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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 2019

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2019 amounted to approximately HK\$288.3 million (for the six months ended 30 September 2018: approximately HK\$106.8 million).
- Loss attributable to the owners of the Company for the six months ended 30 September 2019 amounted to approximately HK\$25.0 million (Loss attributable to the owners of the Company for the six months ended 30 September 2018: approximately HK\$17.8 million).
- Basic and diluted loss per share for the six months ended 30 September 2019 amounted to approximately HK cent 0.48 (Basic and diluted loss per share for the six months ended 30 September 2018: approximately HK cent 0.34).
- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019 (2018: 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 2019 (the “**Period**”), together with comparative figures for the six months ended 30 September 2018 as follows:

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

For the six months ended 30 September 2019

		Six months ended	
		30 September	
	<i>Note</i>	2019	2018
		HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Revenue	4	288,267	106,849
Cost of sales		<u>(266,460)</u>	<u>(103,111)</u>
Gross profit		21,807	3,738
Other income, gains and losses	4	3,399	814
Administrative and other operating expenses		(44,847)	(18,905)
(Impairment losses)/reversal of impairment losses on financial assets and contract assets		<u>(325)</u>	<u>50</u>
Operating loss		(19,966)	(14,303)
Finance costs	5	<u>(4,757)</u>	<u>(3,455)</u>
Loss before income tax	6	(24,723)	(17,758)
Income tax expense	7	<u>(290)</u>	<u>(12)</u>
Loss for the period attributable to owners of the Company		(25,013)	(17,770)
Other comprehensive expense			
<i>Item that may reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(1,767)</u>	<u>–</u>
Total comprehensive loss for the period attributable to owners of the Company		<u><u>(26,780)</u></u>	<u><u>(17,770)</u></u>
Basic and diluted loss per share	8	<u><u>HK cent (0.48)</u></u>	<u><u>HK cent (0.34)</u></u>

Details of dividends are disclosed in Note 9 to the condensed consolidated interim financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

		At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	31,764	28,033
Right-of-use assets	<i>11</i>	48,769	–
Intangible assets		430	430
Deferred tax assets		229	663
		<u>81,192</u>	<u>29,126</u>
Current assets			
Trade and other receivables	<i>12</i>	89,496	124,410
Contract assets		129,433	90,742
Financial assets at fair value through profit or loss		46,050	9,044
Tax recoverable		2,230	2,230
Pledged bank deposit		6,675	6,611
Cash and cash equivalents		275,542	332,495
		<u>549,426</u>	<u>565,532</u>
Total assets		<u>630,618</u>	<u>594,658</u>
EQUITY			
Capital and reserves			
Share capital	<i>13</i>	26,310	26,310
Reserves		288,592	315,372
Total equity		<u>314,902</u>	<u>341,682</u>

		At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Borrowings	<i>14</i>	–	153
Lease liabilities	<i>11</i>	26,480	–
Deferred tax liabilities		1,441	2,205
		<u>27,921</u>	<u>2,358</u>
Current liabilities			
Trade and other payables	<i>15</i>	90,456	92,772
Lease liabilities	<i>11</i>	22,375	–
Amount due to a former subsidiary		10,641	10,641
Amount due to a related party		14,412	–
Loan from a related party	<i>16</i>	146,813	143,438
Borrowings	<i>14</i>	25	179
Current income tax liabilities		3,073	3,588
		<u>287,795</u>	<u>250,618</u>
Total liabilities		<u>315,716</u>	<u>252,976</u>
Total equity and liabilities		<u>630,618</u>	<u>594,658</u>
Net current assets		<u>261,631</u>	<u>314,914</u>
Total assets less current liabilities		<u>342,823</u>	<u>344,040</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	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)	Translation reserve HK\$'000	Retained earnings HK\$'000	
Balance at 1 April 2018 (Audited and restated)	26,310	212,067	7,922	1	–	121,127	367,427
Loss and total comprehensive expense for the period	–	–	–	–	–	(17,770)	(17,770)
Balance at 30 September 2018 (Unaudited)	<u>26,310</u>	<u>212,067</u>	<u>7,922</u>	<u>1</u>	<u>–</u>	<u>103,357</u>	<u>349,657</u>
Balance at 1 April 2019 (Audited)	26,310	212,067	7,922	1	1,490	93,892	341,682
Loss for the period	–	–	–	–	–	(25,013)	(25,013)
Other comprehensive expense for the period	–	–	–	–	(1,767)	–	(1,767)
Total comprehensive loss for the period	–	–	–	–	(1,767)	(25,013)	(26,780)
Balance at 30 September 2019 (Unaudited)	<u>26,310</u>	<u>212,067</u>	<u>7,922</u>	<u>1</u>	<u>(277)</u>	<u>68,879</u>	<u>314,902</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 2019

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	<u>(12,633)</u>	<u>63,509</u>
Net cash used in investing activities	<u>(43,061)</u>	<u>(473)</u>
Net cash generated from/(used in) financing activities	<u>508</u>	<u>(2,818)</u>
Net (decrease)/increase in cash and cash equivalents	(55,186)	60,218
Effect of foreign exchange rate changes	(1,767)	–
Cash and cash equivalents at beginning of the period	<u>332,495</u>	<u>330,638</u>
Cash and cash equivalents at end of the period, represented by cash, bank balances, time deposits and cash held with brokers	<u><u>275,542</u></u>	<u><u>390,856</u></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 Unit 902-903, 9th Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of foundation works and ancillary services and construction wastes handling services, technology services, money lending business and investments in securities. During the Period, the Group has commenced the business in provision of technology services in order to broaden the Group's investment strategy.

The condensed consolidated interim financial statements are prepared 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 2019 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 2019 (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 2019 for the preparation of the Group's condensed consolidated interim financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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

3.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“**HKAS 17**”), and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“**HKFRS 9**”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)–Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standards to contracts that were not previously identified as containing a lease.

Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application. For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee’s incremental borrowing rate applied is 5%.

	At 1 April 2019 <i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	<u>19,241</u>
Lease liabilities discounted at relevant incremental borrowing rates	18,189
<i>Less:</i> Recognition exemption – short-term leases and low-value leases	(458)
<i>Add:</i> Lease payment for the subsequent period where the Group considers it reasonably certain that it will not exercise the termination options	<u>44,304</u>
Lease liabilities as at 1 April 2019	<u><u>62,035</u></u>
Analysed as	
Current	22,425
Non-current	<u>39,610</u>
	<u><u>62,035</u></u>

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustment <i>HK\$'000</i>	Carrying amount under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
Non-current assets			
Right-of-use assets	–	62,035	62,035
Current liabilities			
Lease liabilities	–	22,425	22,425
Non-current liabilities			
Lease liabilities	–	39,610	39,610

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 September 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1 April 2019 as disclosed above.

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

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

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Foundation works and ancillary services	195,944	62,429
Construction wastes handling services	80,092	43,848
Technology services	8,135	–
	<hr/>	<hr/>
Revenue from contracts with customers	284,171	106,277
Rental income from lease of machinery	1,326	337
Fair value change on investments in securities		
– Realised change	–	(137)
– Unrealised change	(220)	(49)
Interest income from money lending business	2,990	421
	<hr/>	<hr/>
	288,267	106,849
	<hr/> <hr/>	<hr/> <hr/>
Other income, gains and losses		
Interest income	1,792	271
Gain on disposal of property, plant and equipment	716	80
Gain on disposal of subsidiaries	–	2
Others	891	461
	<hr/>	<hr/>
	3,399	814
	<hr/> <hr/>	<hr/> <hr/>

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Type of services		
Foundation works and ancillary services	195,944	62,429
Construction wastes handling services	80,092	43,848
Technology services	8,135	–
	<u>284,171</u>	<u>106,277</u>
Timing of revenue recognition		
Over time	<u>284,171</u>	<u>106,277</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: Provision of site formation works, excavation and lateral support, piling construction, pile caps or footing construction and reinforced concrete structure works and ancillary services mainly included hoarding and demolition works and lease of machinery;
- Construction wastes handling services: Provision of management and operation of public fill reception facilities, including public fill banks and temporary construction waste sorting facilities, for construction and demolition materials;
- Technology services;
- Money lending business; and
- Investments in securities.

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, impairment losses on financial assets and contract assets, finance costs, income tax expense and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the interim condensed consolidated statement of financial position except unallocated cash and 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, amount due to a former subsidiary, amount due to a related party, loan from a related party, lease liabilities, borrowings and other unallocated liabilities.

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling services <i>HK\$'000</i>	Technology services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30 September 2019 (Unaudited)						
Revenue						
External revenue	<u>197,270</u>	<u>80,092</u>	<u>8,135</u>	<u>2,990</u>	<u>(220)</u>	<u>288,267</u>
Segment results	<u>11,399</u>	<u>2,566</u>	<u>5,318</u>	<u>2,744</u>	<u>(220)</u>	<u>21,807</u>
Unallocated income						3,399
Unallocated corporate expenses						(44,847)
Impairment losses on financial assets and contract assets						(325)
Finance costs						<u>(4,757)</u>
Loss before income tax						(24,723)
Income tax expense						<u>(290)</u>
Loss for the period						<u>(25,013)</u>
Included in segment results are:						
Depreciation	<u>4,660</u>	<u>518</u>	<u>73</u>	<u>-</u>	<u>-</u>	<u>5,251</u>

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling services <i>HK\$'000</i>	Technology services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2019 (Unaudited)						
Segment assets	192,785	29,373	35,896	113,578	9,767	381,399
Unallocated assets						<u>249,219</u>
Total assets						<u><u>630,618</u></u>
Segment liabilities	58,906	13,311	854	120	–	73,191
Unallocated liabilities						17,265
Amount due to a former subsidiary						10,641
Amount due to a related party						14,412
Loan from a related party						146,813
Lease liabilities						48,855
Borrowings						25
Current income tax liabilities						3,073
Deferred tax liabilities						<u>1,441</u>
Total liabilities						<u><u>315,716</u></u>

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling services <i>HK\$'000</i>	Technology services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30 September 2018 (Unaudited)						
Revenue						
External revenue	<u>62,766</u>	<u>43,848</u>	<u>–</u>	<u>421</u>	<u>(186)</u>	<u>106,849</u>
Segment results	<u>2,314</u>	<u>1,542</u>	<u>–</u>	<u>77</u>	<u>(195)</u>	<u>3,738</u>
Unallocated income						814
Unallocated corporate expenses						(18,905)
Reversal of impairment losses on financial assets and contract assets						50
Finance costs						<u>(3,455)</u>
Loss before income tax						(17,758)
Income tax expense						<u>(12)</u>
Loss for the period						<u><u>(17,770)</u></u>
Included in segment results are:						
Depreciation	<u>4,628</u>	<u>1,498</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,126</u>

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling services <i>HK\$'000</i>	Technology services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2019 (Audited)						
Segment assets	187,173	31,846	–	182,107	–	401,126
Unallocated assets						<u>193,532</u>
Total assets						<u><u>594,658</u></u>
Segment liabilities	54,322	18,456	–	–	–	72,778
Unallocated liabilities						19,994
Amount due to a former subsidiary						10,641
Loan from a related party						143,438
Borrowings						332
Current income tax liabilities						3,588
Deferred tax liabilities						<u>2,205</u>
Total liabilities						<u><u>252,976</u></u>

5. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on lease liabilities	1,376	–
Interest on finance leases	6	74
Interest on bank overdrafts and bank borrowings	–	6
Interest on loan from a related party	3,375	3,375
	<u>4,757</u>	<u>3,455</u>

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting) the following:

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation	7,183	6,634
Depreciation on right-of-use assets	12,301	–
Operating lease rental on premises	557	1,244
Staff costs, including directors' emoluments		
– salaries and allowances	44,140	23,787
– retirement scheme contributions	1,545	916
Impairment losses/(reversal of impairment loss)		
on financial assets and contract assets	325	(50)

7. 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	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
Current income tax	642	569
Deferred income tax	(352)	(557)
	<u>290</u>	<u>12</u>
Income tax expense	<u>290</u>	<u>12</u>

8. LOSS PER SHARE

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (HK\$'000)	<u>(25,013)</u>	<u>(17,770)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	<u>5,262,000</u>	<u>5,262,000</u>
Basic loss per share (HK cent)	<u>(0.48)</u>	<u>(0.34)</u>

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary share in issue during the periods ended 30 September 2019 and 2018.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2019 (2018: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

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

Six months ended 30 September 2019 (Unaudited)

Net book value

Opening amount at 1 April 2019	28,033
Additions	12,086
Disposals	(823)
Depreciation	(7,183)
Exchange realignment, net	(349)

Closing amount at 30 September 2019 **31,764**

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**

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The Group obtains rights to control the use of certain premises for a period of time through lease arrangements. On 1 April 2019, the date of initial application of HKFRS 16, the Group recognised right-of-use assets of approximately HK\$62,035,000 (unaudited) and lease liabilities of approximately HK\$62,035,000 (unaudited). During the Period, the Group entered into two new lease arrangements for the use of certain premises. As at 30 September 2019, the carrying amounts of the Group's right-of-use assets and lease liabilities are approximately HK\$48,769,000 (unaudited) and approximately HK\$48,855,000 (unaudited) respectively.

12. TRADE AND OTHER RECEIVABLES

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Note a</i>)	38,269	62,590
Less: Provision for impairment losses	<u>(1,223)</u>	<u>(2,009)</u>
	<u>37,046</u>	<u>60,581</u>
Loan receivables (<i>Note b</i>)	30,562	34,466
Less: Provision for impairment losses	<u>(1,339)</u>	<u>(1,179)</u>
	<u>29,223</u>	<u>33,287</u>
Other receivables, deposits and prepayment	<u>23,227</u>	<u>30,542</u>
	<u>89,496</u>	<u>124,410</u>

Notes:

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

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
0-30 days	32,672	49,201
31-60 days	–	4,483
61-90 days	–	287
Over 90 days	<u>5,597</u>	<u>8,619</u>
	<u>38,269</u>	<u>62,590</u>

- (b) The Group's loan receivables, which arise from the money lending business, are denominated in HK\$. The loan receivables are mainly secured by personal guarantee and are not pass due based on contractual maturity date as at 30 September 2019 and 31 March 2019.

13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
At 1 April 2018, 30 September 2018 (unaudited), 1 April 2019 and 30 September 2019 (unaudited), ordinary shares of HK\$0.005 each	<u>20,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2018, 30 September 2018 (unaudited), 1 April 2019 and 30 September 2019 (unaudited)	<u>5,262,000,000</u>	<u>26,310</u>

14. BORROWINGS

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Non-current		
Finance lease liabilities	—	153
Current		
Bank borrowings	25	25
Finance lease liabilities	—	154
	<u>25</u>	<u>179</u>
Total borrowings	<u>25</u>	<u>332</u>

15. TRADE AND OTHER PAYABLES

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
Trade payables	67,745	63,134
Accruals and other payables	<u>22,711</u>	<u>29,638</u>
	<u>90,456</u>	<u>92,772</u>

Note:

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

	At 30 September 2019 <i>HK\$'000</i> (Unaudited)	At 31 March 2019 <i>HK\$'000</i> (Audited)
0-30 days	42,336	42,565
31-60 days	4,749	6,749
61-90 days	1,428	4,020
Over 90 days	19,232	9,800
	67,745	63,134

16. LOAN FROM A RELATED PARTY

At 30 September 2019, included in loan from a related party is a principal portion of approximately HK\$135,000,000 (unaudited) (31 March 2019: 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\$11,813,000 (unaudited) (31 March 2019: approximately HK\$8,438,000). 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.

17. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the Period, except for the commencement of technology services business, the Group had no material changes in its business nature and principal activities.

Foundation Works and Ancillary Services

The foundation works of the Group mainly included site formation works, excavation and lateral support ("ELS") works, piling construction, pile caps or footing construction and reinforced concrete structure works and ancillary services which mainly included hoarding and demolition works and lease of machinery.

For the Period, revenue from this segment amounted to approximately HK\$197.3 million, which was increased by approximately HK\$134.5 million or 214.2% as compared with approximately HK\$62.8 million for the corresponding period in 2018. The increase in revenue was due to the projects we work for its number has increased to 17 as compared with 12 for the corresponding period in 2018.

Gross profit of this segment for the Period was approximately HK\$11.4 million, which was increased by approximately HK\$9.1 million or 395.7% as compared with approximately HK\$2.3 million for the corresponding period in 2018. The increase is mainly attributable to i) the increase in revenue of certain projects with high profit margin; and ii) achievement in cost saving through more effective cost control measures in place.

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\$80.1 million, which was increased by approximately HK\$36.3 million or 82.9% as compared with approximately HK\$43.8 million for the corresponding period in 2018. 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\$2.6 million, which was increased by approximately HK\$1.1 million or 73.3% as compared with approximately HK\$1.5 million for the corresponding period in 2018. Such increase is in line with the increase in revenue as mentioned above.

New Project Awarded

During the Period, the Group had been awarded 1 new contract with total contract value of approximately HK\$18.98 million. The details of the new project are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Kowloon Tong district	ELS and Pile Cap Works

Projects in Progress

As at 30 September 2019, the Group had 17 projects in progress with total contract value amounted to approximately HK\$893.68 million. The details of projects in progress are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Kwun Tong district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Tai Po district	Piling Works
Foundation and Ancillary Works	Southern district	Substructure and Raft Foundation Works
Foundation and Ancillary Works	Yuen Long district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Southern district	Substructure, Superstructure and Site Formation Works
Foundation and Ancillary Works	Southern district	Substructure and Superstructure Works
Foundation and Ancillary Works	Sha Tin district	Foundation, ELS and Basement Slab Works
Foundation and Ancillary Works	Kwun Tong district	Demolition Works and Construction of the Hoarding Works
Foundation and Ancillary Works	Sha Tin district	Piling and ELS Works
Foundation and Ancillary Works	Kwai Tsing district	Piling and ELS Works
Foundation and Ancillary Works	Sai Kung district	Site Formation & Foundation, ELS, Pile Caps and Tie Beam Works

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Sha Tin district	Foundation, ELS, Pile Cap, Slope and Drainage Works
Foundation and Ancillary Works	Kowloon City district	Foundation, ELS, Pile Cap and Tree Works
Foundation and Ancillary Works	Wan Chai district	ELS, Site Formation, Foundation and Pile Cap Works
Foundation and Ancillary Works	Southern district	ELS and Pile Cap Works
Construction Wastes Handling	Tuen Mun district	Fill Bank Operation
Foundation and Ancillary Works	Kowloon Tong district	ELS and Pile Cap Works

Completed Project

During the Period, there is no completed project of the Group.

Technology Services

On 31 May 2019, the Group and Prime Trust, LLC (“**Prime Trust**”) had entered into a technology service agreement and an application programming interface (API) funding platform technology agreement for the development of the platform for providing USDK services. The Group commenced its technology services business since then.

Our technology services income mainly includes income generated by developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK, providing technology support and system testing service.

During the Period, revenue from this segment amounted to approximately HK\$8.1 million. Gross profit of this segment were approximately HK\$5.3 million.

Money Lending Business

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\$3.0 million revenue and HK\$2.7 million gross profit from this segment. The Directors believe the money lending business benefits to the Group in exploring new opportunities to widen its revenue base and minimise the risks of the Group overall, so as to enhance the capital use of the Group as well as the interests of the Company and its shareholders (the “**Shareholders**”) overall.

Investments in Securities

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

As at 30 September 2019, the Group managed a portfolio of listed securities with total market value of approximately HK\$5.8 million. During the Period, the Group recorded a loss on fair value change 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.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$288.3 million for the Period, representing an increase of approximately 169.9% as compared with approximately HK\$106.8 million for the corresponding period in 2018. The increase was mainly resulted from the increase in number of project undertaken and commenced the new business segment of technology service.

Gross profit and gross profit margin

The gross profit of the Group for the Period amounted to approximately HK\$21.8 million, representing an increase of approximately 489.2% as compared with approximately HK\$3.7 million for the corresponding period in 2018. The gross profit margin increased by 4.1 percentage points to 7.6% for the Period from 3.5% for the same period of last year. Such increase was mainly due to the increase in revenue resulting from the increase in the number and the average size of projects undertaken of foundation works and ancillary service.

Other income, gains and losses

Other income, gains and losses of the Group amounted to approximately HK\$3.4 million, representing an increase of approximately 325.0% as compared with approximately HK\$0.8 million for the corresponding period in 2018. The increase was mainly due to the increase in interest income from the time deposits.

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the Period amounted to approximately HK\$44.8 million, representing an increase of approximately 137.0% as compared with approximately HK\$18.9 million for the corresponding period in 2018. Such increase was mainly due to the Group focused more of its resources on opportunities related to data science and information technologies and increase in staff costs and directors' remuneration for the increasing staff to support our business growth.

Finance costs

Finance costs for the Group during the Period amounted to approximately HK\$4.8 million, representing an increase of approximately 37.1% compared with approximately HK\$3.5 million for the corresponding period in 2018. The increase was mainly due to the increase in interest expenses arising from the new accounting standard on leases.

Income tax expense

Income tax expense for the Group during the Period amounted to approximately HK\$290,000, representing an increase of approximately 2,316.7% compared with approximately HK\$12,000 for the corresponding period in 2018. Such increase was due to the increase in revenue and gross profit as discussed in the sections headed “Revenue” and “Gross profit and gross profit margin” above.

Loss for the Period

The Group recorded a net loss of approximately HK\$25.0 million for the Period, representing an increase of 40.4% compared to a loss for the corresponding period in 2018 of approximately HK\$17.8 million. The increase in the loss for the Period was mainly due to the increase in administrative and other operating expenses as discussed above.

PROSPECTS

In view of the uncertain global economic and political environment, continued trade tension between China and the United States, the Company is in no doubt facing significant challenges ahead.

Recently we are experiencing severe competition in our construction businesses. Profit margin as a whole has been negatively impacted due to market factors such as labour shortages, rising operating costs and intensified competition.

To respond to market environment challenges, apart from continuing to target the local public and private sector projects by the Group to broaden the customer base, the Group is actively exploring various business opportunities related to information technologies and financial technologies in Hong Kong and overseas.

With the Hong Kong Government has been committed to actively promoting the development of technology and innovation, the Group continues to seek breakthroughs in innovation with leading technology and win-win business model and has become a successful case of diversified development of Hong Kong's technology industry with its broad and high growth potential.

On 8 November 2019, OKLink Fintech Limited (“**OKLink**”), an indirectly wholly-owned subsidiary of the Company, has been awarded the “Hong Kong Rising Star” by Deloitte China in 2019 Hong Kong Technology Fast 20 (Hong Kong TF20) and Rising Star Program. The award recognizes OKLink's leading position and have ample room for growth in the industry segments.

In order to develop our overseas business, OKLink Australia Pty Ltd, an indirectly wholly-owned subsidiary of the Company, is registered as a digital currency exchange service provider with the Australian Transaction Reports and Analysis Centre. As of the date of this announcement, this company has not yet commenced business operation.

The management considers that the information technologies and financial technologies business provide a good opportunity for the Group to enhance the Group's long-term growth potential in business scope, broaden the Group's sources of income and achieve the better return to the Shareholders.

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 2019, the Group had cash and cash equivalents of approximately HK\$275.5 million (31 March 2019: approximately HK\$332.5 million) and pledged bank deposit of approximately HK\$6.7 million (31 March 2019: approximately HK\$6.6 million). The interest-bearing debts of the Group as at 30 September 2019 was approximately HK\$195.7 million (31 March 2019: approximately HK\$143.8 million).

GEARING RATIO

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. The gearing ratio of the Group as at 30 September 2019 was approximately 62.1% (31 March 2019: approximately 42.1%). The increase was mainly due to the implementation of the new accounting standard on lease liabilities.

PLEDGE OF ASSETS

The Group's machinery and equipment with an aggregate net book value of approximately HK\$0.4 million and HK\$0.6 million and motor vehicles with an aggregate net book value of approximately HK\$0.3 million and HK\$0.4 million as at 30 September 2019 and 31 March 2019, respectively, were pledged under finance leases.

As at 30 September 2019, the Group has pledged bank deposit of approximately HK\$6.7 million (31 March 2019: approximately HK\$6.6 million) to secure the bank facilities granted to the Group.

Save as disclosed above, the Group did not have any charge on its assets during the Period.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that 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 2019, the Group employed 217 staffs (31 March 2019: 148 staffs). Total staff costs including directors' emoluments for the Period are amounted to approximately HK\$45.7 million (30 September 2018: approximately HK\$24.7 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 2019 (31 March 2019: 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.

OTHER INFORMATION

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

Disposal of Shares by Substantial Shareholders

On 25 April 2019, each of Thriving Market Limited (“**TML**”) and Mr. Ren Yunan (“**Mr. Ren**”) had entered into sale and purchase agreements (the “**Shareholders Agreements**”) with a number of purchasers (the “**Purchaser(s)**”) respectively in relation to the sale of 614,900,000 shares of the Company (the “**Shares**”) held by TML and 148,810,000 Shares held by Mr. Ren (collectively, the “**Disposals**”), representing all Shares held by TML and by Mr. Ren respectively as of 25 April 2019. TML is beneficially wholly-owned by Mr. Ren who is an executive Director, the Chairman and the Chief Executive Officer of the Company.

The completion of the Disposals under respective Shareholders Agreements took place on or before 2 May 2019. Mr. Ren and TML did not have any interest in these shares by virtue of the Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“**SFO**”) on 2 May 2019. Details of the Disposals were disclosed in the announcements of the Company dated 26 April 2019 and 2 May 2019.

Entering into Agreements with Prime Trust, LLC

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

Entering into Investment Agreement and Co-operation Agreement

On 6 September 2019 (after the trading hours of the Stock Exchange), the Group has entered into (i) the Investment Agreement between Shenzhen QNYN Network Technologies Co., Ltd* (深圳市千諾一諾網絡科技有限公司) and Beijing CASIA Investment Management Co., Ltd.* (北京中自投資管理有限公司) and Mr. Tao Jianhua (陶建華) (collectively, the “**JV Partners**”) in respect of the proposed formation of the joint venture with the JV Partners; and (ii) the Co-operation Agreement between Leap Global Investment Limited and Institute of Automation, Chinese Academy of Sciences (中國科學院自動化研究所) (“**CASIA**”) in respect of (1) the licensing of the CASIA IP Rights by CASIA (“**CASIA License**”); (2) the development of the New IP Rights with CASIA.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the maximum capital commitment of the Group pursuant to the Investment Agreement and the consideration of the Co-operation Agreement are more than 5% but are less than 25%, the entering into of the Investment Agreement and the Co-operation Agreement (in aggregate) constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules. Details of the aforesaid transactions was disclosed in the announcement of the Company dated 9 September 2019.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any other plan for material investments or acquisition of capital assets as at 30 September 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at 30 September 2019, 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 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, were as follows:

Name of Director	Capacity/Nature of Interests	Position (Long/Short)	Number of Shares held/interested	Approximately percentage of the total issued shares (Note2)
Mr. Xu Mingxing ("Mr. Xu")	Interests in a controlled corporation	Long	3,904,925,001 (Note1)	74.21%

Note:

- (1) An aggregate of 3,904,925,001 shares of the Company, representing approximately 74.21% of the total issued share capital of the Company, are held by OKC Holdings Corporation (“OKC”). (i) Mr. Xu’s wholly-owned company named StarXu Capital Limited (“StarXu Capital”), which in turn holds direct interest in OKC of approximately 29.26%; (ii) StarXu Capital has interest of approximately 24.74% in SKY CHASER HOLDINGS LIMITED (“SKY CHASER”), whereas SKY CHASER directly holds approximately 1.45% interest in OKC (accordingly, Mr. Xu holds approximately 0.36% indirect interest of OKC through SKY CHASER); and (iii) his wholly-owned company named OKEM Services Company Limited has direct interest in OKC of approximately 23.06%. Thus, Mr. Xu holds an aggregate interest of approximately 52.68% in OKC and therefore is deemed to be interested in the 3,904,925,001 shares of the Company held by OKC pursuant to the SFO.
- (2) As at 30 September 2019, the total number of issued shares of the Company was 5,262,000,000 shares.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, 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, were as follows:

Name of Shareholders	Capacity/ Nature of Interests	Position (Long/Short)	Number of Shares held/interested	Approximately percentage of the total issued shares (Note2)
Mr. Xu Mingxing (“Mr. Xu”) (Note1)	Interests in a controlled corporation	Long	3,904,925,001	74.21%
OKC Holdings Corporation (Note1)	Beneficial owner	Long	3,904,925,001	74.21%

Note:

- (1) An aggregate of 3,904,925,001 shares of the Company, representing approximately 74.21% of the total issued share capital of the Company, are held by OKC Holdings Corporation (“**OKC**”). (i) Mr. Xu’s wholly-owned company named StarXu Capital Limited (“**StarXu Capital**”), which in turn holds direct interest in OKC of approximately 29.26%; (ii) StarXu Capital has interest of approximately 24.74% in SKY CHASER HOLDINGS LIMITED (“**SKY CHASER**”), whereas SKY CHASER directly holds approximately 1.45% interest in OKC (accordingly, Mr. Xu holds approximately 0.36% indirect interest of OKC through SKY CHASER); and (iii) his wholly-owned company named OKEM Services Company Limited has direct interest in OKC of approximately 23.06%. Thus, Mr. Xu holds an aggregate interest of approximately 52.68% in OKC and therefore is deemed to be interested in the 3,904,925,001 shares of the Company held by OKC pursuant to the SFO.
- (2) As at 30 September 2019, the total number of issued shares of the Company was 5,262,000,000 shares.

Save as disclosed above, the Company has not been notified by any person (other than the Directors of the Company) who had interests or short positions in the shares or underlying shares of the Company as at 30 September 2019 which were required to be disclosed to the Company under Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

During the Period, the Group did not have any pledge of shares by controlling shareholder.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 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 six months ended 30 September 2019, 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.

The exercise period of share option granted under the Share Option Scheme is determined by the Board at its absolute discretion, and shall expire no later than the 10th anniversary of date on which the share option is granted.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption unless otherwise terminated in accordance with the terms stipulated therein.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the Period.

INTERIM DIVIDEND

No interim dividend was declared by the Board during the six months ended 30 September 2019 (30 September 2018: Nil).

EVENTS AFTER THE REPORTING PERIOD

Grant of Share Options

On 18 October 2019, the Company announced the granting of share options (the “**Share Options**”) to certain eligible employees (or company wholly beneficially owned by such employee(s)) of the Group (the “**Grantees**”) to subscribe for an aggregate of 262,500,000 ordinary shares of HK\$0.005 each (the “**Share(s)**”) in the share capital of the Company, subject to the acceptance by the Grantees, pursuant to the share option scheme adopted by the Company on 12 August 2015 (the “**Share Option Scheme**”). Exercise of the Share Option(s) is subject to the Company’s approval. The exercise price of the Share Options granted was HK\$0.205 per Share and the validity period of the Share Options would be for 1 year from 18 October 2019 to 17 October 2020 (both days inclusive).

Among the Share Options granted above, 8,000,000 Share Options were granted to Mr. Cheng Yuk, a former executive Director, who resigned as executive Director on 16 May 2019, and is an eligible employee of the Group as at the date of grant (i.e. 18 October 2019) (the “**Date of Grant**”).

Exercise of Share Options

Since the Date of Grant, the Company has allotted and issued the 1,000,000 Shares pursuant to the exercises of Share Options under the Share Option Scheme. The total number of shares capital as at the date of this announcement is 5,263,000,000 ordinary shares.

Registration as Digital Currency Exchange Service Provider

On 22 November 2019, the Company announced that as of 21 November 2019, OKLink Australia Pty Ltd, an indirectly wholly-owned subsidiary of the Company, has been registered as a digital currency exchange service provider with the Australian Transaction Reports and Analysis Centre. OKLink Australia Pty Ltd has not commenced its business operation as of the date of this announcement.

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

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**”) of the Listing Rules on the Stock Exchange 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.

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

During the Period, Mr. Ren Yunan (“**Mr. Ren**”) is the Chairman and the chief executive officer of the Company. 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 performs both the roles of Chairman and Chief Executive Officer of the Company (the “**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 distinctly.

- (2) Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term, subject to re-election. The 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.

MODE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code during the Period and up to the date of this announcement.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS

During the Period, the changes in the information of the Directors of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

- (i) Mr. Xu Mingxing and Mr. Pu Xiaojiang have been appointed as non-executive Directors with effect from 11 April 2019;
- (ii) Mr. Cheng Yuk resigned as an executive Director with effect from 16 May 2019;
- (iii) Mr. Chan King Chung resigned as an independent non-executive Director with effect 16 May 2019;
- (iv) Mr. Luo Ting retired as executive Director on 23 August 2019 with effect from the conclusion of the annual general meeting of the Company (“**AGM**”);
- (v) Mr. Zhu Junkan retired as executive Director on 23 August 2019 with effect from the conclusion of the AGM; and
- (vi) Mr. Li Zhouxin has been appointed as a member of remuneration committee of the Company on 23 August 2019 with effect from the conclusion of the AGM.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules.

The Audit Committee is to serve as a focal point for communication between other Directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company’s internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Zhouxin (the Chairman), Mr. Lee Man Chiu and Mr. Jiang Guoliang.

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 2019

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