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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2020 amounted to approximately HK\$236.5 million (for the six months ended 30 September 2019: approximately HK\$288.3 million).
- Loss attributable to the owners of the Company for the six months ended 30 September 2020 amounted to approximately HK\$23.8 million (Loss attributable to the owners of the Company for the six months ended 30 September 2019: approximately HK\$25.0 million).
- Basic and diluted loss per share for the six months ended 30 September 2020 amounted to approximately HK cent 0.45 (Basic and diluted loss per share for the six months ended 30 September 2019: approximately HK cent 0.48).
- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (2019: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of OKG Technology Holdings 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 2020 (the “**Period**”), together with comparative figures for the six months ended 30 September 2019 as follows:

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

For the six months ended 30 September 2020

		Six months ended	
		30 September	
	<i>Note</i>	2020	2019
		HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Revenue	4	236,461	288,267
Cost of sales		(210,060)	(266,460)
Gross profit		26,401	21,807
Other income, gains and losses	4	5,003	3,399
Administrative and other operating expenses		(48,966)	(44,847)
Impairment losses on financial assets and contract assets		(2,314)	(325)
Operating loss		(19,876)	(19,966)
Finance costs	5	(4,134)	(4,757)
Loss before income tax	6	(24,010)	(24,723)
Income tax credit/(expense)	7	173	(290)
Loss for the period attributable to owners of the Company		(23,837)	(25,013)
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		485	(1,767)
Total comprehensive loss for the period attributable to owners of the Company		(23,352)	(26,780)
Basic and diluted loss per share	8	HK cent (0.45)	HK cent (0.48)

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 2020

	At 30 September 2020	At 31 March 2020
<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	10 43,636	48,822
Right-of-use assets	11 25,479	36,158
Intangible assets	6,103	7,571
Prepayment	12 682	1,050
Statutory deposit	1,500	–
Deferred tax assets	858	450
	<u>78,258</u>	<u>94,051</u>
Current assets		
Trade and other receivables	12 120,312	127,385
Contract assets	121,906	104,429
Financial assets at fair value through profit or loss	16,601	27,645
Amount due from a related party	1,980	2,980
Tax recoverable	401	401
Pledged bank deposit	–	6,753
Cash held with a broker	3,910	–
Trust bank balance held on behalf of customers	8,889	–
Bank deposits and balances and cash	242,187	239,571
	<u>516,186</u>	<u>509,164</u>
Total assets	<u><u>594,444</u></u>	<u><u>603,215</u></u>
EQUITY		
Capital and reserves		
Share capital	13 26,885	26,629
Reserves	262,789	274,514
Total equity	<u>289,674</u>	<u>301,143</u>

		At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities	<i>11</i>	341	12,047
Deferred tax liabilities		<u>2,422</u>	<u>3,255</u>
		<u>2,763</u>	<u>15,302</u>
Current liabilities			
Trade and other payables	<i>14</i>	82,590	90,806
Contract liabilities		9,601	1,610
Liabilities due to customers		8,889	–
Amount due to a former subsidiary		10,641	10,641
Amounts due to related parties		16,501	14,776
Loan from a related party	<i>15</i>	145,125	141,750
Lease liabilities	<i>11</i>	24,508	23,931
Current income tax liabilities		<u>4,152</u>	<u>3,256</u>
		<u>302,007</u>	<u>286,770</u>
Total liabilities		<u>304,770</u>	<u>302,072</u>
Total equity and liabilities		<u><u>594,444</u></u>	<u><u>603,215</u></u>
Net current assets		<u><u>214,179</u></u>	<u><u>222,394</u></u>
Total assets less current liabilities		<u><u>292,437</u></u>	<u><u>316,445</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share- based payment reserve 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 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 loss 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>–</u>	<u>7,922</u>	<u>1</u>	<u>(277)</u>	<u>68,879</u>	<u>314,902</u>
Balance at 1 April 2020 (Audited)	26,629	227,652	7,279	7,922	1	(630)	32,290	301,143
Loss for the period	–	–	–	–	–	–	(23,837)	(23,837)
Other comprehensive income for the period	–	–	–	–	–	485	–	485
Total comprehensive income/(loss) for the period	–	–	–	–	–	485	(23,837)	(23,352)
Share-based payment expense	–	–	1,385	–	–	–	–	1,385
Exercise of share options	256	12,476	(2,234)	–	–	–	–	10,498
Balance at 30 September 2020 (Unaudited)	<u>26,885</u>	<u>240,128</u>	<u>6,430</u>	<u>7,922</u>	<u>1</u>	<u>(145)</u>	<u>8,453</u>	<u>289,674</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 2020

	Six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	<u>(5,965)</u>	<u>(12,633)</u>
Net cash generated from/(used in) investing activities	<u>16,043</u>	<u>(43,061)</u>
Net cash (used in)/generated from financing activities	<u>(2,337)</u>	<u>508</u>
Net increase/(decrease) in cash and cash equivalents	7,741	(55,186)
Effect of foreign exchange rate changes	285	(1,767)
Cash and cash equivalents at the beginning of the period	<u>238,071</u>	<u>332,495</u>
Cash and cash equivalents at the end of the period, represented by cash held with a broker and bank deposits and balances and cash	<u><u>246,097</u></u>	<u><u>275,542</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, construction wastes handling services, technology services, money lending business and investments in securities.

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 2020 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 2020 (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 April 2020 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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.

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

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

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Revenue		
Foundation works and ancillary services	93,008	195,944
Construction wastes handling services	127,299	80,092
Technology services	13,751	8,135
Services income from operation of USDK	108	–
	<hr/>	<hr/>
Revenue from contracts with customers	234,166	284,171
Interest income from money lending business	2,885	2,990
Rental income from lease of machinery	594	1,326
Fair value change on investments in securities		
– Realised change	(28)	–
– Unrealised change	(1,156)	(220)
	<hr/>	<hr/>
	236,461	288,267
	<hr/> <hr/>	<hr/> <hr/>
Other income, gains and losses		
Interest income	508	1,792
Gain on disposal of property, plant and equipment	130	716
Written off of property, plant and equipment	(49)	–
Government grants	4,353	–
Others	61	891
	<hr/>	<hr/>
	5,003	3,399
	<hr/> <hr/>	<hr/> <hr/>

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Type of services		
Foundation works and ancillary services	93,008	195,944
Construction wastes handling services	127,299	80,092
Technology services	13,751	8,135
Services income from operation of USDK	108	–
	<u>234,166</u>	<u>284,171</u>
Timing of revenue recognition		
Over time	<u>234,166</u>	<u>284,171</u>

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:

- 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: 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;
- 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 are mainly consisted of current assets and non-current assets as disclosed in the interim condensed consolidated statement of financial position except unallocated statutory deposit, bank deposits and balances and cash and other unallocated assets.

Segment liabilities are mainly consisted 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, amounts due to related parties, loan from a related party, 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>
Period ended 30 September 2020						
(Unaudited)						
Revenue						
External revenue	<u>93,602</u>	<u>127,299</u>	<u>13,859</u>	<u>2,885</u>	<u>(1,184)</u>	<u>236,461</u>
Segment results	<u>10,456</u>	<u>9,612</u>	<u>4,943</u>	<u>2,574</u>	<u>(1,184)</u>	<u>26,401</u>
Unallocated income						5,003
Unallocated corporate expenses						(48,966)
Impairment losses on financial assets and contract assets						(2,314)
Finance costs						(4,134)
Loss before income tax						(24,010)
Income tax credit						173
Loss for the period						<u>(23,837)</u>
Included in segment results are:						
Depreciation	<u>2,589</u>	<u>3,597</u>	<u>2,867</u>	-	-	9,053
Amortisation	<u>-</u>	<u>-</u>	<u>1,467</u>	-	-	1,467
	<u>2,589</u>	<u>3,597</u>	<u>4,334</u>	<u>-</u>	<u>-</u>	<u>10,520</u>
At 30 September 2020 (Unaudited)						
Segment assets	172,441	72,663	118,628	71,481	35,645	470,858
Unallocated assets						123,586
Total assets						<u>594,444</u>
Segment liabilities	58,908	21,342	10,882	129	49	91,310
Unallocated liabilities						9,770
Amount due to a former subsidiary						10,641
Amounts due to related parties						16,501
Loan from a related party						145,125
Lease liabilities						24,849
Current income tax liabilities						4,152
Deferred tax liabilities						2,422
Total liabilities						<u>304,770</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 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>
At 31 March 2020 (Audited)						
Segment assets	173,528	65,001	123,315	102,283	31,549	495,676
Unallocated assets						<u>107,539</u>
Total assets						<u>603,215</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>302,072</u>

Geographical information

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

	Six months period ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	222,800	280,132
The People's Republic of China (the "PRC")	<u>13,661</u>	<u>8,135</u>
	<u>236,461</u>	<u>288,267</u>

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

	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Hong Kong	46,263	43,710
The PRC	<u>31,137</u>	<u>49,891</u>
	<u>77,400</u>	<u>93,601</u>

5. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on lease liabilities	758	1,376
Interest on finance leases	–	6
Interest on bank overdrafts	1	–
Interest on loan from a related party	3,375	3,375
	<u>4,134</u>	<u>4,757</u>

6. LOSS BEFORE INCOME TAX

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

	Six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	8,867	7,183
Depreciation of right-of-use assets	11,572	12,301
Amortisation of intangible assets	1,467	–
Leasing expenses	1,145	557
Staff costs, including directors' emoluments		
– salaries and allowances	48,513	44,140
– retirement scheme contributions	1,136	1,545
Impairment losses on financial assets and contract assets	2,314	325
Share-based payment expense	1,385	–
	<u>1,385</u>	<u>–</u>

7. INCOME TAX (CREDIT)/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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the period.

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
Current income tax	1,068	642
Deferred income tax	(1,241)	(352)
	<u> </u>	<u> </u>
Income tax (credit)/expense	<u> (173)</u>	<u> 290</u>

8. 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\$23,837,000 (2019: HK\$25,013,000) and the weighted average of approximately 5,344,799,000 ordinary shares (2019: 5,262,000,000 ordinary shares) in issue during the six months period ended 30 September 2020.

(b) Diluted loss per share

For the six months period ended 30 September 2020 and 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 six months period ended 30 September 2019. The share options is not included in the calculation of diluted loss per share as they are anti-dilutive during the six months period ended 30 September 2020.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2020 (2019: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

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

Six months ended 30 September 2020 (Unaudited)

Net book value

Opening amount at 1 April 2020	48,822
Additions	3,389
Disposals	(57)
Written off	(49)
Depreciation	(8,867)
Exchange realignment, net	<u>398</u>
Closing amount at 30 September 2020	<u><u>43,636</u></u>

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	<u>(349)</u>
Closing amount at 30 September 2019	<u><u>31,764</u></u>

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. During the six months period ended 30 September 2020, the addition to right-of-use assets was approximately HK\$2,624,000 (unaudited).

12. TRADE AND OTHER RECEIVABLES

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Note a</i>)	53,344	65,097
<i>Less:</i> Provision for impairment losses	<u>(4,514)</u>	<u>(3,878)</u>
	<u>48,830</u>	<u>61,219</u>
Loan receivables (<i>Note b</i>)	43,971	42,066
<i>Less:</i> Provision for impairment losses	<u>(1,296)</u>	<u>(1,267)</u>
	<u>42,675</u>	<u>40,799</u>
Other receivables, deposits and prepayment	<u>29,489</u>	<u>26,417</u>
	<u>120,994</u>	<u>128,435</u>
Analysed as:		
Non-current	682	1,050
Current	<u>120,312</u>	<u>127,385</u>
	<u>120,994</u>	<u>128,435</u>

Notes:

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

	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
0-30 days	44,623	57,470
31-60 days	2,593	1,801
61-90 days	396	547
Over 90 days	5,732	5,279
	<u>53,344</u>	<u>65,097</u>

- (b) The Group's loan receivables, which arise from the money lending business. The loan receivables are mainly secured by personal guarantee and are not pass due based on contractual maturity date as at 30 September 2020 and 31 March 2020.

13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
At 1 April 2019, 30 September 2019 (unaudited), 1 April 2020 and 30 September 2020 (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 2019 and 30 September 2019 (unaudited)	<u>5,262,000,000</u>	<u>26,310</u>
At 1 April 2020	5,325,870,000	26,629
Issue of ordinary shares upon exercise of share options (<i>Note</i>)	<u>51,210,000</u>	<u>256</u>
At 30 September 2020 (unaudited)	<u>5,377,080,000</u>	<u>26,885</u>

Note: During the six months period ended 30 September 2020, 51,210,000 share options were exercised at a subscription price of HK\$0.205 per share, resulting in the issue of 51,210,000 new shares at par value of HK\$0.005 each for a total cash consideration of approximately HK\$10,498,000. Approximately HK\$10,242,000 representing the difference between the subscription price and the par value was added to share premium. In addition, approximately HK\$2,234,000 representing that portion of the share-based payment reserve in relation to the exercise of the share options during the six months period ended 30 September 2020, was transferred from the share-based payment reserve to share premium account.

14. TRADE AND OTHER PAYABLES

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Trade payables	45,509	55,714
Accruals and other payables	37,081	35,092
	<u>82,590</u>	<u>90,806</u>

Note:

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

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
0-30 days	23,712	28,750
31-60 days	1,537	2,072
61-90 days	1,047	1,276
Over 90 days	19,213	23,616
	<u>45,509</u>	<u>55,174</u>

15. LOAN FROM A RELATED PARTY

At 30 September 2020, included in loan from a related party is a principal portion of approximately HK\$135,000,000 (unaudited) (31 March 2020: 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\$10,125,000 (unaudited) (31 March 2020: approximately HK\$6,750,000). 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.

16. 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 had no material change in its business nature and principal activities.

Foundation Works and Ancillary Services

The foundation works of the Group mainly include 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 include hoarding and demolition works and lease of machinery.

For the Period, revenue from this segment amounted to approximately HK\$93.6 million, which was decreased by approximately HK\$103.7 million or 52.6% as compared with approximately HK\$197.3 million for the corresponding period in 2019. The decrease in revenue was due to the number of our working projects has decreased to 10 as compared with 17 for the corresponding period in 2019.

Gross profit of this segment for the Period was approximately HK\$10.5 million, which was decreased by approximately HK\$0.9 million or 7.9% as compared with approximately HK\$11.4 million for the corresponding period in 2019. The decrease was mainly attributable to the decrease in revenue of the projects which have high profit margin.

Construction Wastes Handling Services

The Group's construction wastes handling services mainly include 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\$127.3 million, which was increased by approximately HK\$47.2 million or 58.9% as compared with approximately HK\$80.1 million for the corresponding period in 2019. 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\$9.6 million, which was increased by approximately HK\$7.0 million or 269.2% as compared with approximately HK\$2.6 million for the corresponding period in 2019. Such increase was mainly due to the decrease in certain cost of sales items including construction waste handling charge and subcontracting cost.

New Project Awarded

During the Period, the Group had been awarded 1 new contract with total contract value of approximately HK\$103 million. The details of the new project were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary works	Southern district	Foundation, ELS and Pile Cap Works

Projects in Progress

As at 30 September 2020, the Group had 10 projects in progress with total contract value amounted to approximately HK\$817.9 million. The details of projects in progress were 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 Hoarding Works
Foundation and Ancillary works	Kwai Tsing district	Piling and ELS Works
Foundation and Ancillary works	Sha Tin district	Piling and ELS Works

Type of Projects	Site Location	Type of 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
Construction Wastes Handling	Tuen Mun district	Fill Bank Operation

Completed Project

During the Period, the Group completed 1 project with total contract value amounted to approximately HK\$41.9 million. Details of the completed project were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary works	Kowloon City district	Foundation, ELS, Pile Cap and Tree Works

Technology Services

The Group's technology services income mainly includes (i) income generated by developing the USDK smart contract, managing the USDK smart contract to effect minting and burning of USDK; and (ii) providing the technology development and I.T. infrastructure service.

During the Period, revenue from this segment amounted to approximately HK\$13.9 million which was increased by approximately HK\$5.8 million or 71.6% as compared with approximately HK\$8.1 million for the corresponding period in 2019. The increase in revenue was mainly attributable from the income of providing technology development and I.T. infrastructure service. Gross profit of this segment was approximately HK\$4.9 million which was decreased by HK\$0.4 million or 7.5% as compared with approximately HK\$5.3 million for corresponding period in 2019. The decrease was mainly due to increase in staff costs to support the business growth.

Money Lending Business

During the Period, 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 Period, the revenue and gross profit from this segment were approximately HK\$2.9 million (30 September 2019: approximately HK\$3.0 million) and HK\$2.6 million (30 September 2019: approximately HK\$2.7 million), respectively. The Directors believe that 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 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 and overseas.

As at 30 September 2020, the Group managed a portfolio of listed securities with total market value of approximately HK\$3.4 million (30 September 2019: 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\$1.2 million (30 September 2019: 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 a revenue of approximately HK\$236.5 million for the Period, representing a decrease of approximately 18.0% as compared with approximately HK\$288.3 million for the corresponding period in 2019. The decrease was mainly resulted from the decrease in number of project undertaken.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Period amounted to approximately HK\$26.4 million, representing an increase of approximately 21.1% as compared with approximately HK\$21.8 million for the corresponding period in 2019. The gross profit margin increased by 3.6 percentage points to 11.2% for the Period from 7.6% for the same period of last year. Such increase was mainly due to the decrease of certain cost of sales items for construction wastes handling services and increase of technology services income with high gross profit margin.

Other Income, Gains and Losses

Other income, gains and losses of the Group amounted to approximately HK\$5.0 million, representing an increase of approximately 47.1% as compared with approximately HK\$3.4 million for the corresponding period in 2019. The increase was mainly in the collection of Government subsidies.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Period amounted to approximately HK\$49.0 million, representing an increase of approximately 9.4% as compared with approximately HK\$44.8 million for the corresponding period in 2019. Such increase was mainly due to the Group focused on more its resources in the opportunities related to data science and information technologies and an increase in share-based payment expense in the Group.

Finance Costs

Finance costs for the Group during the Period amounted to approximately HK\$4.1 million, representing a decrease of approximately 14.6% compared with approximately HK\$4.8 million for the corresponding period in 2019. The decrease is mainly attributed to the decrease of interest on lease liabilities.

Income Tax Credit/(Expense)

Income tax credit for the Group during the Period amounted to approximately HK\$173,000, compared to income tax expense of approximately HK\$290,000 for the corresponding period in 2019.

Loss for the Period

The Group recorded a net loss of approximately HK\$23.8 million for the Period, representing a decrease of 4.8% compared to a loss for the corresponding period in 2019 of approximately HK\$25.0 million. The decrease in the loss for the Period was mainly attributable to the improvement in gross profit margin driven by the construction wastes handling services and technology services as mentioned on the “Gross Profit and Gross Profit Margin” section.

Liquidity, Financial and Capital Resources

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

As at 30 September 2020, the Group had bank deposits and balances and cash of approximately HK\$242.2 million (31 March 2020: approximately HK\$239.6 million), the Group had cash held with broker of approximately HK\$3.9 million (31 March 2020: approximately HK\$ Nil), and the Group did not have pledged bank deposit (31 March 2020: approximately HK\$6.8 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 2020 was approximately 58.6% (31 March 2020: approximately 59.0%).

Pledge of Assets

The Group’s motor vehicles with an aggregate net book value of approximately HK\$1.1 million and HK\$1.3 million as at 30 September 2020 and 31 March 2020, respectively, were pledged under leases liabilities.

As at 30 September 2020, the Group did not have any pledged bank deposit (31 March 2020: approximately HK\$6.8 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 the PRC and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi. 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.

Capital Commitments

The Group did not have any capital commitment as at 30 September 2020 (31 March 2020: 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.

PROSPECTS

The impact of the COVID-19 epidemic on enterprises worldwide and the global economy has not yet been mitigated. It is expected that the business prospects of the Group in the short term will still face numerous challenges. Under the uncertain economic outlook, investment in the construction industry is significantly affected, and the weakened market risk appetite has led to a plunge in the number of projects available for bidding and the profit margin of construction projects decreased significantly.

In response to the uncertain market, in addition to carrying out our construction related business with caution, the Group is also actively exploring various business opportunities in Hong Kong and overseas that are related to information technology and fintech, and seeking for sustainable development.

The Group continues to strive to develop blockchain technologies and products research and development. A new DASH explorer was released after releasing the Bitcoin (BTC), Ethereum (ETH), Litecoin (LTC), Bitcoin Cash (BCH), Bitcoin SV (BSV), Tether (USDT) and Ethereum Classic (ETC) blockchain explorers. At the same time, the Group also starts to provide multi-dimensional statistics and mining analysis of blockchain data for BTC and others.

The “Tracker (鏈上天眼)”, a new function of oklink.com, was officially released in September, 2020. The “Tracker (鏈上天眼)” provides users with transaction graphs, address analysis and blockchain monitoring functions. Moreover, it is also the first free and open visualized tool for all users to monitor blockchain data and transaction behavior on the entire network. The “Tracker (鏈上天眼)” aims using the blockchain technology to assist law enforcement authorities in blockchain environment, to crack down illegal mining, to provide smart police assistance, to continue to expand diversified application scenarios of blockchain, and to promote the new infrastructure industries based on blockchain, so as to create new value to the industry for exploring “blockchain +” business.

OKLink Trust Limited (“**OKLink Trust**”), an indirect wholly-owned subsidiary of the Company, has began to provide trust services during the Period after having been granted the Trust or Company Service Provider (“**TCSP**”) license and registered as a Trust Company under section 78(1) of the Trustee Ordinance (Chapter 29 of the laws of Hong Kong). It is expected to contribute to the Company’s financial performance in the second half of the fiscal year.

In the future, the Company will continue to actively explore other new business models and revenue growth points, while actively developing innovative businesses under the fintech regulatory framework of Hong Kong and overseas, so as to broaden the source of income of the Group and provide better returns to the Shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group employed a total of 230 staff (31 March 2020: 225 staff). Total staff costs including directors’ emoluments for the Period are amounted to approximately HK\$49.6 million (30 September 2019: approximately HK\$45.7 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.

OTHER INFORMATION

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

As at 30 September 2020, 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 2020.

PURCHASE, SALE OR 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 during the Period.

EVENTS AFTER THE REPORTING PERIOD

(1) Purchase, Sale or Redemption of the Company's Listed Securities

On 19 October 2020, the Company repurchased a total of 8,070,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$1,162,620.00. Details of the repurchase were as follows:

Date of repurchase	Number of share repurchased	Purchase Price paid per Share		Aggregate consideration paid (excluded expenses)
		Highest	Lowest	
19 October 2020	<u>8,070,000</u>	0.150	0.138	<u>1,162,620.00</u>

The repurchase was made for the benefit of the Company and the Shareholders as a whole with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

(2) Exercise of share options

Since 1 October 2020 and up to the date of this announcement, the Company disclosed that the Company allotted and issued the 1,500,000 Shares pursuant to the exercise of the shares option under the share option scheme of the Company adopted by the Company on 12 August 2015. The total number of shares capital as at the date of this announcement was 5,378,580,000. Please refer to the "Share Option Scheme" section in details. As at 17 October 2020, all outstanding options were lapsed pursuant to its terms.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2020, the interests or short positions of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long positions in the ordinary shares of the Company

Name of Director	Capacity/ Nature of Interests	Position (Long/Short)	Number of Shares held/ interested	Approximate percentage of the total issued shares
Mr. Xu Mingxing ("Mr. Xu") <i>Note (1)</i>	Interests of a controlled corporation	Long	3,904,925,001	72.62%

(b) Long positions in the shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of Interests	Position (Long/Short)	Number of Shares held in associated corporation	Approximate percentage of interest in associated corporation
Mr. Tang Yue ("Mr. Tang") Note (2)	OKC Holdings Corporation ("OKC") Note (1)	Interest of a controlled corporation	Long	(i) 3,898,103 ordinary shares; (ii) 3,068,409 series seed preferred shares; and (iii) 1,612,142 series A-1 preferred shares of par value of USD0.0001 each	7.39%

Notes:

- (1) An aggregate of 3,904,925,001 shares of the Company, representing approximately 72.62% of the total issued share capital of the Company, are held by 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 59.24% in SKY CHASER HOLDINGS LIMITED ("**SKY CHASER**"), whereas SKY CHASER directly holds approximately 1.45% interest in OKC (accordingly, Mr. Xu holds approximately 0.86% 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 26.06%. Thus, Mr. Xu holds an aggregate interest of approximately 56.18% 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) Mr. Tang wholly-owned company, Purple Mountain Holding Ltd., holds direct interest in 3,898,103 ordinary shares, 3,068,409 series seed preferred shares and 1,612,142 series A-1 preferred shares of par value of USD0.0001 each of OKC, representing approximately 7.39% of the issued shares in OKC. Each series seed preferred share and series A-1 preferred share could be convertible into one ordinary share.
- (3) As at 30 September 2020, the total number of issued shares of the Company was 5,377,080,000 shares.

Save as disclosed in sub-paragraphs (a) and (b) above, none of the Directors or chief executive of the Company or any of their associates had, or were deemed to hold, any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2020.

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

As at 30 September 2020, 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
OKC Holdings Corporation (" OKC ") <i>Note (1) and (2)</i>	Beneficial owner	Long	3,904,925,001	72.62%

Notes:

- (1) An aggregate of 3,904,925,001 shares of the Company, representing approximately 72.62% of the total issued share capital of the Company, are held by OKC. (i) Mr. Xu Mingxing ("**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 59.24% in SKY CHASER HOLDINGS LIMITED ("**SKY CHASER**"), whereas SKY CHASER directly holds approximately 1.45% interest in OKC (accordingly, Mr. Xu holds approximately 0.86% 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 26.06%. Thus, Mr. Xu holds an aggregate interest of approximately 56.18% 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 2020, the total number of issued shares of the Company was 5,377,080,000 shares.

Save as disclosed above, no other person (other than the Directors and the chief executive of the Company) held any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO or according to information available to the Company as at 30 September 2020.

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 2020, 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 when the Share Option was adopted on 12 August 2015. It is approximately 9.79% of the issued shares as of 30 September 2020.

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.

Details of movements of the share options granted under the Share Option Scheme for the six months ended 30 September 2020 were as follows:–

Owners/Grantees	Date of Grant	Number of share options					Balance as at 30 September 2020	Exercisable Period	Exercise Price of HK\$	Closing Price of Share on Date of Grant
		Balance as at 1 April 2020	Granted	Exercised	Lapsed	Cancelled				
Cheng Yuk – current employee of the Group (former executive director)	18/10/2019	6,500,000	–	(2,800,000)	–	–	3,700,000	18/10/2019-17/10/2020	0.205	0.200
Current employees of the Group	18/10/2019	192,130,000	–	(48,410,000)	–	–	143,720,000	18/10/2019-17/10/2020	0.205	0.200
		<u>198,630,000</u>	<u>–</u>	<u>(51,210,000)</u>	<u>–</u>	<u>–</u>	<u>147,420,000</u>			

Up to 30 September 2020, a number of 262,500,000 share options were vested, including 51,210,000 share options which were exercised, and remaining exercisable share options were 147,420,000. As at 30 September 2020, there is no unvested share options.

The weighted average closing price for share options exercised during the period immediately before the dates of exercise was HK\$0.22 per share.

Notes:

For Share Option granted on 18 October 2019:

- (1) Consideration for grant of Share Options: HK\$1 to be paid by each of grantees upon acceptance of the Share Options granted.
- (2) Validity period: From 18 October 2019 to 17 October 2020 (both days inclusive).
- (3) Vesting schedule: (i) 25% of the Share Options shall be vested on 18 October 2019; (ii) 25% of the Share Options shall be vested on 18 January 2020; (iii) 25% of the Share Options shall be vested on 18 April 2020; and (iv) 25% of the Share Options shall be vested on 18 July 2020.

INTERIM DIVIDEND

No interim dividend was declared by the Board during the six months ended 30 September 2020 (30 September 2019: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, 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 contained therein except for 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 separated and should not be performed by the same individual.

Since 9 July 2018, Mr. Ren Yunan (“**Mr. Ren**”) has been appointed as 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 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 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 Period and up to the date of this announcement.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' Information up to the date of this announcement that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:–

- (1) Mr. Ren Yunan resigned as a non-executive director of Labixiaoxin Snacks Group Limited (a company listed on the main board of the Stock Exchange, stock code: 1262) on 7 August 2020.

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

OKG Technology Holdings Limited

Ren Yunan

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 27 November 2020

As at the date of this announcement, the non-executive Directors are Mr. Xu Mingxing, Mr. Tang Yue 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.