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BEAVER GROUP (HOLDING) COMPANY LIMITED

永勤集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8275)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "**Directors**") of Beaver Group (Holding) Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Revenue	*4*	**152,484**	123,019
Cost of sales		**(138,719)**	(116,935)
Gross profit		**13,765**	6,084
Other income, gains/(losses)	*6*	**4,353**	5,265
Administrative expenses		**(14,184)**	(25,280)
Allowance for impairment loss of financial assets, net		**(4,432)**	—
Loss from operations		**(498)**	(13,931)
Finance costs	*7*	**(1,239)**	(567)
Loss before tax		**(1,737)**	(14,498)
Income tax (expense)/credit	*8*	**(669)**	36
Loss for the year attributable to owners of the Company	*9*	**(2,406)**	(14,462)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		**136**	118
Other comprehensive income for the year, net of tax		**136**	118
Total comprehensive income for the year attributable to owners of the Company		**(2,270)**	(14,344)
Loss per share			
Basic and diluted (cents)	*11*	**(0.40)**	(2.79)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**60,489**	57,808
Current assets			
Trade and retention receivables	*12*	**51,229**	32,886
Contract assets		**14,208**	—
Gross amounts due from customers for contract work		—	24,525
Deposits, prepayments and other receivables		**4,336**	12,068
Income tax recoverable		**442**	442
Restricted bank deposits		—	3,000
Bank and cash balances		**15,250**	17,082
Total current assets		**85,465**	90,003
Current liabilities			
Trade and retention payables	*13*	**28,561**	18,619
Gross amounts due to customers for contract work		—	199
Accruals and other payables		**7,408**	10,785
Bank and other borrowings		**25,907**	26,153
Finance lease payables		**765**	535
Current tax liabilities		**301**	450
Total current liabilities		**62,942**	56,741
Net current assets		**22,523**	33,262
Total assets less current liabilities		**83,012**	91,070
Non-current liabilities			
Finance lease payables		**1,750**	848
Deferred tax liabilities		**6,039**	6,548
Total non-current liabilities		**7,789**	7,396
NET ASSETS		**75,223**	83,674
Capital and reserves			
Share capital		**6,000**	6,000
Reserves		**69,223**	77,674
TOTAL EQUITY		**75,223**	83,674

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information in the consolidated statement of financial position is not restated. Details of changes in accounting policies are disclosed in note 3 to the consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 3 January 2017. The address of its registered office is at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108 the Cayman Islands. The address of its principal place of business is Room 1815, 18/F, Tsuen Wan Industrial Centre, 220-248 Texaco Road, Tsuen Wan, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 October 2017.

The Company is an investment holding company. The Group is a construction contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles. The Group also engaged in machinery leasing.

In the opinion of the directors of the Company, as at 31 March 2019, Hunter Corporate Limited ("**Hunter**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and C3J Development Limited ("**C3J**"), a company incorporated in the BVI with limited liability, are the ultimate holding companies and Mr. Chui Koon Yau ("**Mr. Chui**") and Mr. Tang Kwai Leung Stanley, ("**Mr. Tang**") are the ultimate controlling parties of the Company (collectively known as the "**Controlling Shareholders**").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 *Financial Instruments*; and

(ii) HKFRS 15 *Revenue from Contracts with Customers*.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 *Financial instruments*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

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

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

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies:

(a) Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("**FVTOCI**") or fair value through profit or loss ("**FVTPL**"), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognsied in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amoristed cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognsied in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(c) Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and retention receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table summaries the impact on the Group's opening retained earnings as at 1 April 2018:

Retained earnings	*HK$'000*
Recognition of additional expected credit losses on:	
— trade and retention receivables	(1,343)
— contract assets	(67)
Adjustment to retained earnings from adoption of HKFRS 9 as at 1 April 2018	(1,410)

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018.

	Classification under HKAS 39	**Classification under HKFRS 9**	**HKAS 39 carrying amount as at 31 March 2018**	**Reclassification under HKFRS 15**	**HKFRS 9 Remeasurement**	**Adjustment to retained earnings from adoption of HKFRS 15**	**HKFRS 9 carrying amount as at 1 April 2018**
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets							
Trade and retention receivables	Loan and receivables	Amortised cost	32,886	(4,149)	(1,343)	—	27,394
Contract assets	N/A	Amortised cost	—	28,674	(67)	(5,940)	22,667
			32,886	24,525	(1,410)	(5,940)	50,061

Trade and retention receivables and contract assets that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. An increase of HK$1,410,000 in the allowance for impairment of the trade and retention receivables and contract assets was recognised in opening retained earnings at 1 April 2018 on transition to HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 April 2018.

For assets in scope of the HKFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of HKFRS 9 impairment model requirements at 1 April 2018 results in an additional impairment allowance as follows:

	HK$'000
Allowance for impairment loss at 31 March 2018 under HKAS 39	—
Additional allowance for impairment loss recognised at 1 April 2018 on:	
— Trade and retention receivables	1,343
— Contract assets	67
Allowance for impairment loss at 1 April 2018 under HKFRS 9	1,410

HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognsied. It replaced HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies:

Construction contract income

Under HKFRS 15, the Group recognises the revenue from construction contract work when the performance obligation is satisfied over time and measures the progress towards complete satisfaction in accordance with the output method. The measurement of the stage of completion of a contract is established by reference to surveys of work performed. HKFRS 15 includes a new terminology "contract assets" which is defined as an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. If there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognised contract assets.

Set out below is the impact of the adoption of HKFRS 15 on the Group.

The following table summaries the impact on the Group's opening retained earnings as at 1 April 2018:

	HK$'000
Change in timing of contract costs recognition for construction contracts	5,741
Related tax	(970)
Adjustment to retained earnings from adoption of HKFRS 15 on 1 April 2018	4,771

Reclassifications were made as at 1 April 2018 to be consistent with the terminology under HKFRS 15.

Previously, contract balances relating to construction contracts in progress were presented in the statement of consolidated financial statement under "Gross amounts due from customers for contract work" or "Gross amounts due to customers for contract work". To reflect these changes in presentation, the Group has made the following reclassification adjustments at 1 April 2018, as a result of the adoption of HKFRS 15:

Contract assets recognised in relation to construction were previously presented as "Gross amounts due from customers for contract work".

Contract liabilities for progress billing recognised in relation to construction were previously presented as "Gross amounts due to customers for contract work".

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 March 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15	**Hypothetical amounts under HKASs 18 and 11**	**Estimated impact of adoption of HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2019			
Consolidated statement of financial position (extract)			
Gross amounts due from customers for contract work	—	8,680	(8,680)
Contract assets	14,208	—	14,208
Trade and retention receivables	51,229	59,798	(8,569)
Gross amounts due to customers for contract work	—	2,188	2,188
Deferred tax liabilities	6,039	7,019	980
Retained earnings	32,366	32,239	127
For the year ended 31 March 2019			
Consolidated statement of profit or loss (extract)			
Cost of sales	(138,719)	(143,806)	5,087

Revenue arising from ancillary services is recognised when the services are rendered. The adoption of HKFRS 15 does not have a significant impact on when the Group recognised ancillary service income.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2018. These new and revised HKFRSs include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
HKFRS 16 *Leases*	1 January 2019
HK(IFRIC) 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 September 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 16 *Leases*

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in the consolidated financial statement, the Group's future minimum lease payments under non-cancellable operating leases for its office properties and warehouse amounted to HK$881,000 as at 31 March 2019. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

HK(IFRIC) 23 *Uncertainty over Income Tax Treatments*

The interpretation of HKAS 12 *Income Taxes* sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. REVENUE

Disaggregation of revenue from contracts with customers by major service line for the year is as follows:

	2019	2018
Revenue from contracts with customers within the scope of HKFRS 15	***HK$'000***	*HK$'000*
Construction contract income	**131,829**	118,684
Ancillary service income	**2,719**	4,335
Rental income from machinery	**17,936**	—
	152,484	123,019

5. SEGMENT INFORMATION

Operating segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

As the Group is principally engaged in the provision of foundation work, ancillary services and machinery rental in Hong Kong and Macau, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the loss before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 "*Operating Segments*".

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**147,231**	64,296	**60,489**	57,808
Macau	**5,253**	58,723	**—**	—
	152,484	123,019	**60,489**	57,808

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of its revenue is as below:

	2019	2018
	HK$'000	*HK$'000*
Customer 1	**17,399**	N/A[1]
Customer 2	**17,381**	N/A[1]
Customer 3	**N/A[1]**	42,328
Customer 4	**N/A[1]**	19,439

[1] The corresponding revenue did not contribute over 10% of total revenue of the Group.

6. OTHER INCOME, GAINS/(LOSSES)

	2019 *HK$'000*	2018 *HK$'000*
Gain on disposals of property, plant and equipment	**3,928**	4,518
Gain on sales of strips	**315**	—
Interest income	**2**	*
Loss on written-off of property, plant and equipment	**(28)**	—
Machinery rental	**—**	637
Reversal of provision for annual leave	**—**	102
Others	**136**	8
	4,353	5,265

* Represents the amount less than HK$1,000.

7. FINANCE COSTS

	2019 *HK$'000*	2018 *HK$'000*
Interest on:		
— bank and other borrowings	**1,176**	447
— bank overdraft	*****	3
— finance lease	**63**	117
	1,239	567

* Represents the amount less than HK$1,000.

8. INCOME TAX EXPENSE/(CREDIT)

	2019 *HK$'000*	2018 *HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**176**	318
Under-provision in prior years	**32**	54
	208	372
Current tax — Macau Profits Tax		
Provision for the year	**—**	253
	208	625
Deferred tax	**461**	(661)
	669	(36)

Hong Kong Profits Tax has been provided at a rate of 16.5% (2018: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK$2 million will continue to be subject to the tax rate of 16.5%.

No provision for Macau Profits Tax for the year ended 31 March 2019 since the Group has no assessable profit.

Pursuant to the relevant laws and regulations in Macau, the Macau subsidiary is subject to Macau complementary tax at a maximum rate of 12% on the estimated assessable profit for the year ended 31 March 2018.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Allowance for impairment loss of trade and retention receivables		**4,318**	—
Allowance for impairment loss of contract assets		**114**	—
Auditor's remuneration			
— Audit services		**700**	660
— Non-audit services		**210**	210
		910	870
Costs of construction materials	*(a)*	**61,425**	44,034
Depreciation		**15,958**	15,500
Less: Amount included in gross amounts due from customers for contract work		**—**	(2,199)
	(b)	**15,958**	13,301
Gain on disposals of property, plant and equipment		**(3,928)**	(4,518)
Loss on written off of property, plant and equipment		**28**	—
Operating lease charges			
— Land and buildings	*(c)*	**2,944**	2,777
Addition/(reversal) of provision for annual leave		**9**	(102)
Staff costs including directors' emoluments			
— Salaries, bonuses, allowances and other benefits		**32,271**	27,913
— Retirement benefits scheme contributions		**1,069**	896
	(d)	**33,340**	28,809
Listing expenses		**—**	10,369

Notes:

(a) The amounts were included in cost of sales for the year.

(b) The amounts included in cost of sales for the year ended 31 March 2019 and 2018 amounted to HK$15,076,000 and HK$12,374,000 respectively.

(c) The amounts included in cost of sales for the year ended 31 March 2019 and 2018 amounted to HK$2,576,000 and HK$2,244,000 respectively.

(d) The amounts included in cost of sales for the year ended 31 March 2019 and 2018 amounted to HK$25,508,000 and HK$21,285,000 respectively.

10. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2019 (2018: HK$Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	2019	2018
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(2,406)**	(14,462)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**600,000**	518,630

The weighted average number of shares in issue during the year ended 31 March 2018 is based on the assumption that 450,000,000 shares of the Company were in issue, comprising 16,000 shares issued pursuant to the Group Reorganisation and 449,984,000 shares issued pursuant to the capitalisation issue, as if these shares were outstanding throughout the period from 1 April 2017 to 15 October 2017, and 150,000,000 shares issued under the Share Offer on 16 October 2017 (as defined in the prospectus of the Company dated 29 September 2017).

The diluted loss per share is equal to the basis loss per share as there were no dilutive potential ordinary shares in issue for the years ended 31 March 2019 and 2018.

12. TRADE AND RETENTION RECEIVABLES

	Note	2019 HK$'000	2018 HK$'000
Trade receivables	(a)	**46,526**	22,446
Allowance for impairment loss		**(2,198)**	—
		44,328	22,446
Retention receivables *(Note)*	(b)	**10,364**	10,440
Allowance for impairment loss		**(3,463)**	—
		6,901	10,440
		51,229	32,886

Note: Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycles.

(a) The Group receives progress billings from contract customers. The credit terms generally range from 7 to 60 days from the date of billing. Application for progress payment of contract works is made on a regular basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

The ageing analysis of trade receivables, based on the progress payment, and net of allowance for impairment loss is as follows:

	2019 HK$'000	2018 HK$'000
0 to 30 days	**31,361**	9,468
31 to 60 days	**112**	491
61 to 90 days	**3,218**	4,050
Over 90 days	**9,637**	8,437
	44,328	22,446

As of 31 March 2019, trade receivables of HK$11,937,000 (2018: HK$13,797,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follow:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**1,554**	113
31 to 60 days	**962**	4,107
61 to 90 days	**963**	5,754
Over 90 days	**8,458**	3,823
	11,937	13,797

Movement in allowance for impairment loss of trade receivables is as follows:

	HK$'000
At 1 April 2018	—
Effect of adoption of HKFRS 9	46
At 1 April 2018 under HKFRS 9 (restated)	46
Allowance for the year	2,152
At 31 March 2019	2,198

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**42,674**	19,766
MOP	**1,654**	2,680
	44,328	22,446

(b) Upon the adoption of HKFRS 15, some of retention receivables, for which the Group's entitlement to the consideration was conditional on satisfactory completion of the retention period, were reclassified to "Contract assets".

As of 31 March 2019, retention receivables of HK$4,895,000 (2018: HK$2,224,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these retention receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
Up to 3 months	**1,995**	—
Over 3 months and less than 6 months	**—**	887
Over 6 months	**2,900**	1,337
	4,895	2,224

Movement in allowance for impairment loss of retention receivables is as follows:

	HK$'000
At 1 April 2018	—
Effect of adoption of HKFRS 9	1,297
At 1 April 2018 under HKFRS 9 (restated)	1,297
Allowance for the year	2,166
At 31 March 2019	3,463

The carrying amounts of the Group's retention receivables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**4,967**	7,952
MOP	**1,934**	2,488
	6,901	10,440

13. TRADE AND RETENTION PAYABLES

	Note	2019 HK$'000	2018 HK$'000
Trade payables	*(a)*	**27,299**	18,370
Retention payables *(Note)*	*(b)*	**1,262**	249
		28,561	18,619

Note: Retention payables are included in current liabilities as the Group expects to realise these within its normal operating cycles.

(a) The ageing analysis of trade payables, based on the invoice date, is as follows:

	2019 HK$'000	2018 HK$'000
0 to 30 days	**6,590**	3,038
31 to 60 days	**3,420**	5,553
61 to 90 days	**3,431**	5,132
Over 90 days	**13,858**	4,647
	27,299	18,370

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
HK$	**27,299**	18,041
MOP	**—**	329
	27,299	18,370

(b) Retention payables from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

The carrying amounts of the Group's retention payables are denominated in Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing its machinery and the Group possesses all necessary standard plant and machinery and equipment for its construction of bored piles. The Group is also engaged in leasing of machinery.

For the year ended 31 March 2019, the Group recorded a net loss of approximately HK$2.4 million as compared to a net loss of approximately HK$14.5 million for the same year in 2018. The Directors are of the view that the net loss were primarily due to an allowance for impairment of financial assets of approximately HK$4.4 million made during the year. Setting aside the allowance for impairment of financial assets, the Group would record a net profit of approximately HK$2.0 million.

OUTLOOK

The shares of the Company were listed on GEM on 16 October 2017. The Group always strives to improve its operational efficiency and the profitability of its business. The Group will also proactively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders, such as leasing of machinery to improve its machinery utilisation. The net proceeds from the Listing thereby provided financial resources to the Group to meet and implement its business opportunities and strategies which will further strengthen the Group's market position in foundation and site formation works and bored piling works.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2019 was approximately HK$152.5 million, representing an increase by approximately 24.0% from approximately HK$123.0 million for the year ended 31 March 2018, which was primarily attributable to the Group being engaged in larger-scale projects with a total contract sum over HK$20 million, which led a growth of HK$13 million for construction contract income and the Group has expanded its business in leasing of machinery, which generated revenue of approximately HK$17.9 million during the year.

Cost of sales

The Group's cost of sales for the year ended 31 March 2019 was approximately HK$138.7 million, representing an increase of approximately 18.6% from approximately HK$116.9 million for the year ended 31 March 2018, which was primarily due to an increase in direct costs, such as costs of construction materials as a result of the increasing construction activities undertaken by the Group together with implementation of tightened costs control during the year.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2019 were approximately HK$13.8 million, representing an increase of approximately 126.2% from approximately HK$6.1 million for the year ended 31 March 2018. The Group's gross profit margin increased from approximately 4.9% to 9.0% for the year of comparison.

Such increase was primarily contributed by one of the Group's projects undertaken during the year ended 31 March 2019 which was particularly profitable giving rise from the better-than-expected site condition.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2019 were approximately HK$14.2 million, representing a decreased of approximately 43.9% from approximately HK$25.3 million for the year ended 31 March 2018. Administrative expenses consisted primarily of staff costs, advisory fees, legal and professional fee and other administrative expenses. The decrease was mainly attributable to the decrease in non-recurring listing expenses of approximately HK$10.4 million comparing with the year ended 31 March 2018.

Loss for the year

For the year ended 31 March 2019, the Group recorded a loss attributable to owners of the Company of approximately HK$2.4 million as compared to loss attributable to owners of the Company for the year ended 31 March 2018 of approximately HK$14.5 million. The loss attributable to owners of the Company was mainly due to an allowance for impairment of financial assets of approximately HK$4.4 million made during the year. Setting aside the allowance for impairment of financial assets, the Group would record a net profit of approximately HK$2.0 million.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

There has been no change in the capital structure of the Group since the Listing Date. The capital of the Company only comprises ordinary shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank and other borrowings and equity contribution from shareholders.

As at 31 March 2019, the Group had bank and cash balances of approximately HK$15.3 million (2018: HK$20.1 million).

As at 31 March 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK$75.2 million (2018: HK$83.7 million). As of the same date, the Group's total debts, comprising bank and other borrowings and finance lease payables, amounted to approximately HK$28.4 million (2018: HK$27.5 million).

The Directors believe that the Group is in a healthy financial position to expand its business and pursue its business objectives.

BORROWINGS AND GEARING RATIO

As at 31 March 2019, the Group had total debts (summation of bank and other borrowings and finance lease payable) of approximately HK$28.4 million (2018: HK$27.5 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2019, the gearing ratio of the Group, which was defined as the total debts divided by the total equity, was approximately 37.8% (2018: 32.9%).

FOREIGN EXCHANGE EXPOSURE

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions were denominated in Hong Kong dollars and Macau Patacas ("**MOP**"). Although it is currently permitted, the Group cannot assure that MOP will continue to be freely exchangeable into Hong Kong dollars. Also, as the currency market for MOP is relatively small and undeveloped, the Group's ability to convert large amounts of MOP into Hong Kong dollars over a relatively short period may be limited. As a result, the Group may experience difficulty in converting MOP into Hong Kong dollars for the revenue of the Group generated from those foundation contracts in Macau.

The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor closely the exchange rate between MOP and Hong Kong dollars and will make necessary hedging arrangements to minimise its foreign currency exposure arising from foreign currency fluctuation in the future.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CHARGE ON GROUP ASSETS

As at 31 March 2019, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK$20.2 million (2018: HK$4.0 million) and a restricted bank deposits of approximately HK$Nil (2018: HK$3.0 million).

CONTINGENT LIABILITIES

As at 31 March 2019 and 2018, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the year, all the construction projects were covered by the employees' compensation insurance and contractors' all risks insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites. Other than that, the Group had no significant contingent liabilities.

COMMITMENTS

The Group did not have any material capital commitment as at 31 March 2019 (2018: HK$Nil).

The Group is the lessee in respect of office premises, warehouses and car-parks under operating leases. As at 31 March 2019, the Group's total future minimum lease payment under non-cancellable operating leases were approximately HK$0.9 million (2018: HK$1.8 million).

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 5 of this announcement.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year ended 31 March 2019, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. There is no other plan for material investments or capital assets as at 31 March 2019.

INFORMATION ON EMPLOYEES

As at 31 March 2019, the Group had 66 full-time employees working in Hong Kong (2018: 63). The total staff costs, including Directors' emoluments and mandatory provident funds contributions of the Group were approximately HK$33.3 million for the year ended 31 March 2019 (2018: HK$28.8 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees.

PURCHASE, SALE OR REDEMPTION OR LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2019 (2018: HK$Nil).

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 29 September 2017 (the "**Prospectus**") and the announcement dated 10 September 2018 in relation to the change in use of proceeds (the "**Announcement**") with the Group's actual business progress for the period from the Listing Date to 31 March 2019 is set out below:

Business strategies as stated in the Prospectus and the Announcement	**Business objectives up to 31 March 2019 as stated in the Prospectus and the Announcement**	**Actual business progress up to 31 March 2019**
Expansion of the Group's scope of services	Recruit 1 site agent, 1 quantity surveyor and 1 account manager, 2 site engineers and 2 assistant engineers to support the Group's increasing foundation project works and business growth, as well as to support the Group's quarterly reporting after the Listing	The Group has recruited 1 site agent, 1 quantity surveyor, 1 account manager, 2 site engineers and 2 assistant engineers to cope with the business development *(note)*
Expansion of the Group's capacity	Acquire 1 set of oscillator, 1 set of RCD rig and 1 set of piling machine with accessories	The Group has purchased 1 set of RCD rig, 1 set of oscillator and 1 set of piling machine with accessories *(note)*

Note: Save as disclosed in the Announcement, in view of the trend of private development programs and supported by the recently awarded contracts of the Group, the Directors anticipate that the demand for construction of small diameter pre-bored piles will increase in the coming future. Further, with the expansion of the Company's capacity and with the increasing numbers of project sites, the Directors consider that technical staff including site engineers and quantity surveyors become more essential to the Company's operational management team. Hence, in order to utilise the net proceeds from the Listing effectively, the Directors consider that it would be more suitable and practical for the Group to acquire one full set of piling machine with accessories which are used for construction of small diameter pre-bored piles and recruited additional technical staffs instead of acquiring one crawler crane to implement the expansion plans of the Company.

USE OF PROCEEDS

The net listing proceeds from the Listing received by the Company, after deducting underwriting fees and other related expenses, were approximately HK$28.4 million. These proceeds were applied in the manner as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the Announcement.

As at 31 March 2019, the net listing proceeds has been applied and utilised as follows:

	Planned use of net proceeds as stated in the Prospectus and the Announcement up to 31 March 2019 *(HK$ million)*	**Actual use of proceeds up to 31 March 2019** *(HK$ million)*
Expansion of the Group's scope of services	4.3	4.3
Expansion of the Group's capacity	17.3	16.2
General working capital	2.7	2.7
Total	24.3	23.2

The business objectives, future plans and planned use of proceeds as stated in the Prospectus and the Announcement were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus and the Announcement while the proceeds were applied based on the actual development of the Group's business and the industry.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 March 2019, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Following specific enquiries to all the Directors, each of them has confirmed that he has complied with the Required Standard of Dealing and there was no event of non-compliance throughout the year.

EVENTS AFTER THE REPORTING PERIOD

In June 2019, a banking facility up to HK$10,000,000 was granted to a subsidiary of the Company, which was secured by life insurance policies of Mr. Tang and Mr. Chui. Under the life insurance policies, the beneficiary and policy holder is the Company.

AUDIT COMMITTEE

The audit committee of the Company comprising three independent non-executive Directors (the "**Audit Committee**") was established on 22 September 2017. The chairman of the Audit Committee is Mr. Leung Wai Hung, the independent non-executive Director, and other members included Mr. Cheung Chung Chuen George and Mr. Law Ching Ning Paschal, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statement for the year ended 31 March 2019.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on this preliminary announcement.

The Group's annual results for the year ended 31 March 2019 has been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, the Chairman of the Company, Mr. Tang Kwai Leung Stanley, would like to take this opportunity to express his sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to its shareholders and business companies for their continued support.

By order of the Board
Beaver Group (Holding) Company Limited
Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 24 June 2019

As at the date of this announcement, the Board comprises Mr. Tang Kwai Leung Stanley and Mr. Chui Koon Yau as executive Directors; and Mr. Cheung Chung Chuen George, Mr. Law Ching Ning Paschal and Mr. Leung Wai Hung as independent non-executive Directors.

This announcement will remain on the website of Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.beavergroup.com.hk.