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 2018

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2018 amounted to approximately HK$106.8 million (for the six months ended 30 September 2017: approximately HK$147.9 million).

- Loss attributable to the owners of the Company for the six months ended 30 September 2018 amounted to approximately HK$17.8 million (Profit attributable to the owners of the Company for the six months ended 30 September 2017: approximately HK$44.8 million).

- Basic and diluted loss per share for the six months ended 30 September 2018 amounted to approximately HK cent 0.34 (Basic and diluted earnings per share for the six months ended 30 September 2017: approximately HK cent 0.85).

- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2018 (2017: 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 2018 (the "**Period**"), together with comparative figures for the six months ended 30 September 2017 as follows:

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

For the six months ended 30 September 2018

	Note	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	6	**106,849**	147,907
Cost of sales		**(103,111)**	(79,841)
Gross profit		**3,738**	68,066
Other income, gains and losses	6	**814**	1,241
Administrative and other operating expenses		**(18,855)**	(12,849)
Operating (loss)/profit		**(14,303)**	56,458
Finance costs	7	**(3,455)**	(1,118)
(Loss)/profit before tax	8	**(17,758)**	55,340
Income tax expense	9	**(12)**	(10,582)
(Loss)/profit and total comprehensive (expense)/ income for the period attributable to owners of the Company		**(17,770)**	44,758
Basic and diluted (loss)/earnings per share	10	**HK cent (0.34)**	HK cent 0.85

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Note	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**24,971**	29,020
Intangible assets		**430**	430
		25,401	29,450
Current assets			
Trade and other receivables	*13*	**45,582**	169,187
Gross amounts due from customers for contract work		**–**	35,922
Contract assets		**77,539**	–
Financial assets at fair value through profit or loss		**2,371**	1,194
Tax recoverable		**176**	179
Pledged bank deposit		**6,542**	6,500
Cash and cash equivalents		**390,856**	330,638
		523,066	543,620
Total assets		**548,467**	573,070
EQUITY			
Capital and reserves			
Share capital	*14*	**26,310**	26,310
Reserves		**325,011**	344,118
Total equity		**351,321**	370,428

	Note	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*15*	**–**	192
Deferred tax liabilities		**2,846**	3,550
		2,846	3,742
Current liabilities			
Trade and other payables	*16*	**48,003**	43,880
Gross amounts due to customers for contract work		**–**	1,981
Loan from a related party	*17*	**140,063**	136,688
Borrowings	*15*	**2,273**	4,819
Current income tax liabilities		**3,961**	11,532
		194,300	198,900
Total liabilities		**197,146**	202,642
Total equity and liabilities		**548,467**	573,070
Net current assets		**328,766**	344,720
Total assets less current liabilities		**354,167**	374,170

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000* *(Note a)*	**Merger reserve** *HK$'000* *(Note b)*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 April 2017 (Audited)	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 (Unaudited)	26,310	212,067	7,922	1	143,518	389,818
Balance at 31 March 2018 (Audited)	26,310	212,067	7,922	1	124,128	370,428
Adjustments *(Note 3)*	–	–	–	–	(1,337)	(1,337)
Balance at 1 April 2018 (Restated) *(Note 3)*	26,310	212,067	7,922	1	122,791	369,091
Loss and total comprehensive expense for the period	–	–	–	–	(17,770)	(17,770)
Balance at 30 September 2018 (Unaudited)	26,310	212,067	7,922	1	105,021	351,321

Notes:

a. 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.

b. 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 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**63,509**	58,895
Net cash (used in)/generated from investing activities	**(473)**	38,056
Net cash used in financing activities	**(2,818)**	(27,063)
Net increase in cash and cash equivalents	**60,218**	69,888
Cash and cash equivalents at beginning of period	**330,638**	51,603
Cash and cash equivalents at end of period, represented by cash, bank balances, time deposits and cash held with brokers	**390,856**	121,491

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 Unit 902-903, 9th Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

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

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2018 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 condensed consolidated interim financial statements should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2018 (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 which are carried at fair value.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the significant accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those described in the Annual Financial Statements.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated interim financial statements:

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers"

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

The Group recognises revenue from the following major sources:

- Foundation works and ancillary services income;
- Construction wastes handling services income;
- Rental income;
- Dividend income; and
- Interest income.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, i.e. 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- 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; and

- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant HKFRSs, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is subject to impairment review.

3.1.2 Summary of effects arising from initial application of HKFRS 15

The revenue from construction contracts is recognised over time under output method as the Group's performance creates and enhances an asset that the customer controls as the Group performs. The progress towards complete satisfaction of a performance obligation of construction contracts is measured with reference to the certificates issued by the internal or external surveyors on the performance or work completed to date. Costs qualify as costs to fulfil a contract as mentioned above will be recognised as contract costs to be amortised on a systematic basis with the transfer to the customer of the services to which assets relates, while contract costs that related to fulfill performance obligations are expensed as incurred.

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

	Impact of adopting HKFRS 15 at 1 April 2018 *HK$'000*
Retained earnings	
Adjustments of gross amounts due from/to customers for contract work	(334)
Tax effect	(11)
Impact at 1 April 2018	(345)

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

	Carrying amounts previously reported at 31 March 2018	Adjustment	Carrying amounts under HKFRS 15 at 1 April 2018*
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)		(Restated)
Current assets:			
Trade and other receivables	169,187	(27,863)	141,324
Gross amounts due from customers for contract work	35,922	(35,922)	–
Contract assets	–	61,470	61,470
Tax recoverable	179	(3)	176
Current liabilities:			
Gross amounts due to customers for contract work	1,981	(1,981)	–
Current income tax liabilities	11,532	8	11,540
Capital and reserves:			
Retained earnings	124,128	(345)	123,783

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

The following tables summarise the impacts of applying HKFRS 15 on the Group's interim condensed consolidated statement of financial position as at 30 September 2018. Line items that were not affected by the changes have not been included.

Impact on the interim condensed consolidated statement of financial position at 30 September 2018

	As reported	**Adjustments**	**Amounts without application of HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)		
Current assets:			
Trade and other receivables	45,582	24,570	70,152
Gross amounts due from customers for contract work	–	53,210	53,210
Contract assets	77,539	(77,539)	–
Tax recoverable	176	3	179
Current liabilities:			
Gross amounts due to customers for contract work	–	140	140
Current income tax liabilities	3,961	90	4,051
Capital and reserves:			
Retained earnings	105,021	14	105,035

3.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities, ii) expected credit losses ("**ECL**") for financial assets and iii) general hedge accounting.

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

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

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity instruments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if that equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed below.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including financial assets at amortised costs and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognise lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for contract assets and financial assets at amortised costs through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets at amortised costs and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 3.3.

3.2.2 Summary of effects arising from initial application of HKFRS 9

(i) Classification and measurement

The Group has assessed that the life insurance policy's assets of approximately HK$2,603,000 as at 31 March 2018, that were measured at amortised cost prior to the adoption of HKFRS 9, would not pass the contractual cash flow characteristics test in HKFRS 9 and were reclassified as financial assets at fair value through profit or loss from 1 April 2018. The Group recognised a transitional adjustment of approximately HK$246,000 to reduce the carrying amount of the life insurance policy's assets against the opening balance of retained earnings at 1 April 2018.

(ii) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which use a lifetime ECL for all trade receivables and contract assets. To measure the ECL, the trade receivables and contract assets have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost are measured at 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of approximately HK$894,000 has been recognised against retained earnings. The additional loss allowance is charged against the trade receivables and contract assets.

	Trade receivables *HK$'000*	Contract assets *HK$'000*	Total *HK$'000*
Reconciliation of opening loss allowance:			
At 31 March 2018 (Audited)	–	–	–
Amounts remeasured through opening retained earnings	270	624	894
At 1 April 2018 (Restated)	270	624	894

3.3 Impacts on opening interim condensed consolidated statement of financial position arising from the application of all new HKFRSs

	At 31 March 2018 *HK$'000* (Audited)	Impact on initial application of HKFRS 15 *HK$'000* (Unaudited)	Impact on initial application of HKFRS 9 *HK$'000* (Unaudited)	At 1 April 2018 *HK$'000* (Restated)
Current assets:				
Trade and other receivables	169,187	(27,863)	(2,873)	138,451
Gross amounts due from customers for contract work	35,922	(35,922)	–	–
Contract assets	–	61,470	(624)	60,846
Financial assets at fair value through profit or loss	1,194	–	2,357	3,551
Tax recoverable	179	(3)	–	176
Current liabilities:				
Gross amounts due to customers for contract work	1,981	(1,981)	–	–
Current income tax liabilities	11,532	8	–	11,540
Non-current liabilities:				
Deferred tax liabilities	3,550	–	(148)	3,402
Capital and reserves:				
Retained earnings	124,128	(345)	(992)	122,791

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

As at 30 September 2018 and 31 March 2018, the Group's life insurance policy and listed equity securities are measured at fair value.

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:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Foundation works and ancillary services	**62,429**	47,966
Rental income from lease of machinery	**337**	1,161
Construction wastes handling	**43,848**	35,666
Fair value change on investments in securities		
– Realised change	**(137)**	28,558
– Unrealised change	**(49)**	31,494
Dividend income from investments in securities	**–**	200
Interest income from money lending business	**421**	2,862
	106,849	147,907
Other income, gains and losses		
Rental income from lease of investment properties	**–**	306
Interest income	**271**	45
Gain/(loss) on disposal of property, plant and equipment	**80**	(1,353)
Gain on disposal of subsidiaries	**2**	1,056
Others	**461**	1,187
	814	1,241

Disaggregation of revenue

	Six months ended 30 September 2018
	HK$'000
	(Unaudited)
Type of services	
Foundation works and ancillary services	**62,429**
Rental income from lease of machinery	**337**
Construction wastes handling	**43,848**
Fair value change on investments in securities	**(186)**
Interest income from money lending business	**421**
	106,849

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 tax recoverable, unallocated cash and cash equivalents 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, loan from a related party, 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*
Period ended 30 September 2018 (Unaudited)					
Revenue					
External revenue	**62,766**	**43,848**	**(186)**	**421**	**106,849**
Segment results	**2,314**	**1,542**	**(195)**	**77**	**3,738**
Unallocated income					**814**
Unallocated corporate expenses					**(18,855)**
Finance costs					**(3,455)**
Loss before tax					**(17,758)**
Income tax expense					**(12)**
Loss for the period					**(17,770)**
Included in segment results are:					
Depreciation	**4,628**	**1,498**	**–**	**–**	**6,126**
At 30 September 2018 (Unaudited)					
Segment assets	**146,195**	**27,106**	**–**	**2,232**	**175,533**
Unallocated assets					**372,934**
Total assets					**548,467**
Segment liabilities	**25,734**	**8,477**	**–**	**–**	**34,211**
Unallocated liabilities					**13,792**
Loan from a related party					**140,063**
Borrowings					**2,273**
Current income tax liabilities					**3,961**
Deferred tax liabilities					**2,846**
Total liabilities					**197,146**

	Foundation works and ancillary services	Construction wastes handling	Investments in securities	Money lending	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period ended 30 September 2017 (Unaudited)					
Revenue					
External revenue	49,127	35,666	60,252	2,862	147,907
Segment results	4,043	964	60,197	2,862	68,066
Unallocated income					1,241
Unallocated corporate expenses					(12,849)
Finance costs					(1,118)
Profit before tax					55,340
Income tax expense					(10,582)
Profit for the period					44,758
Included in segment results are:					
Depreciation	4,534	2,486	–	–	7,020
At 31 March 2018 (Audited)					
Segment assets	152,169	36,011	2,327	121,792	312,299
Unallocated assets					260,771
Total assets					573,070
Segment liabilities	25,019	10,479	–	–	35,498
Unallocated liabilities					10,363
Loan from a related party					136,688
Borrowings					5,011
Current income tax liabilities					11,532
Deferred tax liabilities					3,550
Total liabilities					202,642

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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on finance leases	**74**	171
Interest on bank overdrafts, bank borrowings and other borrowing	**6**	947
Interest on loan from a related party	**3,375**	–
	3,455	1,118

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging/(crediting):

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation	**6,634**	7,808
Operating lease rental on premises	**1,244**	924
Direct operating expenses arising from investment properties that generate rental income	**–**	28
Staff costs, including directors' emoluments		
– salaries and allowances	**23,787**	25,480
– retirement scheme contributions	**916**	947
Net reversal of impairment losses on financial assets	**(50)**	–

9. INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
– Current income tax	**569**	11,999
Deferred income tax	**(557)**	(1,417)
Income tax expense	**12**	10,582

10. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (HK$'000)	**(17,770)**	44,758
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (in thousand)	**5,262,000**	5,262,000
Basic (loss)/earnings per share (HK cent)	**(0.34)**	0.85

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 diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary share in issue during the periods ended 30 September 2018 and 2017.

11. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2018 (2017: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment
	HK$'000
Six months ended 30 September 2018 (Unaudited)	
Net book value	
Opening amount at 1 April 2018	**29,020**
Additions	**2,585**
Depreciation	**(6,634)**
Closing amount at 30 September 2018	**24,971**
Six months ended 30 September 2017 (Unaudited)	
Net book value	
Opening amount at 1 April 2017	62,718
Additions	4,617
Disposal of assets through disposal of subsidiaries	(17,088)
Disposals	(5,728)
Depreciation	(7,808)
Closing amount at 30 September 2017	36,711

13. TRADE AND OTHER RECEIVABLES

	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
Trade receivables *(Note a)*	**23,441**	51,622
Less: Provision for impairment losses	**(183)**	–
	23,258	51,622
Loan receivables *(Note b)*	**–**	80,000
Retention receivables	**–**	27,863
Other receivables, deposits and prepayment	**22,324**	9,702
	45,582	169,187

Notes:

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

	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
0-30 days	**16,639**	40,754
31-60 days	**1,276**	3,421
61-90 days	**3,128**	4,249
Over 90 days	**2,398**	3,198
	23,441	51,622

(b) As at 31 March 2018, the loan receivables were not yet due.

14. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Authorised:		
At 1 April 2017, ordinary shares of HK$0.01 each	10,000,000,000	100,000
Effect of share subdivision to HK$0.005 each *(Note)*	10,000,000,000	–
At 30 September 2017, 1 April 2018 and 30 September 2018, ordinary shares of HK$0.005 each	20,000,000,000	100,000
Issued and fully paid:		
At 1 April 2017	2,631,000,000	26,310
Effect of share subdivision *(Note)*	2,631,000,000	–
At 30 September 2017, 1 April 2018 and 30 September 2018	5,262,000,000	26,310

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

15. BORROWINGS

	At 30 September 2018 *HK$'000* (Unaudited)	At 31 March 2018 *HK$'000* (Audited)
Non-current		
Finance lease liabilities	**–**	192
Current		
Bank borrowings	**173**	319
Finance lease liabilities	**2,100**	4,500
	2,273	4,819
Total borrowings	**2,273**	5,011

16. TRADE AND OTHER PAYABLES

	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
Trade payables	**33,011**	31,240
Accruals and other payables	**4,351**	12,640
Amount due to a former subsidiary	**10,641**	–
	48,003	43,880

Note:

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

	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
0-30 days	**17,876**	15,010
31-60 days	**3,422**	9,973
61-90 days	**2,145**	163
Over 90 days	**9,568**	6,094
	33,011	31,240

17. LOAN FROM A RELATED PARTY

At 30 September 2018, included in loan from a related party is a principal portion of approximately HK$135,000,000 (31 March 2018: approximately HK$135,000,000) which was unsecured, interest bearing at 5% per annum and repayable within one year and an interest portion of approximately HK$5,063,000 (31 March 2018: approximately HK$1,688,000). The loan is subject to review at any time and to the lender's overriding right of withdrawal and immediate repayment on demand. The related party is a company controlled by the directors of certain subsidiaries of the Company as at 30 September 2018 (31 March 2018: the related party is controlled by a director of certain subsidiaries of the Company and a director of the Company).

18. RELATED PARTY TRANSACTIONS

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

(a) Save as disclosed in Note 17, the Group entered into the following transaction with its related party in the ordinary course of business during the period:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Rental expenses charged by a company controlled by a director of certain subsidiaries of the Company	**277**	–

(b) Banking facilities are secured by:

A property held by a company controlled by a director of certain subsidiaries of the Company as at 30 September 2018 and 31 March 2018.

(c) Key management compensation:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries and allowances	**1,706**	3,280
Retirement scheme contributions	**18**	36
	1,724	3,316

19. 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 2018, 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$62.8 million, which was increased approximately HK$13.7 million or 27.9% as compared with approximately HK$49.1 million for the corresponding period in 2017. Such increase was mainly attributable to the commencements on the newly award projects which the Group also made some progress.

Gross profit of this segment for the Period was approximately HK$2.3 million, which was decreased by approximately HK$1.7 million or 42.5% as compared with approximately HK$4.0 million for the corresponding period in 2017. Such decrease was mainly due to increase in direct cost.

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$43.8 million, which was increased by approximately HK$8.1 million or 22.7% as compared with approximately HK$35.7 million for the corresponding period in 2017. The increase was mainly due to the increase in revenue from on-going projects during the period.

Gross profit of this segment for the Period was approximately HK$1.5 million, which was increased by approximately HK$0.5 million or 50% as compared with approximately HK$1.0 million for the corresponding period in 2017. Such increase is in line with the increase in revenue as mentioned above.

New Projects Awarded

During the Period, the Group had been awarded 4 new contracts with total contract value of approximately HK$271.8 million. The details of the new projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern district	Substructure, Superstructure and Site Formation Works
Foundation and Ancillary Works	Southern district	Substructure and Superstructure Works
Foundation and Ancillary Works	Sha Tin district	Foundation, ELS and Basement Slab Works
Foundation and Ancillary Works	Kwun Tong district	Demolition Works and Construction of the Hoarding Works

Project in Progress

As at 30 September 2018, the Group had 12 projects in progress with total contract value amounted to approximately HK$608.7 million. The details of projects in progress are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern district	Substructure, Superstructure and Site Formation Works
Foundation and Ancillary Works	Southern district	Substructure and Superstructure Works
Foundation and Ancillary Works	Sha Tin district	Foundation, ELS and Basement Slab Works
Foundation and Ancillary Works	Kwun Tong district	Demolition Works and Construction of the Hoarding Works
Foundation and Ancillary Works	Kwai Tsing district and Sha Tin district	Piling and ELS Works
Foundation and Ancillary Works	Sai Kung district	Site Formation & Foundation, ELS, Pile Caps and Tie Beam Works
Foundation and Ancillary Works	Sha Tin district	Foundation, Excavation & Lateral Support, Pile Cap, Slope and Drainage Works
Foundation and Ancillary Works	Yuen Long district	Structural Work, Building Service Works, Civil and Retaining Walls Works

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Kowloon City district	Foundation, ELS, Pile Cap and Tree Works
Foundation and Ancillary Works	Wan Chai district	ELS, Site Formation, Foundation and Pile Cap Works
Construction Wastes Handling	Tuen Mun district	Fill Bank Operation
Foundation and Ancillary Works	Yau Tsim Mong district	Disposal of Excavated Materials

Completed Projects

During the Period, the Group completed 3 projects with total contract value amounted to approximately HK$137.8 million. The details of completed projects are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern district	Site Formation & Foundation Works
Foundation and Ancillary Works	Southern district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Southern district	Foundation(Mini-pile), Site Formation & Underground Drainage Works

Investments in securities

During the Period, the Group maintained the business segment of investments in securities in order to diversify the Group's business.

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

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$77,000 gross profit from this segment. The Directors consider it benefits 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$106.8 million for the Period, representing a decrease of approximately 27.8% compared with approximately HK$147.9 million for the corresponding period in 2017. The decrease was mainly due to the decrease in its revenues from securities investment segment which was caused by the downturn of the market.

Gross profit and gross profit margin

The gross profit of the Group for the Period amounted to approximately HK$3.7 million, representing a decrease of approximately 94.6% compared with approximately HK$68.1 million for the corresponding period in 2017. The gross profit margin decreased by 42.5 percentage points to 3.5% for the Period from 46.0% for the same period of last year. Such decrease was mainly due to the significant decrease in revenue from securities investment segment which had a higher gross profit margin.

Other income, gains and losses

Other income, gains and losses of the Group amounted to approximately HK$0.8 million, representing a decrease of approximately 33.3% compared with approximately HK$1.2 million for the corresponding period in 2017.

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the Period amounted to approximately HK$18.9 million, representing an increase of approximately 47.7% compared with approximately HK$12.8 million for the corresponding period in 2017. Such increase was mainly due to the Group focused more of its resources on opportunities related to data science and information technologies, which are still at the development stage.

Finance costs

Finance costs for the Group during the Period amounted to approximately HK$3.5 million, representing an increase of approximately 218.2% compared with approximately HK$1.1 million for the corresponding period in 2017. The increase was mainly due to the increase in interests of a loan from a related party.

Income tax expense

Income tax expense for the Group during the Period amounted to approximately HK$12,000, representing a decrease of approximately 100% compared with approximately HK$10.6 million for the corresponding period in 2017. Such decrease reflected lower taxable income which was caused by the decrease in gross profit and the increase in administrative and other operating expenses as discussed in the sections headed "Revenue", "Gross profit and gross profit margin" and "Administrative and other operating expenses" above.

(Loss)/Profit for the Period

The Group recorded a net loss of approximately HK$17.8 million for the Period, representing a decrease of 139.7% compared to a profit for the corresponding period in 2017 of approximately HK$44.8 million. The decrease in the profit for the Period was mainly due to the significant decrease in the revenue from the investments in securities.

Prospects

Hong Kong's construction market faces both opportunities and challenges under an expanding economy. According to Hong Kong's 2018-19 budget, the public expenditure on infrastructure is estimated at HK$85.6 billion which is approximately 15% of the total annual expenditure. With numerous infrastructure and building projects from the public and private sectors, there should be good opportunities to secure construction contract works. However, the competition remains very keen in the future due to the growing number of market players. In addition, the construction costs continues to rise due to labour shortages, increasingly stringent regulatory controls and rising construction material and operating costs. Although the market conditions are less favorable to construction industry, the Group's outlook still remains cautiously optimistic towards the construction industry with the efforts of the management teams and will proactively look for opportunities to create maximum returns to the shareholders of the Company.

The local business sentiment has become more cautious in recent months owing to the increased headwinds in the economic environment, especially the trade conflicts between U.S. and Mainland China. The Hong Kong economy grew by 2.9% in the third quarter of 2018, moderating from the 3.5% growth in the second quarter of 2018. We expect the impact of the U.S.-Mainland China trade conflicts begin to surface in the near future. The Group will continue to response to the changing market environment and review its investment strategy regularly.

With a view to generate additional income and enhance the capital use of the Group, the Group will also seek investment opportunities related to information technologies and financial technologies in Hong Kong and overseas.

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 2018, the Group had cash and cash equivalents of approximately HK$390.9 million (31 March 2018: approximately HK$330.6 million) and pledged bank deposit of approximately HK$6.5 million (31 March 2018: approximately HK$6.5 million). The increase was mainly from the receipts of loan receivables for money lending business. The interest-bearing loans of the Group as at 30 September 2018 was approximately HK$142.3 million (31 March 2018: approximately HK$141.7 million).

The gearing ratio is calculated based on the amount of total interest-bearing loans divided by total equity. The gearing ratio of the Group as at 30 September 2018 was approximately 40.5% (31 March 2018: approximately 38.2%).

Pledge of assets

The Group's machinery and equipment with an aggregate net book value of approximately HK$6.0 million and HK$7.6 million and motor vehicles with an aggregate net book value of approximately HK$Nil and HK$2.4 million as at 30 September 2018 and 31 March 2018, respectively, were pledged under finance leases.

As at 30 September 2018, the Group pledged its life insurance policy to a bank of approximately HK$2.4 million (31 March 2018: approximately HK$2.6 million) to secure the banking facilities granted to the Group.

As at 30 September 2018, the Group has pledged bank deposit of approximately HK$6.5 million (31 March 2018: approximately HK$6.5 million) to secure the bank facilities granted to the Group.

Save for the above disclosed, the Group did not have any charges on its assets.

Event after the reporting period

On 16 October 2018, Mr. Shi Shaoming has been appointed as a joint company secretary of the Company. Following the appointment of Mr. Shi Shaoming, Ms. Wong Po Ling Pauline, an existing company secretary, an authorised representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Authorised Representative**") and the agent for service of process in Hong Kong of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**"), will act as the other joint company secretary of the Company and will remain the Authorised Representative and the Process Agent.

On 8 November, 2018, Leap Global Investment Limited, a subsidiary of the Company, invested HK$50 million to Shenzhen QNYN Network Technologies Co., Ltd. ("**QNYN**", 深圳市千諾一諾網絡科技有限公司), a wholly owned subsidiary which was incorporated in Mainland China on 18 September, 2018. QNYN will then invest in information technologies related industries in Mainland China.

Save as disclosed in this announcement, there was no other significant event after the reporting period and up to the date of this announcement.

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 2018, the Group employed 137 staff (31 March 2018: 109 staff). Total staff costs including directors' emoluments for the Period, amounted to approximately HK$24.7 million (30 September 2017: approximately HK$26.4 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.

Capital commitments

The Group did not have any capital commitment as at 30 September 2018 (31 March 2018: nil).

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 2018, 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 2018.

Significant investments, acquisitions and disposals

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

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

Save as disclosed above and 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.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

Save as disclosed below as at 30 September 2018, none of the Directors and their respective associates nor the chief executive of the Company had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or had any interests or short positions in the Shares, underlying Shares and debentures of the Company and shares, underlying shares and debentures of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), notified to the Company and the Stock Exchange.

Name of director	Capacity/Nature	Position (Long/Short)	Number of Shares held/interested	Percentage of interest *(Note[3])*
Mr. Ren Yunan ("**Mr. Ren**")	Interest in a controlled corporation	Long	614,900,000 *(Note[1])*	11.69%
	Beneficial owner	Long	148,810,000	2.82%
	Other	Long	3,182,790,001 *(Note[2])*	60.49%
Thriving Market Limited	Beneficial owner	Long	614,900,000 *(Note[1])*	11.69%

Note:

(1) These Shares were held by Thriving Market Limited ("**THRIVING**"), which is wholly-owned by Mr. Ren. As such, Mr. Ren is deemed to be interested in the 614,900,000 Shares owned by THRIVING by virtue of the SFO.

(2) On 17 April 2018, Right Star Investment Development Limited ("**Right Star**"), has pledged an aggregate of 3,182,790,001 ordinary shares in the issued share capital of LEAP Holdings Group Limited (the "**Pledged Shares**") in favour of Mr. Ren, an independent third party as a security of a loan (the "**Loan**") provided by Mr. Ren to Mr. Anthony Wong (the beneficial owner of Right Star). On 12 October 2018, the Loan and the interest accrued thereon have been fully repaid by Mr. Anthony Wong. Accordingly, the Pledged Shares have been released.

(3) The percentage is calculated on the basis of 5,262,000,000 shares of the Company in issue as at 30 September 2018.

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

As at 30 September 2018, 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 SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of director	**Capacity/Nature**	**Position (Long/Short)**	**Number of Shares held/interested**	**Percentage of interest** *(Note[2])*
Mr. Anthony Wong ("**Mr. Wong**") *(Note)*	Interest in a controlled corporation	Long	3,182,790,001	60.49%
Right Star Investment Development Limited *(Note[1])*	Beneficial owner	Long	3,182,790,001	60.49%

Note:

(1) Right Star was wholly owned by Mr. Wong, Mr. Wong is deemed to be interested in the 3,182,790,001 Shares owned by Right Star by virtue of the SFO.

(2) The percentage is calculated on the basis of 5,262,000,000 shares of the Company in issue as at 30 September 2018.

Pledge of shares by controlling shareholder

On 17 April 2018, the Company has been notified that Right Star, a controlling shareholder of the Company, has pledged the Pledged Shares in favour of Mr. Ren as a security of a loan provided by Mr. Ren to Mr. Wong, the beneficial owner of Right Star. On 12 October 2018, the Loan and the interest accrued thereon have been fully repaid by Mr. Wong. Accordingly, the Pledged Shares have been released.

As at the date of this announcement, Right Star is interested in 3,182,790,001 ordinary shares of the Company, representing approximately 60.49% of the issued share capital of the Company. After the Pledged Shares have been released, there is no pledge in the shares of the Company held by Right Star.

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

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 2018

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2018 (30 September 2017: nil).

Compliance with the 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 during the Period with the following exception. 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.

During the financial period and up to 30 April 2018, Mr. Ip Ying Chau was the Chairman and the chief executive officer of the Company. With his extensive experience in the industry, the Board 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.

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

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

Compliance with the Model Code

The Company has adopted 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. Luo Ting was appointed as an executive Director on 10 April 2018.

Mr. Zhu Junkan was appointed as an executive Director on 10 April 2018.

Mr. Ip Ying Chau resigned as an executive Director on 30 April 2018.

Mr. Chan Chun Yiu Thomas resigned as an independent non-executive Director on 30 April 2018.

Mr. Lee Man Chiu was appointed as an independent non-executive Director on 30 April 2018.

Mr. Ren Yunan was appointed as an executive Director, the Chairman and the chief executive officer of the Company on 9 July 2018.

Mr. Jiang Guoliang was appointed as an independent non-executive Director on 1 September 2018.

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. Li Zhouxin and Mr. Lee Man Chiu.

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
Ren Yunan
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 November 2018

As at the date of this announcement, the executive Directors are Mr. Ren Yunan, Mr. Cheng Yuk, Mr. Luo Ting and Mr. Zhu Junkan; and the independent non-executive Directors are Mr. Chan King Chung, Mr. Li Zhouxin, Mr. Lee Man Chiu and Mr. Jiang Guoliang.