

LEAP Holdings Group Limited 前進控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1499

INTERIM REPORT 2015



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ip Ying Chau (*Chairman*)
Mr. Chan Wing Chung
Ms. Tung Ah Pui Athena
Mr. Chan Chiang Kan

Independent Non-executive Directors

Mr. Cheung Kwok Yan Wilfred
Mr. Feng Zhidong
Mr. Ho Ho Ming

AUDIT COMMITTEE

Mr. Cheung Kwok Yan Wilfred (*Chairman*)
Mr. Feng Zhidong
Mr. Ho Ho Ming

NOMINATION COMMITTEE

Mr. Ip Ying Chau (*Chairman*)
Mr. Ho Ho Ming
Mr. Feng Zhidong

REMUNERATION COMMITTEE

Mr. Feng Zhidong (*Chairman*)
Mr. Ip Ying Chau
Mr. Ho Ho Ming

COMPANY SECRETARY

Ms. So Hau Kit

AUTHORISED REPRESENTATIVES

Mr. Ip Ying Chau
Ms. Tung Ah Pui Athena

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Clifton House,
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PO Box 1350,
Grand Cayman,
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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2701-02, 27th Floor,
Win Plaza, 9 Sheung Hei Street,
San Po Kong, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
A18/F., Asia Orient Tower,
Town Place, 33 Lockhart Road,
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Trust (Cayman) Ltd.
Clifton House,
75 Fort Street,
PO Box 1350,
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COMPLIANCE ADVISER

TC Capital Asia Limited
Suites 1903-1904, 19th Floor,
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Harbour City, 9 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

Loong & Yeung
Solicitors of Hong Kong
Suites 2001-2006,
20th Floor, Jardine House,
1 Connaught Place,
Central, Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower,
The Landmark, 11 Pedder Street,
Central, Hong Kong

COMPANY'S WEBSITE

www.leapholdings.hk

STOCK CODE

1499

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the board (the “Board”) of directors (the “Directors”) of LEAP Holdings Group Limited (the “Company”, together with subsidiaries of the Company, the “Group”), it is my pleasure to present to the shareholders the interim report of the Group for the six months ended 30 September 2015 (the “Period”).

I am especially pleased to report to our shareholders that the Group’s business has remained robust, as demonstrated by the significant growth in revenue and gross profit, by 51.4% and 58.6% for the Period as compared to the corresponding period in 2014, reaching approximately HK\$197.9 million and HK\$42.2 million, respectively. In terms of construction projects, the Group has completed 6 projects and has been awarded 8 new contracts during the Period.

The Company was successfully listed (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 2 September 2015 (the “Listing Date”). This was an important milestone of our history and the listing status has elevated the Group in all business aspects, especially in establishing a better reputation in the industry for taking new projects. This is particularly crucial to the Group in the face of the expected growth in the construction industry due to the active development in residential property market and infrastructures in Hong Kong. We accept the challenge to maximise value to our shareholders, and to this end, we have considered carefully in deploying the net proceeds received from the share offer with reference to market condition and in accordance with the prospectus of the Company dated 21 August 2015 (the “Prospectus”).

The Group would continue to focus on its core businesses on foundation works and ancillary services and construction wastes handling services in Hong Kong. In order to achieve the continuing growth of its core businesses, the Group would reinforce its well-established position in the market via its reputation, expertise and experienced management.

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our shareholders, customers and suppliers for their continuous support, as well as the management team and the staff of the Group for their hard work and contributions in past year.

Ip Ying Chau

Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

- Revenue of the Group for the six months ended 30 September 2015 amounted to approximately HK\$197.9 million (for the six months ended 30 September 2014: approximately HK\$130.7 million).
- Profit attributable to the owners of the Company for the six months ended 30 September 2015 amounted to approximately HK\$12.9 million (for the six months ended 30 September 2014: approximately HK\$17.4 million).
- Basic and diluted earnings per share for the six months ended 30 September 2015 amounted to approximately HK cents 0.63 (for the six months ended 30 September 2014: approximately HK cents 0.87).
- During the six months ended 30 September 2015, members of the Group declared and settled the payment a dividend of HK\$25.0 million to its then shareholders (2014: Nil). The Board does not recommend the declaration of any further interim dividend for the six months ended 30 September 2015.

Business Review

The Company's shares (the "Shares") were successfully listed on the Stock Exchange on 2 September 2015 when 286,000,000 new Shares had been offered for subscription and 286,000,000 Shares for sale, at an offer price of HK\$0.25 per Share.

The Group's major sources of revenue were from foundation works and ancillary services and construction wastes handling services in Hong Kong.

For the Period, the Group achieved satisfactory growth in its business. The revenue of the Group for the Period amounted to approximately HK\$197.9 million, 51.4% more than that of approximately HK\$130.7 million for the corresponding period of 2014. The gross profit of the Group for the Period amounted to approximately HK\$42.2 million, representing a growth of approximately 58.6% as compared with approximately HK\$26.6 million for the corresponding period of 2014. The profit for the Period of the Group amounted to approximately HK\$12.9 million, representing a decrease of approximately 31.0% compared with HK\$18.7 million for the corresponding period of 2014. Such decrease was mainly due to the one-off listing expenses of approximately HK\$12.0 million incurred during the Period. Without the aforesaid listing expenses, the Group achieved a profit for the Period of approximately HK\$24.9 million, representing an increase of approximately 33.2% comparing with the corresponding period of 2014.

Segment Analysis

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.

For the Period, revenue from this segment amounted to approximately HK\$165.3 million, approximately HK\$67.6 million more than the corresponding period of 2014. Such growth was mainly attributable to the commencements on the newly awarded projects in Ma On Shan, Hung Hom and Sha Tin which the Group also made some progress. For the Period, these contributed significantly to the growth of the Group’s revenue in this segment and recorded revenue amounting to approximately HK\$72.4 million.

Gross profit of this segment for the Period was approximately HK\$39.6 million, increased approximately 58.4% as compared with approximately HK\$25.0 million for the corresponding period in 2014. Such increase is mainly due to in line with the increase in revenue as mentioned in the paragraph headed “Financial Review” below.

Construction Wastes Handling Services

The Group’s construction wastes handling services mainly included the management and operation of public fill reception facilities such as public fill banks and temporary construction waste sorting facilities, for construction and demolition materials.

For the Period, revenue from this segment amounted to approximately HK\$32.6 million, dropped approximately HK\$0.4 million as compared with HK\$33.0 million for the corresponding period of 2014.

Gross profit of this segment for the Period was approximately HK\$2.6 million, increased approximately 62.5% as compared with HK\$1.6 million for the corresponding period in 2014. Such increase is mainly due to the decrease in direct cost.

New Projects Awarded

During the six months ended 30 September 2015, the Group had been awarded 8 new contracts with total contract value of approximately HK\$156.2 million. The details of new projects were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Yuen Long district	Site formation, ELS & pile cap works
Foundation and Ancillary Works	Wan Chai district	Hoarding & demolition works
Foundation and Ancillary Works	Southern district	Piling works
Foundation and Ancillary Works	Kowloon City district	Site formation works
Foundation and Ancillary Works	Southern district	Ground investigation related works
Foundation and Ancillary Works	Eastern district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Sha Tin district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Kwun Tong district	ELS works

Projects in Progress

As at 30 September 2015, the Group had 16 projects in progress, whose total contract value amounted to approximately HK\$610.4 million. The details of projects in progress were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Yuen Long district	Site formation, ELS & pile cap works
Foundation and Ancillary Works	Wan Chai district	Hoarding & demolition works
Foundation and Ancillary Works	Southern district	Piling works
Foundation and Ancillary Works	Kowloon City district	Site formation works
Foundation and Ancillary Works	Eastern district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Sha Tin district	Hoarding, foundation and ELS works
Foundation and Ancillary Works	Kwun Tong district	ELS works
Foundation and Ancillary Works	Kwai Tsing district	Reinforced concrete structure works
Foundation and Ancillary Works	Yau Tsim Mong district	Sheet piling works
Foundation and Ancillary Works	Sha Tin district	Site formation & ELS works
Foundation and Ancillary Works	Southern district	Foundations, ELS and pile caps works
Foundation and Ancillary Works	Eastern district	Site formation, foundation works
Foundation and Ancillary Works	Yau Tsim Mong district	ELS and piling works
Foundation and Ancillary Works	Yau Tsim Mong district	ELS and piling and structure works
Foundation and Ancillary Works	Yau Tsim Mong district	Earthwork
Construction Wastes Handling	Tseung Kwan O Area 137 and Tuen Mun Area 38	Operation of temporary construction waste sorting facilities

Completed Projects

For the Period, the Group completed 6 projects. The details of completed projects were as follows:

Type of Projects	Site Location	Type of Works
Foundation and Ancillary Works	Southern district	Ground investigation related works
Foundation and Ancillary Works	Tai Po district	Removal & disposal of existing filled materials
Foundation and Ancillary Works	Sha Tin district	Site formation works
Foundation and Ancillary Works	Eastern district	Foundation, ELS & pile cap works
Foundation and Ancillary Works	Kwai Tsing district	Site formation, ELS works
Foundation and Ancillary Works	Wan Chai district	Foundation works

Financial Review

The Group recorded revenue of approximately HK\$197.9 million for the Period, representing a growth of approximately 51.4% compared with approximately HK\$130.7 million for the corresponding period of 2014. The growth is mainly contributed by commencement of the newly awarded projects in Ma On Shan, Hung Hom and Sha Tin during the Period which the Group had made some progress.

The gross profit of the Group for the Period amounted to approximately HK\$42.2 million, representing an increase of approximately 58.6% compared with approximately HK\$26.6 million for the corresponding period of 2014. Such increase is in line with the increase in revenue as stated above.

The administrative and other operating expenses of the Group for the Period amounted to approximately HK\$24.5 million, representing an increase of approximately 345.5% compared with approximately HK\$5.5 million for the corresponding period of 2014. Such increase is mainly due to the one-off listing expenses incurred, increase in staff costs and donation during the Period.

Liquidity, Financial Recourses and Capital Structure

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the listing of the Company on 2 September 2015.

As at 30 September 2015, the Group had cash and bank balances of approximately HK\$75.8 million (31 March 2015: approximately HK\$22.5 million). The increase is mainly due to the net proceeds received from the listing of the Company on 2 September 2015 and net cash inflow from operating activities during the Period. The interest-bearing loans of the Group as at 30 September 2015 was approximately HK\$21.2 million (31 March 2015: approximately HK\$25.7 million).

The gearing ratio is calculated based on the amount of total interest-bearing loans divided by total equity. The gearing ratio of the Group as at 30 September 2015 was approximately 14.1% (31 March 2015: approximately 29.8%). As a result of the increased equity following the listing of the Company, the Group's gearing ratio decreased.

Pledge of Assets

The Group's machinery and equipment with an aggregate net book value of approximately HK\$14.4 million and HK\$13.3 million and motor vehicles with an aggregate net book value of approximately HK\$7.3 million and HK\$9.9 million as at 30 September 2015 and 31 March 2015, respectively, were pledged under finance leases.

Foreign Exchange Risk

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that 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 Period.

Employees and Remuneration Policy

As at 30 September 2015, the Group employed 281 staff (30 September 2014: 222 staff). Total staff costs including directors' emoluments for the Period, amounted to approximately HK\$46.6 million (2014: approximately HK\$28.9 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group provides adequate job training to the employees to equip them with practical knowledge and skills.

Capital Commitments

The Group had capital commitment amounted to approximately HK\$1.6 million as at 30 September 2015 (31 March 2015: approximately HK\$0.2 million).

Contingent Liabilities

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

As at 30 September 2015, there were a number of ongoing employees' compensation claims and personal injury claims against the Group. As the claims are being handled by the relevant insurer's lawyer and the directors take the view that the amount to be borne by the Group in the proceeding shall be covered by the relevant insurance policy, no provision for contingent liabilities in respect of pending litigations is considered necessary.

Prospects

The economy of Hong Kong is expected to continue to grow moderately and the Hong Kong Government is dedicated to increasing the supply of land for residential development in efforts to ease housing needs. In the public sector, in May, the Lands Department issued a government notice for the reclamation works for the building of the third runway at the Hong Kong International Airport and the Development Bureau has also recently discussed the need for Route 11 which will connect Yuen Long and North Lantau. Therefore, it is foreseeable that the construction industry in both public and private sectors will continue to be active. As such, the Group strives to develop its relationship with different customers for exploring future opportunities.

The Group would continue to focus on its core businesses on foundation works and ancillary services and construction wastes handling services in Hong Kong. In order to achieve the continuing growth of its core businesses, the Group would reinforce its well-established position in the market via its reputation, expertise and experienced management.

Use of Proceeds from Initial Public Offering

The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK\$60.2 million, after deduction of underwriting fees and commissions and expenses. These proceeds are intended to be applied in accordance with the proposed application set put in the paragraph headed “Future plans and use of proceeds” in the Prospectus. Such uses were to acquire machinery and equipment, strengthen the workforce and manpower, repayment of the outstanding bank borrowings to reduce our finance costs and fund general working capital as follows:

	Planned use of proceeds	Actual use of proceeds from the Listing Date to 30 September 2015
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Repayment of the outstanding bank borrowing	8,000	4,593
Acquisition of machinery and equipment	36,500	2,019
Strengthening the workforce and manpower	10,200	345
General working capital	5,500	-
Total	<u>60,200</u>	<u>6,957</u>

The Directors are not aware of material change to the planned use of proceeds as at the date of this report. Any net proceeds that were not applied immediately have been placed on the short-term demand deposits with authorised financial institutions or licensed banks in Hong Kong as at the date of this report.

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

For the six months ended 30 September 2015

		Six months ended	
		30 September	
	<i>Notes</i>	2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	6	197,867	130,713
Cost of sales		(155,689)	(104,098)
Gross profit		42,178	26,615
Other income and net gains	6	795	1,904
Administrative and other operating expenses		(24,506)	(5,494)
Operating profit		18,467	23,025
Finance costs	7	(578)	(699)
Profit before income tax	8	17,889	22,326
Income tax expense	9	(4,941)	(3,640)
Profit and total comprehensive income for the period		12,948	18,686
Profit and total comprehensive income attributable to:			
Owners of the Company		12,948	17,409
Non-controlling interests		–	1,277
Profit and total comprehensive income for the period		12,948	18,686
Basic and diluted earnings per share (HK cents)	10	0.63	0.87

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	46,113	49,982
Current assets			
Trade and other receivables	13	104,831	86,990
Gross amounts due from customers for contract work		11,910	6,431
Amounts due from directors	14	–	9,988
Cash and bank balances		75,817	22,543
		192,558	125,952
Total assets		238,671	175,934
EQUITY			
Capital and reserves			
Share capital	15	22,880	1
Reserves		127,304	86,176
Total equity		150,184	86,177
LIABILITIES			
Non-current liabilities			
Borrowings	16	8,398	8,235
Deferred tax liabilities		5,290	5,263
		13,688	13,498
Current liabilities			
Trade and other payables	17	38,673	36,655
Gross amounts due to customers for contract work		11,784	10,371
Borrowings	16	12,839	17,455
Current income tax liabilities		11,503	11,778
		74,799	76,259
Total liabilities		88,487	89,757
Total equity and liabilities		238,671	175,934
Net current assets		117,759	49,693
Total assets less current liabilities		163,872	99,675

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Merger reserve	Retained earnings	Sub-total		
	HK\$ '000	HK\$ '000	HK\$ '000 (Note a)	HK\$ '000 (Note b)	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Balance at 1 April 2014	1	-	-	-	44,178	44,179	2,727	46,906
Profit and total comprehensive income for the period	-	-	-	-	17,409	17,409	1,277	18,686
Balance at 30 September 2014	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,587</u>	<u>61,588</u>	<u>4,004</u>	<u>65,592</u>
Balance at 1 April 2015	1	-	-	-	86,176	86,177	-	86,177
Profit and total comprehensive income for the period	-	-	-	-	12,948	12,948	-	12,948
Dividend	-	-	-	-	(25,000)	(25,000)	-	(25,000)
Transactions with owners:								
Reorganisation	(1)	-	-	1	-	-	-	-
Shares issued pursuant to the capitalisation issue	20,020	(20,020)	-	-	-	-	-	-
Shares issued under share offer	2,860	68,640	-	-	-	71,500	-	71,500
Shares issuance costs	-	(3,363)	-	-	-	(3,363)	-	(3,363)
Deemed capital contribution	-	-	7,922	-	-	7,922	-	7,922
Balance at 30 September 2015	<u>22,880</u>	<u>45,257</u>	<u>7,922</u>	<u>1</u>	<u>74,124</u>	<u>150,184</u>	<u>-</u>	<u>150,184</u>

Notes:

- The capital reserve represents the deemed capital contribution from the Company's shareholder, Grand Jade Group Limited ("Grand Jade"), in relation to listing expenses reimbursed to the Company during the period ended 30 September 2015.
- 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 (as defined in Note 1 to the condensed consolidated interim financial statements).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	<u>4,464</u>	<u>15,629</u>
Net cash used in investing activities	<u>(2,659)</u>	<u>(6,818)</u>
Net cash generated from/(used in) financing activities	<u>53,198</u>	<u>(4,112)</u>
Net increase in cash and cash equivalents	55,003	4,699
Cash and cash equivalents at beginning of the period	<u>18,156</u>	<u>680</u>
Cash and cash equivalents at end of the period, represented by cash and bank balances and bank overdrafts	<u>73,159</u>	<u>5,379</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND CORPORATE REORGANISATION

(a) General information

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Units 2701-02, 27th Floor, Win Plaza, 9 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of foundation works and ancillary services and construction wastes handling.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 September 2015.

(b) Corporate reorganisation

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company underwent a corporate reorganisation (the "Reorganisation").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 15 May 2015. Through the Reorganisation, as more fully explained in the paragraph headed "Corporate Reorganisation" in Appendix IV "Statutory and General Information" to the prospectus (the "Prospectus") in connection with the share offer of the Company's shares dated 21 August 2015, the Company became the holding company of the companies now comprising the Group on 23 July 2015.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2015 have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 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 (the "Listing Rules"). The condensed consolidated interim financial statements should be read in conjunction with the combined financial statements for the three years ended 31 March 2013, 2014 and 2015 as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Prospectus.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis. The significant accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those described in the Accountants' Report except for the adoption of the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the condensed consolidated interim financial statements.

The Group has not yet adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results and financial position.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), which is the Group's functional and presentation currency.

4. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Accountants' Report.

During the six months ended 30 September 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and liabilities.

There were no reclassifications of financial assets.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the critical accounting estimates and judgements applied are consistent with those described in the Accountants' Report.

6. REVENUE AND SEGMENT INFORMATION

Revenue and other income and net gains recognised during the six months ended 30 September 2015 and 2014 are as follows:

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Foundation works and ancillary services	164,733	96,781
Rental income	584	886
Construction wastes handling	32,550	33,046
	<u>197,867</u>	<u>130,713</u>
Other income and net gains		
Interest income	46	45
Gain/(Loss) on disposal of plant and equipment	130	(82)
Government grants	280	1,878
Others	339	63
	<u>795</u>	<u>1,904</u>

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

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

Foundation works and ancillary services: Provision of site formation works, excavation and lateral support 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.

Construction wastes handling: 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.

Segment revenue is measured in a manner consistent with that in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment results. Unallocated income, unallocated corporate expenses, finance costs, income tax expense and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the interim condensed consolidated statement of financial position except unallocated cash and bank balances, amounts due from directors and other unallocated assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the interim condensed consolidated statement of financial position except current income tax liabilities, deferred tax liabilities, borrowings and other unallocated liabilities.

	Foundation works and ancillary services HK\$'000	Construction wastes handling HK\$'000	Total HK\$'000
Period ended 30 September 2015 (Unaudited)			
Revenue			
External revenue	<u>165,317</u>	<u>32,550</u>	<u>197,867</u>
Segment results	<u>39,593</u>	<u>2,585</u>	42,178
Unallocated income			795
Unallocated corporate expenses			(24,506)
Finance costs			(578)
Profit before income tax			<u>17,889</u>
Income tax expense			(4,941)
Profit for the period			<u>12,948</u>
Included in segment results are:			
Depreciation	<u>6,165</u>	<u>1,880</u>	<u>8,045</u>

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2015 (Unaudited)			
Segment assets	135,294	22,081	157,375
Unallocated assets			81,296
Total assets			<u>238,671</u>
Segment liabilities	42,343	2,608	44,951
Unallocated liabilities			5,506
Borrowings			21,237
Current income tax liabilities			11,503
Deferred tax liabilities			5,290
Total liabilities			<u>88,487</u>
	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30 September 2014 (Unaudited)			
Revenue			
External revenue	<u>97,667</u>	<u>33,046</u>	<u>130,713</u>
Segment results	<u>24,983</u>	<u>1,632</u>	26,615
Unallocated income			1,904
Unallocated corporate expenses			(5,494)
Finance costs			(699)
Profit before income tax			22,326
Income tax expense			(3,640)
Profit for the period			<u>18,686</u>
Included in segment results are:			
Depreciation	<u>4,647</u>	<u>1,163</u>	<u>5,810</u>

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

	Foundation works and ancillary services <i>HK\$'000</i>	Construction wastes handling <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2015 (Audited)			
Segment assets	122,746	17,217	139,963
Unallocated assets			35,971
Total assets			<u>175,934</u>
Segment liabilities	40,018	1,579	41,597
Unallocated liabilities			5,429
Borrowings			25,690
Current income tax liabilities			11,778
Deferred tax liabilities			5,263
Total liabilities			<u>89,757</u>

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. The Group's major operations and markets are located in Hong Kong, no geographical segment information is provided.

7. FINANCE COSTS

	Six months ended 30 September	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Interest on finance leases	432	464
Interest on bank overdrafts and bank borrowings wholly repayable within 5 years	132	218
Interest on bank borrowings not wholly repayable within 5 years	14	17
	<u>578</u>	<u>699</u>

8. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Depreciation of owned assets	5,076	4,260
Depreciation of leased assets	3,185	2,119
Operating lease rental on premises	629	520
Listing expenses (included in administrative and other operating expenses)	12,021	–
Staff costs, including directors' emoluments		
– salaries and allowances	44,718	27,722
– retirement scheme contributions	1,931	1,187
	<u>58,530</u>	<u>36,808</u>

9. INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Hong Kong profits tax		
– Current income tax	4,914	2,852
– Deferred income tax	27	788
Income tax expense	<u>4,941</u>	<u>3,640</u>

10. EARNINGS PER SHARE

For the purpose of these condensed consolidated interim financial statements, the calculation of the basic earnings per share attributable to owners of the Company was based on:

- (i) the profit attributable to owners of the Company for the respective periods;
- (ii) the weighted average number of 2,002,000,000 shares (comprising 10,000 shares in issue and 2,001,990,000 shares issued under the capitalisation issue) as if these 2,002,000,000 shares were outstanding throughout the period ended 30 September 2015 and the weighted average number of 286,000,000 shares issued under share offer during the period ended 30 September 2015; and

10. EARNINGS PER SHARE (CONTINUED)

- (iii) the weighted average number of 2,002,000,000 shares (comprising 10,000 shares in issue and 2,001,990,000 shares issued under the capitalisation issue) as if these 2,002,000,000 shares were outstanding throughout the period ended 30 September 2014.

	Six months ended 30 September	
	2015 (Unaudited)	2014 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	12,948	17,409
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	2,047,322	2,002,000
Basic earnings per share (HK cents)	<u>0.63</u>	<u>0.87</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the respective periods.

11. DIVIDEND

During the six months ended 30 September 2015, the Group declared and paid an interim dividend of HK\$25,000,000 to its then shareholder.

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Dividend	<u>25,000</u>	<u>–</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment HK\$'000
Six months ended 30 September 2015 (Unaudited)	
Net book value	
Opening amount as at 1 April 2015	49,982
Additions	4,789
Disposals	(397)
Depreciation	(8,261)
Closing amount as at 30 September 2015	<u>46,113</u>
Six months ended 30 September 2014 (Unaudited)	
Net book value	
Opening amount as at 1 April 2014	34,115
Additions	14,643
Disposals	(620)
Depreciation	(6,379)
Closing amount as at 30 September 2014	<u>41,759</u>

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
Trade receivables	62,711	52,376
Other receivables, deposits and prepayments	5,026	6,481
Retention receivables	37,094	28,133
	<u>104,831</u>	<u>86,990</u>

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 30 to 75 days generally. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
0-30 days	23,776	25,783
31-60 days	21,909	18,415
61-90 days	11,598	4,705
Over 90 days	5,428	3,473
	<u>62,711</u>	<u>52,376</u>

Trade receivables of approximately HK\$44,609,000 and HK\$34,582,000 as at 30 September 2015 and 31 March 2015 respectively were not yet past due and approximately HK\$18,102,000 and HK\$17,794,000 as at 30 September 2015 and 31 March 2015 respectively were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Except for retention receivables of approximately HK\$17,550,000 and HK\$12,093,000 as at 30 September 2015 and 31 March 2015 respectively, which are expected to be recovered after one year, all of the remaining retention receivables are expected to be recovered within one year.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

14. AMOUNTS DUE FROM DIRECTORS

Name of directors	Maximum outstanding balance during the period <i>HK\$'000</i> (Unaudited)	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
Mr. Chan Wing Chung	9,239	–	5,776
Mr. Ip Ying Chau	5,612	–	4,212
		<u>–</u>	<u>9,988</u>

The amounts due were unsecured, non-interest bearing and had no fixed terms of repayment.

15. SHARE CAPITAL

	<i>Notes</i>	Number of ordinary shares	Nominal amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
On 15 May 2015 (date of incorporation)	<i>b</i>	38,000,000	380
Increase in authorised share capital	<i>c</i>	<u>9,962,000,000</u>	<u>99,620</u>
As at 30 September 2015		<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:			
On 15 May 2015 (date of incorporation)	<i>b</i>	1	–
Shares issued upon Reorganisation	<i>d</i>	9,999	–
Shares issued pursuant to the capitalisation issue	<i>e</i>	2,001,990,000	20,020
Shares issued under share offer	<i>f</i>	<u>286,000,000</u>	<u>2,860</u>
As at 30 September 2015		<u><u>2,288,000,000</u></u>	<u><u>22,880</u></u>

15. SHARE CAPITAL (CONTINUED)

Notes:

- (a) The balance of share capital at 31 March 2015 represents the aggregate of paid up share capital of the subsidiaries comprising the Group prior to Reorganisation.
- (b) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 15 May 2015, which was then transferred to Grand Jade on the same date.
- (c) On 12 August 2015, the then sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- (d) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Glory Port International Limited from Grand Jade, on 23 July 2015, (i) the 1 nil-paid share then held by Grand Jade was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Grand Jade.
- (e) Pursuant to the written resolutions of the sole shareholder of the Company passed on 12 August 2015, the Company issued and allotted a total of 2,001,990,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company's shares on the register of members at the close of business on 11 August 2015 by way of capitalisation of the sum of HK\$20,019,900 standing to the credit of the share premium account of the Company.
- (f) On 1 September 2015, 286,000,000 ordinary shares of HK\$0.01 each were issued to the public at a price of HK\$0.25 per share for cash totalling HK\$71,500,000 by way of share offer. The excess of the issue price over the par value of the shares, net of shares issuance costs of approximately HK\$3,363,000, were credited to the share premium account of the Company.

16. BORROWINGS

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Non-current		
Finance lease liabilities (<i>Note b</i>)	<u>8,398</u>	<u>8,235</u>
Current		
Bank overdrafts (<i>Note a</i>)	2,658	4,387
Bank borrowings (<i>Note a</i>)	1,006	3,109
Finance lease liabilities (<i>Note b</i>)	<u>9,175</u>	<u>9,959</u>
	<u>12,839</u>	<u>17,455</u>
Total borrowings	<u><u>21,237</u></u>	<u><u>25,690</u></u>

16. BORROWINGS (CONTINUED)

Notes:

- (a) Bank overdrafts and bank borrowings

The bank overdrafts and bank borrowings are classified as current liabilities according to the HK Interpretation 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA. According to the repayment schedule, the bank overdrafts and bank borrowings are repayable as follows:

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
Bank overdrafts on demand	2,658	4,387
Within 1 year	271	626
Between 1 and 2 years	278	641
Between 2 and 5 years	457	1,743
Over 5 years	—	99
	<u>3,664</u>	<u>7,496</u>

The carrying amounts of the bank overdrafts and bank borrowings are denominated in the following currencies:

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
HK\$	2,658	6,358
US\$	1,006	1,138
	<u>3,664</u>	<u>7,496</u>

16. BORROWINGS (CONTINUED)

Notes: (continued)

(b) Finance lease liabilities

Lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

At the end of lease term of certain finance leases the Group has the option to purchase the leased asset at a price deemed to be a bargain purchase option.

Certain machinery and equipment was under finance leases in the form of sale and leaseback arrangements. There was no disposal gain or loss recognised for the transactions as the fair value was not significantly different to the carrying value of the relevant machinery and equipment.

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Gross finance lease liabilities – minimum lease payments		
Within 1 year	9,677	10,560
Between 1 and 2 years	4,815	5,524
Between 2 and 5 years	3,884	3,000
	<u>18,376</u>	<u>19,084</u>
Future finance charges on finance leases	(803)	(890)
Present value of finance lease liabilities	<u>17,573</u>	<u>18,194</u>

The present value of finance lease liabilities is as follows:

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Within 1 year	9,175	9,959
Between 1 and 2 years	4,599	5,314
Between 2 and 5 years	3,799	2,921
	<u>17,573</u>	<u>18,194</u>

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of approximately HK\$14,384,000 and HK\$13,349,000 and motor vehicles with an aggregate net book value of approximately HK\$7,325,000 and HK\$9,948,000 as at 30 September 2015 and 31 March 2015 respectively.

The carrying amounts of all finance lease liabilities are denominated in HK\$.

16. BORROWINGS (CONTINUED)

Notes: (continued)

(c) The interest rates per annum of borrowings are as follows:

	As at 30 September 2015	As at 31 March 2015
Bank overdrafts	6.50%	6.00% to 6.50%
Bank borrowings	2.50%	2.20% to 2.50%
Finance lease liabilities	<u>2.86% to 7.96%</u>	<u>2.88% to 7.96%</u>

(d) As at 30 September 2015 and 31 March 2015, the undrawn banking facilities amounted to approximately HK\$4,842,000 and HK\$3,113,000 respectively.

(e) These banking facilities are secured/guaranteed by:

- (i) Personal guarantees given by certain directors of the Company and a director of a subsidiary as at 31 March 2015;
- (ii) Certain properties held by a director of the Company as at 31 March 2015;
- (iii) Pledge of life insurance amounting to approximately HK\$2,498,000 and HK\$2,481,000 as at 30 September 2015 and 31 March 2015 respectively;
- (iv) Corporate guarantee provided by Progressive Foundation as at 31 March 2015;
- (v) Guarantees by the Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme as at 31 March 2015; and
- (vi) Corporate guarantee provided by the Company as at 30 September 2015.

17. TRADE AND OTHER PAYABLES

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
Trade payables	31,642	32,979
Accruals and other payables	<u>7,031</u>	<u>3,676</u>
	<u>38,673</u>	<u>36,655</u>

Note:

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

17. TRADE AND OTHER PAYABLES (CONTINUED)

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

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
0-30 days	22,116	24,214
31-60 days	426	5,894
61-90 days	1,729	1,017
Over 90 days	7,371	1,854
	<u>31,642</u>	<u>32,979</u>

All trade and other payables are denominated in HK\$.

18. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at the end of each reporting period not provided for were as follows:

	As at 30 September 2015 <i>HK\$'000</i> (Unaudited)	As at 31 March 2015 <i>HK\$'000</i> (Audited)
Contracted but not provided for: Property, plant and equipment	<u>1,594</u>	<u>240</u>

18. COMMITMENTS (CONTINUED)

(b) Operating lease commitments – Group as lessee

At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As at 30 September 2015 HK\$'000 (Unaudited)	As at 31 March 2015 HK\$'000 (Audited)
Within one year	1,592	1,873
In the second to fifth years inclusive	1,161	1,930
	<u>2,753</u>	<u>3,803</u>

The Group is the lessee in respect of office premises and equipment under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the leases when all terms are renegotiated.

19. RELATED PARTY TRANSACTIONS

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

- (a) Save as disclosed in Notes 14 and 16 to these condensed consolidated interim financial statements, the Group did not have any significant related party transaction with related parties during the reporting period.
- (b) Key management compensation

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries and allowances	1,727	1,158
Retirement scheme contributions	38	25
	<u>1,765</u>	<u>1,183</u>

20. CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

Pending litigations

As at 30 September 2015, there were a number of ongoing employees' compensation claims and personal injury claims against the Group. As the claims are being handled by the relevant insurer's lawyer and the directors take the view that the amount to be borne by the Group in the proceeding shall be covered by the relevant insurance policy, no provision for contingent liabilities in respect of pending litigations is considered necessary.

OTHER INFORMATION

Significant investments, acquisitions and disposals

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies apart from the reorganisation in relation to the Listing as disclosed in the Prospectus.

Future plans for material investments or capital assets

Save as disclosed in the Prospectus, the Company does not have any other plans for material investments or capital assets.

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

No purchase, sale or redemption of the Company's listed securities was made from the Listing Date and up to the date of this report.

Competing interests

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

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

As at 30 September 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, notified to the Company and the Stock Exchange were as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Chan Wing Chung	Interest of a controlled corporation (Note 1)	1,716,000,000	75%
Ip Ying Chau	Interest of a controlled corporation (Note 1)	1,716,000,000	75%
Tung Ah Pui Athena	Interest of spouse (Note 2)	1,716,000,000	75%

Notes:

- These shares are held by Grand Jade, the entire issued share capital of which is owned as to 50% by Mr. Chan Wing Chung and 50% by Mr. Ip Ying Chau. Therefore, each of Mr. Chan Wing Chung and Mr. Ip Ying Chau is deemed, or taken to be, interested in all Shares held by Grand Jade for the purpose of the SFO.
- Ms. Tung Ah Pui Athena is the spouse of Mr. Ip Ying Chau. Accordingly, Ms. Tung Ah Pui Athena is deemed, or taken to be, interested in the Shares which Mr. Ip Ying Chau is interested in for the purpose of the SFO.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Chan Wing Chung	Grand Jade	Beneficial owner	1	50%
Ip Ying Chau	Grand Jade	Beneficial owner	1	50%
Tung Ah Pui Athena	Grand Jade	Beneficial owner	1	50%

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

As at 30 September 2015, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Director	Capacity/Nature	Number of Shares held/interested	Percentage of interest
Grand Jade	Beneficial owner	1,716,000,000	75%
Chan Lai Ting	Interest of spouse (<i>Note</i>)	1,716,000,000	75%

Note:

Ms. Chan Lai Ting is cohabiting with Mr. Chan Wing Chung as spouse. Accordingly, Ms. Chan Lai Ting is deemed, or taken to be, interested in the Shares which Mr. Chan Wing Chung is interested in for the purpose of the SFO.

Share option scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) with effect from the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the businesses of the Group. No options had been granted under the Share Option Scheme during the Period. During the period between the Listing Date and the date of this report, no option has been granted, exercised, cancelled or lapsed. As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 228,800,000, representing 10% of the entire issued share capital of the Company.

Interim dividend for the six months ended 30 September 2015

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2015.

Compliance with the corporate governance code

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the corporate governance code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date. Under code provision A.2.1 of the CG Code as set out in Appendix 14 of the Listing Rules, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Under the current organisation structure of the Company, Mr. Ip Ying Chau is the chairman and chief executive officer of the Company. With his extensive experience in the industry, the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with

strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Ip Ying Chau performs both the roles of chairman and chief executive officer, the division of responsibilities between the chairman and chief executive officer is clearly established. The two roles are performed by Mr. Ip Ying Chau distinctly. The Company considers that it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified. Save for the aforesaid, the Board is of the view that the Company has complied with the code provisions as set out in the CG Code from the Listing Date to the date of this report.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the requirements of the Model Code since the Listing Date and up to 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. Cheung Kwok Yan Wilfred (chairman), Mr. Feng Zhidong and Mr. Ho Ho Ming.

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 and requirements as well as the Listing Rules and that adequate disclosures have been made.

Acknowledgement

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

By order of the Board
LEAP Holdings Group Limited
Ip Ying Chau
Chairman and Chief Executive Officer

Hong Kong, 25 November 2015

In the event of any inconsistency, the English text of this report shall prevail over the Chinese text.