule, the change of information on the Directors is as follows:

Mr. Chan Wing Chung resigned as an executive Director on 16 November 2017.

Ms. Tung Ah Pui Athena resigned as an executive Director on 16 November 2017.

Mr. Chan Chiang Kan resigned as an executive Director on 16 November 2017.

Mr. Mui Wai Sum resigned as an executive Director on 16 November 2017.

Mr. Yip To Chun resigned as an executive Director on 16 November 2017.

Mr. Feng Zhidong resigned as an independent non-executive Director on 16 November 2017.

Mr. Ho Ho Ming resigned as an independent non-executive Director on 16 November 2017.

Mr. Cheung Kwok Yan Wilfred resigned as an independent non-executive Director on 16 November 2017.

Mr. Cheng Yuk was appointed as an executive Director on 16 November 2017.

Mr. Chan Chun Yiu Thomas was appointed as an independent non-executive Director on 16 November 2017.

Mr. Chan King Chung was appointed as an independent non-executive Director on 16 November 2017.

Mr. Li Zhouxin was appointed as an independent non-executive Director on 16 November 2017.

### **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. Chan King Chung (Chairman), Mr. Chan Chun Yiu Thomas and Mr. Li Zhouxin.

### **Review of interim results**

The Group’s unaudited condensed consolidated financial information 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, principles and policies and requirements as well as the Listing Rules and other applicable legal requirements 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 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, 30 November 2017

*As at the date of this announcement, the executive Directors are Mr. Ip Ying Chau and Mr. Cheng Yuk; and the independent non-executive Directors are Mr. Chan Chun Yiu Thomas, Mr. Chan King Chung and Mr. Li Zhouxin.*