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## **OKG Technology Holdings Limited** **歐科雲鏈控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1499)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the Year was approximately HK\$570.3 million, increased approximately 56.3% from HK\$364.9 million for the year ended 31 March 2019. Revenue from foundation works and ancillary services for the Year was HK\$325.4 million, representing an increase of 26.0% from the preceding year. Revenue from construction wastes handling services for the Year was HK\$224.7 million, representing an increase of 114.8% from the preceding year. Revenue from technology services for the Year was HK\$24.5 million, a new business segment of the Group started and developed during the Year and represented 4.3% of the Group's revenue of the Year.
- The total administrative and other operating expenses of the Group for the Year were approximately HK\$91.4 million, increased approximately 71.5% from HK\$53.3 million for the year ended 31 March 2019, as the Group invested more its resources in the technology services related businesses.
- Loss attributable to the owners of the Company for the Year amounted to approximately HK\$61.6 million, compared a loss of approximately HK\$27.2 million for the year ended 31 March 2019. The increase in the loss for the Year was mainly due to the increase in administrative and other operating expenses and an unrealised loss in investments of securities.

- Basic and diluted loss per share for the Year amounted to approximately HK cent 1.17 (Basic and diluted loss per share for the year ended 31 March 2019: approximately HK cent 0.52).
- Equity attributable to the owners of the Company as at 31 March 2020 amounted to approximately HK\$301.1 million (as at 31 March 2019: approximately HK\$341.7 million).
- The Board does not recommend the declaration of a final dividend for the Year.

The board (the “**Board**”) of directors (the “**Directors**”) of OKG Technology Holdings Limited (formerly known as “LEAP Holdings Group Limited”, the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2020 (the “**Year**”) together with comparative figures for the year ended 31 March 2019 as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2020*

	<i>Note</i>	<b>2020</b> <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Revenue	4	<b>570,320</b>	364,906
Cost of sales		<u><b>(527,728)</b></u>	<u>(334,423)</u>
Gross profit		<b>42,592</b>	30,483
Other income, gains and losses	4	<b>4,978</b>	4,011
Administrative and other operating expenses		<b>(91,407)</b>	(53,302)
Impairment losses on financial assets and contract assets		<u><b>(5,375)</b></u>	<u>(2,367)</u>
Operating loss		<b>(49,212)</b>	(21,175)
Finance costs		<u><b>(9,131)</b></u>	<u>(6,868)</u>
Loss before income tax	5	<b>(58,343)</b>	(28,043)
Income tax (expense)/credit	6	<u><b>(3,259)</b></u>	<u>808</u>
<b>Loss for the year attributable to owners of the Company</b>		<b>(61,602)</b>	(27,235)
<b>Other comprehensive (expense)/income</b> <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<u><b>(2,120)</b></u>	<u>1,490</u>
Total comprehensive loss for the year attributable to owners of the Company		<u><b>(63,722)</b></u>	<u>(25,745)</u>
<b>Basic and diluted loss per share</b>	7	<u><b>HK cent (1.17)</b></u>	<u>HK cent (0.52)</u>

Details of dividends are disclosed in Note 8 to this announcement.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		48,822	28,033
Intangible assets		7,571	430
Right-of-use assets		36,158	–
Prepayment		1,050	–
Deferred tax assets		450	663
		<u>94,051</u>	<u>29,126</u>
<b>Current assets</b>			
Trade and other receivables	9	127,385	124,410
Contract assets		104,429	90,742
Financial assets at fair value through profit or loss		27,645	9,044
Amount due from a related party		2,980	–
Tax recoverable		401	2,230
Pledged bank deposit		6,753	6,611
Cash and cash equivalents		239,571	332,495
		<u>509,164</u>	<u>565,532</u>
<b>Total assets</b>		<b><u>603,215</u></b>	<b><u>594,658</u></b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	26,629	26,310
Reserves		274,514	315,372
<b>Total equity</b>		<b><u>301,143</u></b>	<b><u>341,682</u></b>

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		–	153
Lease liabilities		<b>12,047</b>	–
Deferred tax liabilities		<b>3,255</b>	2,205
		<u><b>15,302</b></u>	<u>2,358</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>90,806</b>	92,772
Contract liabilities		<b>1,610</b>	–
Amount due to a former subsidiary		<b>10,641</b>	10,641
Loan from a related party		<b>141,750</b>	143,438
Amount due to a related party		<b>14,776</b>	–
Borrowings		–	179
Lease liabilities		<b>23,931</b>	–
Current income tax liabilities		<b>3,256</b>	3,588
		<u><b>286,770</b></u>	<u>250,618</u>
<b>Total liabilities</b>		<u><b>302,072</b></u>	<u>252,976</u>
<b>Total equity and liabilities</b>		<u><b>603,215</b></u>	<u>594,658</u>
<b>Net current assets</b>		<u><b>222,394</b></u>	<u>314,914</u>
<b>Total assets less current liabilities</b>		<u><b>316,445</b></u>	<u>344,040</u>

*For the year ended 31 March 2020*

## **1 GENERAL INFORMATION**

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 2 September 2015. Its parent company is OKC Holdings Corporation, a company incorporated in the Cayman Islands with limited liability and controlled by Mr. Xu Mingxing. 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.

Pursuant to a special resolution passed at the extraordinary general meeting held on 7 January 2020, the English name of the Company has been changed from “LEAP Holdings Group Limited” to “OKG Technology Holdings Limited”, and the Chinese name of the Company changed from “前進控股集團有限公司” to “歐科雲鏈控股有限公司”. A Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 9 January 2020.

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company, unless otherwise stated.

## **2 BASIS OF PREPARATION**

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 3 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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 year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **HKFRS 16 Leases**

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

#### *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 standard 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 lessor*

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted for as if the existing leases are modified as at 1 April 2019. The application has had no impact on the consolidated statement of financial position at 1 April 2019. However, effective 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. However, the adjustment to present value is insignificant at the date of initial application, 1 April 2019.

*As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

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. 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 lease previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) 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;
- (ii) 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;



- (iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (iv) used hindsight based on facts and circumstances at the date of initial application in determining the lease term for the Group's leases with extension and termination options.

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 incremental borrowing rates applied by the relevant group entities range from 2.5% to 5.6%.

	<b>At 1 April 2019</b> <i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	19,241
Add: Adjustment as a result of a different treatment of termination option	44,345
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(513)
Change in allocation basis between lease and non-lease components	<u>(773)</u>
	62,300
Less: Total future interest expenses	<u>(4,151)</u>
Lease liabilities discounted at relevant incremental borrowing rates upon application of HKFRS 16	58,149
Add: Obligation under finance leases recognised at 31 March 2019 ( <i>Note</i> )	<u>307</u>
Lease liabilities as at 1 April 2019	<u><u>58,456</u></u>
Analysed as	
Current	22,086
Non-current	<u>36,370</u>
	<u><u>58,456</u></u>

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	<b>Right-of-use assets</b>
	<i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	58,149
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases	<u>951</u>
	<u><u>59,100</u></u>
By class:	
Office premises	58,149
Motor vehicle	362
Machinery and equipment	<u>589</u>
	<u><u>59,100</u></u>

*Note:* In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to approximately HK\$951,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of approximately HK\$154,000 and approximately HK\$153,000 to lease liabilities as current and non-current liabilities respectively at 1 April 2019.

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

	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	28,033	(951)	27,082
Right-of-use assets	–	59,100	59,100
<b>Non-current liabilities</b>			
Lease liabilities	–	36,370	36,370
Borrowings	153	(153)	–
<b>Current liabilities</b>			
Lease liabilities	–	22,086	22,086
Borrowings	179	(154)	25
	<u>179</u>	<u>(154)</u>	<u>25</u>

*Note:* For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening 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 Year are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue</b>		
Foundation works and ancillary services	322,828	254,837
Construction wastes handling services	224,687	104,590
Technology services	22,963	–
Services income from operation of USDK	1,565	–
	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<b>572,043</b>	359,427
Rental income from lease of machinery	2,556	3,408
Interest income from money lending business	5,765	2,257
Fair value change on investments in securities		
– Realised change	162	(137)
– Unrealised change	(10,206)	(49)
	<hr/>	<hr/>
<b>Total revenue</b>	<b>570,320</b>	<b>364,906</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Other income, gains and losses</b>		
Interest income	3,009	1,853
Gain on disposal of property, plant and equipment	797	179
Written off of property, plant and equipment	(44)	–
Government grants ( <i>Note</i> )	449	–
(Loss)/gain on disposal of a subsidiary	(7)	2
Net losses on change in fair value of financial assets at fair value through profit or loss	(429)	(56)
Service income	1,117	1,415
Others	86	618
	<hr/>	<hr/>
	<b>4,978</b>	<b>4,011</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note:* There are no unfulfilled conditions or contingencies relating to these grants.

## **Operating segment information**

Management has determined the operating segments based on the reports reviewed by the directors, the chief operating decision-maker, that are used to make strategic decisions. The directors consider the business from a product/service perspective. Principal activities of the segments are as follows:

- (a) Foundation works and ancillary services: Provision of site formation works, excavation and lateral support, piling construction, pile caps or footing construction and reinforced concrete structure works and ancillary services mainly included hoarding and demolition works and lease of machinery;
- (b) Construction wastes handling 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;
- (c) Technology services: Provision of 1) developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK, and 2) technology development and I.T. infrastructure service;
- (d) Money lending business; and
- (e) Investments in securities.

Segment revenue is measured in a manner consistent with that in the 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 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 consolidated statement of financial position except current income tax liabilities, deferred tax liabilities, amount due to a former subsidiary, loan from a related party, amount due to a related party, borrowings, lease liabilities 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>
<b>Year ended 31 March 2020</b>						
<b>Revenue</b>						
External revenue	<u>325,384</u>	<u>224,687</u>	<u>24,528</u>	<u>5,765</u>	<u>(10,044)</u>	<u>570,320</u>
Segment results	<u>15,948</u>	<u>22,959</u>	<u>9,045</u>	<u>4,841</u>	<u>(10,201)</u>	<u>42,592</u>
Unallocated income						4,978
Unallocated corporate expenses						(91,407)
Impairment losses on financial assets and contract assets						(5,375)
Finance costs						<u>(9,131)</u>
Loss before income tax						(58,343)
Income tax expense						<u>(3,259)</u>
Loss for the year						<u><u>(61,602)</u></u>
Included in segment results are:						
Depreciation of property, plant and equipment	6,542	4,048	948	-	-	11,538
Depreciation of right-of-use assets	-	-	4,241	-	-	4,241
Amortisation of intangible assets	-	-	1,663	-	-	1,663
	<u>6,542</u>	<u>4,048</u>	<u>6,852</u>	<u>-</u>	<u>-</u>	<u>17,442</u>
<b>At 31 March 2020</b>						
Segment assets	173,528	65,001	123,315	102,283	31,549	495,676
Unallocated assets						<u>107,539</u>
Total assets						<u><u>603,215</u></u>
Additions to non-current asset:						
Segment assets	15,603	16,632	18,740	-	95	51,070
Unallocated assets						<u>99</u>
						<u><u>51,169</u></u>
Segment liabilities	53,076	24,621	10,062	-	723	88,482
Unallocated liabilities						3,934
Amount due to a former subsidiary						10,641
Loan from a related party						141,750
Amount due to a related party						14,776
Lease liabilities						35,978
Current income tax liabilities						3,256
Deferred tax liabilities						<u>3,255</u>
Total liabilities						<u><u>302,072</u></u>

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Investments in securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 March 2019</b>					
<b>Revenue</b>					
External revenue	<u>258,245</u>	<u>104,590</u>	<u>2,257</u>	<u>(186)</u>	<u>364,906</u>
Segment results	<u>26,802</u>	<u>2,394</u>	<u>1,481</u>	<u>(194)</u>	<u>30,483</u>
Unallocated income					4,011
Unallocated corporate expenses					(53,302)
Impairment losses on financial assets and contract assets					(2,367)
Finance costs					<u>(6,868)</u>
Loss before income tax					(28,043)
Income tax credit					<u>808</u>
Loss for the year					<u>(27,235)</u>
Included in segment results are:					
Depreciation	<u>10,985</u>	<u>1,079</u>	<u>–</u>	<u>–</u>	<u>12,064</u>
<b>At 31 March 2019</b>					
Segment assets	187,173	31,846	182,107	–	401,126
Unallocated assets					<u>193,532</u>
Total assets					<u>594,658</u>
Additions to non-current asset:					
Segment assets	2,675	–	–	–	2,675
Unallocated assets					<u>10,816</u>
					<u>13,491</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>252,976</u>

## Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of the base of the customers is as follows:

	2020	2019
People's Republic of China ("PRC")	22,963	–
Hong Kong	547,357	364,906
	<u>570,320</u>	<u>364,906</u>

Information about the Group's non-current assets (excluding deferred tax assets) is presented based on the geographical location of the assets:

	2020	2019
PRC	49,891	7,045
Hong Kong	43,710	21,418
	<u>93,601</u>	<u>28,463</u>

## Information about major customers

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

	2020	2019
	HK\$'000	HK\$'000
Customer A <sup>2</sup>	79,966	N/A <sup>3</sup>
Customer B <sup>1</sup>	198,380	76,382
Customer C <sup>2</sup>	94,295	69,458
Customer D <sup>2</sup>	N/A <sup>3</sup>	41,084
Customer E <sup>2</sup>	N/A <sup>3</sup>	53,663
Customer F <sup>2</sup>	70,164	N/A <sup>3</sup>

<sup>1</sup> Revenue from construction wastes handling services.

<sup>2</sup> Revenue from foundation works and ancillary services.

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.



**5 LOSS BEFORE INCOME TAX**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before income tax has been arrived at after charging/(crediting):		
Auditors' remuneration	1,150	1,150
Staff costs	92,656	57,633
Depreciation of property, plant and equipment	15,121	13,721
Depreciation of right-of-use assets	22,610	–
Amortisation of intangible assets	1,663	–
Operating lease rental on premises	–	9,568
Leasing expenses	7,594	–
Written off of trade receivable	–	982
Share-based payment expenses	10,090	–
Exchange (gain)/loss, net	(214)	916
	<u>          </u>	<u>          </u>

**6 INCOME TAX EXPENSE/(CREDIT)**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	2,004	850
– Over-provision in prior years	(8)	(88)
Deferred income tax	1,263	(1,570)
	<u>          </u>	<u>          </u>
Income tax expense/(credit)	<u>3,259</u>	<u>(808)</u>

## 7 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$61,602,000 (2019: HK\$27,235,000) and the weighted average of approximately 5,273,150,000 ordinary shares (2019: 5,262,000,000 ordinary shares) in issue during the Year.

### (b) Diluted loss per share

For the year ended 31 March 2020 and 31 March 2019, the diluted loss per share is equal to the basic loss per share. There were no dilutive potential ordinary shares in issue for the year ended 31 March 2019. The share options is not included in the calculation of diluted loss per share as they are anti-dilutive during the year ended 31 March 2020.

## 8 DIVIDENDS

No interim dividend was declared for the year ended 31 March 2020 (2019: Nil).

No final dividend was proposed by the Board for the year ended 31 March 2020 (2019: Nil).

## 9 TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	65,097	62,590
<i>Less: Provision for impairment losses</i>	<u>(3,878)</u>	<u>(2,009)</u>
	<u>61,219</u>	<u>60,581</u>
Loan receivables	42,066	34,466
<i>Less: Provision for impairment losses</i>	<u>(1,267)</u>	<u>(1,179)</u>
	<u>40,799</u>	<u>33,287</u>
Other receivables, deposits and prepayments	<u>25,367</u>	<u>30,542</u>
	<u><u>127,385</u></u>	<u><u>124,410</u></u>

The credit period granted to customers is 7 to 75 days generally.

The ageing analysis of the trade receivables based on the date of payment certificate issued by customers or invoice date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	57,470	49,201
31–60 days	1,801	4,483
61–90 days	547	287
Over 90 days	5,279	8,619
	<u>65,097</u>	<u>62,590</u>

The Group's loan receivables, which arise from the money lending business, are not overdue based on contractual maturity date as at 31 March 2020 and 2019.

## 10 SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020, 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, 31 March 2019 and 1 April 2019	5,262,000,000	26,310
Issue of ordinary shares upon exercise of share options ( <i>Note</i> )	<u>63,870,000</u>	<u>319</u>
At 31 March 2020	<u>5,325,870,000</u>	<u>26,629</u>

### *Note:*

During the year ended 31 March 2020, 63,870,000 share options were exercised at a subscription price of HK\$0.205 per share, resulting in the issue of 63,870,000 new shares at par value of HK\$0.005 each for a total cash consideration of approximately HK\$13,093,000. Approximately HK\$12,774,000 representing the difference between the subscription price and the par value was added to share premium. In addition, approximately HK\$2,811,000 representing that portion of the share-based payments reserve in relation to the exercise of the share options during the year ended 31 March 2020, was transferred from the share-based payments reserve to share premium account.

## 11 TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	55,714	63,134
Accruals and other payables	<u>35,092</u>	<u>29,638</u>
	<u><b>90,806</b></u>	<u><b>92,772</b></u>

Payment terms granted by suppliers are generally 15 to 80 days from invoice date of the relevant purchases.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	28,750	42,565
31 – 60 days	2,072	6,749
61 – 90 days	1,276	4,020
Over 90 days	<u>23,616</u>	<u>9,800</u>
	<u><b>55,714</b></u>	<u><b>63,134</b></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CHANGE OF COMPANY NAME**

Pursuant to a special resolution passed at the extraordinary general meeting held on 7 January 2020, the name of the Company was changed from “LEAP Holdings Group Limited” to “OKG Technology Holdings Limited”. A Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 9 January 2020.

### **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 Year, the Group has commenced the business in provision of technology services in order to broaden the Group’s source of income.

During the Year, 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 mainly included hoarding and demolition works and lease of machinery.

During the Year, revenue from this segment amounted to approximately HK\$325.4 million, compared with approximately HK\$258.2 million for the year ended 31 March 2019, representing an increase of 26.0%. Such increase was resulted from the increase in number of projects completed and some new awarded projects started contributing revenue to the Group during the Year.

Gross profit of this segment during the Year was approximately HK\$15.9 million, which decreased approximately 40.7% as compared with approximately HK\$26.8 million for the year ended 31 March 2019. Gross profit margin of this segment for the Year was approximately 4.9%, representing a decrease of 5.5 percentage points from approximately that of 10.4% for the year ended 31 March 2019. The decrease was mainly attributable to the increase in subcontracting cost.

## **Construction Wastes Handling Services**

The Group is mainly engaged in construction wastes handling services including the management and operation of public fill reception facilities, such as public fill banks and temporary construction waste sorting facilities, for construction and demolition materials.

During the Year, revenue from this segment amounted to approximately HK\$224.7 million, which increased approximately HK\$120.1 million as compared with approximately HK\$104.6 million for the year ended 31 March 2019. The increase was mainly due to the increase in revenue from on-going projects during the Year.

Gross profit of this segment for the Year was approximately HK\$23.0 million, which increased approximately 858.3% as compared with approximately HK\$2.4 million for the year ended 31 March 2019. Such increase was mainly due to a decrease in certain cost of sales items including waste handling charge and subcontracting cost. Gross profit margin of this segment for the Year was approximately 10.2%, representing an increase of 7.9 percentage points from approximately 2.3% for the year ended 31 March 2019. Such increase was mainly due to the decrease in cost of sales items as mentioned above.

### **New Projects Awarded**

During the Year, the Group had been awarded 4 new contracts with total contract value of approximately HK\$53.3 million. The details of the new projects are as follows:

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Yau Tsim Mong district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Kowloon City district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Yau Tsim Mong district	Hoarding Works
Foundation and Ancillary Works	Kowloon City district	ELS and Pile Cap Works

## Projects in Progress

As at 31 March 2020, the Group had 11 projects in progress with total contract value amounted to approximately HK\$692.5 million. The details of projects in progress are as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Yau Tsim Mong district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Kowloon City district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Kwun Tong district	Foundation, ELS and Pile Cap Works
Foundation and Ancillary Works	Yuen Long district	Foundation, ELS and Pile Cap 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
Foundation and Ancillary Works	Sha Tin district	Foundation, ELS, Pile Cap, Slope and Drainage Works

## **Projects in Progress (Continued)**

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Kowloon City district	Foundation, ELS, Pile Cap and Tree Works
Construction Wastes Handling	Tuen Mun district	Fill Bank Operation

## **Completed Projects**

During the Year, the Group completed 9 projects with total contract value amounted to approximately HK\$394.1 million. The details of completed projects are as follows:

<b>Type of Projects</b>	<b>Site Location</b>	<b>Type of Works</b>
Foundation and Ancillary Works	Wan Chai district	ELS, Site Formation, Foundation and Pile Cap Works
Foundation and Ancillary Works	Yau Tsim Mong district	Hoarding 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	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	Kowloon City district	ELS and Pile Cap Works
Foundation and Ancillary Works	Southern district	ELS and Pile Cap Works



## **Technology Services**

On 31 May 2019, the Group 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. Our technology services income mainly includes 1) income generated by developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK; and 2) providing technology development and I.T. infrastructure service.

During the Year, revenue from this segment amounted to approximately HK\$24.5 million. Gross profit of this segment was approximately HK\$9.0 million.

## **Money Lending Business**

During the Year, the Group continued to carry out its money lending business, which maintains a money lender's licence in Hong Kong, under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

During the Year, revenue and gross profit from this segment was HK\$5.8 million (2019: HK\$2.3 million) and HK\$4.8 million (2019: HK\$1.5 million), respectively. 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, in order to enhance the capital use of the Group for the interests of the Company and its shareholders overall.

## **Investments in Securities**

During the Year, 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 and overseas.

During the Year, the Group recorded a gross loss in the segment of investments in securities of approximately HK\$10.2 million (2019: HK\$0.2 million). The Company reviews the performance of its existing 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**

Revenue increased by approximately 56.3% from approximately HK\$364.9 million for the year ended 31 March 2019 to approximately HK\$570.3 million for the Year. The increase was mainly resulted from the increase in number of projects completed with large contract sum and commenced the new business segment of technology services.

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

Gross profit increased by approximately 39.7% from approximately HK\$30.5 million for the year ended 31 March 2019 to approximately HK\$42.6 million for the Year. Gross profit margin for the Year was approximately 7.5%, representing a decrease of 0.9 percentage points from approximately 8.4% for the year ended 31 March 2019. Such decrease was mainly due to the increase of certain costs of foundation works and ancillary services and an unrealised loss in investments of securities.

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

Other income, gains and losses of the Group mainly consisted of interest income and service income. During the Year, other income, gains and losses of the Group amounted to approximately HK\$5.0 million (2019: HK\$4.0 million).

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

The administrative and other operating expenses of the Group for the Year amounted to approximately HK\$91.4 million, representing an increase of approximately 71.5% compared with approximately HK\$53.3 million for the year ended 31 March 2019. Such increase was mainly due to (1) an increase in staff costs and a share-based payment expenses as a result of the share options granted by the Company during the Year; and (2) an increase in expenses related to new leased premises as well as the depreciation associated with the leasehold improvements of the rented premises.

## **Finance costs**

Finance costs increased by approximately 31.9% from approximately HK\$6.9 million for the year ended 31 March 2019 to approximately HK\$9.1 million for the Year. The increase was mainly due to the increase in interest expenses arising from the new accounting standard on leases.

## **Income tax (expense)/credit**

Income tax expense of the Group for the Year was approximately HK\$3.3 million, compared to income tax credit of HK\$0.8 million for the year ended 31 March 2019, which was mainly due to the increase in gross profit as discussed in the sections headed “Gross profit and gross profit margin” above.

## **Loss for the Year**

The Group recorded a net loss of approximately HK\$61.6 million for the Year, compared to a loss of approximately HK\$27.2 million for the corresponding period in 2019. The increase in the loss for the Year was mainly due to the increase in administrative and other operating expenses as discussed above and an unrealised loss in investments of securities.

## **Grant of Share Options**

During the Year, the Company granted 262,500,000 share options under the share option scheme adopted by the Shareholders on 12 August 2015 (the “**Share Option Scheme**”). Details and movements relating to the share options granted during the Year are set out in the paragraph headed “SHARE OPTION SCHEME” below.

## **Liquidity, Financial and Capital Resources**

The Group has funded the liquidity and capital requirements primarily through capital contributions from the Company’s shareholders, bank borrowings, internally generated cash flow and proceeds received from the placing of the Company’s shares (the “**Share(s)**”).

As at 31 March 2020, the Group had cash and cash equivalents of approximately HK\$239.6 million (31 March 2019: approximately HK\$332.5 million) and pledged bank deposit of approximately HK\$6.8 million (31 March 2019: HK\$6.6 million). The decrease was mainly due to the 1) increase in operating activities including staff costs and expenses related to new leased premises; and 2) net cash used in investments of financial assets.

### **Gearing Ratio**

The gearing ratio is calculated based on the amount of total interest-bearing loans divided by total equity. The gearing ratio of the Group as at 31 March 2020 was approximately 59.0% (as at 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\$Nil and HK\$0.6 million and motor vehicles with an aggregate net book value of approximately HK\$1.3 million and HK\$0.4 million as at 31 March 2020 and 31 March 2019, respectively, were pledged under lease liabilities (2019: finance leases).

As at 31 March 2020, the Group has pledged bank deposit of approximately HK\$6.8 million (31 March 2019: 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 Year.

### **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.

## **Foreign Exchange Risk**

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Year.

## **Capital Commitments**

As at 31 March 2020, the Group did not have any significant capital commitment (31 March 2019: Nil).

## **PROSPECTS**

The internal and external threats to Hong Kong economy in the Year had brought unprecedented challenges to the Group's businesses. However, despite the difficult economic environment, the Group's revenues from foundation works and construction wastes handling services related businesses still recorded an increase of 51.6% during the Year.

As to the coming financial year, it is expected that certain large-scale public projects will be executed, and there are indications that there is a recovery in the demand for foundation related works. We will continue to maintain the current long-term business relationship with our existing major customers, reach new customers, enter into new markets and effectively control our expenditures to maintain stability of our operating costs of the Group.

In the Year, the Company's controlling shareholder changed to OKC Holdings Corporation. In order to reflect the change of controlling shareholder as well as the Group's business strategy, and demonstrate a more suitable corporate image and identity, the Company officially changed its dual foreign name in Chinese and English names to “歐科雲鏈控股有限公司” and “OKG Technology Holdings Limited”, respectively.

The Group is committed to the development of blockchain technologies and products. OKLink Fintech Limited (“**OKLink**”, an indirect wholly-owned subsidiary of the Company) operates its internet portal oklink.com, as well as WeChat official account and WeChat mini program. OKLink also officially released the Bitcoin (BTC), Ethereum (ETH), Litecoin (LTC), Bitcoin Cash (BCH), Bitcoin SV (BSV), Tether (USDT) and Ethereum Classic (ETC) blockchain explorers. In the future, OKLink will further develop and release more applications of mainstream public blockchain explorers. We will also provide multi-dimensional statistics and mining analysis of blockchain data, in order to provide more comprehensive and professional data services to enterprise users.

Moreover, the Group also actively seeks the business opportunities in regulated financial technologies services. OKLink Australia Pty Ltd, an indirect wholly-owned subsidiary of the Company, has been registered as a digital currency trading service provider in Australia. OKLink Trust Limited (“**OKLink Trust**”, formerly known as “Leap Development Enterprise Limited”), an indirect wholly-owned subsidiary of the Company, has been granted a Trust or Company Service Provider (“**TCSP**”) license and registered as a Trust Company under section 78(1) of the Trustee Ordinance (Cap. 29), will provide regulated trust business in Hong Kong. The Group is also actively applying for the Money Services Operator (“**MSO**”) license in Hong Kong. In the future, supported by our above licenses, the Group will launch digital assets custody services and actively explore other new business models and new revenue drivers.

The Group will continue to explore the investment opportunities in information technologies and financial technologies in Hong Kong and overseas, while actively developing innovative businesses under the fintech regulatory framework of Hong Kong and overseas, to broaden the source of income of the Group and provide better returns to the shareholders of the Company.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2020, the Group employed 225 staff (31 March 2019: 148 staff). Total staff costs, including directors’ emoluments for the Year, amounted to approximately HK\$92.7 million (for the year ended 31 March 2019: approximately HK\$57.6 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group’s salary and bonus system. The Group provides adequate job training to the employees to equip them with practical knowledge and skills.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

### **Entering into Technology Services 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 OKG Network Technologies Co., Ltd (“**Shenzhen OKG**”, formerly known as 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 OKG Global Investment Limited (“**OKG Global**”, formerly known as 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**”); and (2) the development of the New IP Rights with CASIA.

Refer to the Investment Agreement, Shenzhen OKG shall contribute RMB16,000,000 in cash, RMB8,000,000 of which shall be payable within 90 working days after the incorporation of the Joint Venture. Up to the date of this announcement, Joint Venture has not been incorporated.

Refers to the Co-operation Agreement, OKG Global paid CASIA a consideration of RMB10 million, including RMB8 million for the CASIA License and RMB2 million for research and development cost of New IP rights during the Year. The CASIA License has been recognised as intangible assets.

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.

## **OTHER INFORMATION**

### **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 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.



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

## **Registration as a Trust Company**

On 23 January 2020, the Company announced that OKLink Trust, an indirectly wholly-owned subsidiary of the Company, was notified by the Registry for Trust or Company Service Providers of Companies Registry in Hong Kong that, the application of OKLink Trust for a TCSP license was approved and the TCSP license is granted to OKLink Trust under section 53G of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615.

On 19 June 2020 (after the trading hours of the Stock Exchange), the Company announced that, OKLink Trust's application for registration as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29) was approved by the Registrar of Companies and a Certificate of Registration as a Trust Company has been issued by the Companies Registry in Hong Kong on 17 June 2020.

OKLink Trust has not commenced to provide trust or company services during the Year and up to the date of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at the date of this announcement, the Company does not have any future plans for material investments or capital assets.

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

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



## **CORPORATE GOVERNANCE CODE**

During the Year, 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 contained therein except for the following deviation. 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.

Since 9 July 2018, Mr. Ren Yunan is an executive Director, the Chairman and the chief executive officer (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 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.

- (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 non-executive Directors and 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) 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 Year and up to the date of this announcement.

## **REVIEW BY AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) in accordance with the requirements of among 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 among 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 of the Audit Committee), Mr. Jiang Guoliang and Mr. Lee Man Chiu. On 16 May 2019, Mr. Chan King Chung resigned as the Chairman and a member of the Audit Committee of the Company, and Mr. Li Zhouxin was appointed as the Chairman of the Audit Committee and Mr. Jiang Guoliang was appointed as a member of the Audit Committee.

The Group’s consolidated annual financial statements for the Year have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by the Group’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.okg.com.hk](http://www.okg.com.hk). The annual report of the Company for the Year containing all information as required by the Listing Rules will be dispatched by the Company to its shareholders and published on aforesaid websites of the Stock Exchange and the Company in due course.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all of our shareholders and investors for their support and our customers for their patronage.

By order of the Board

**OKG Technology Holdings Limited**

**Ren Yunan**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 26 June 2020

*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.*