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 REPORT 2018

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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, 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 report 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 report misleading.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)*
Mr. Chui Koon Yau

Independent non-executive Directors

Mr. Cheung Chung Chuen George
Mr. Leung Wai Hung
Mr. Law Ching Ning Paschal

BOARD COMMITTEES

Audit Committee

Mr. Leung Wai Hung *(Chairman)*
Mr. Law Ching Ning Paschal
Mr. Cheung Chung Chuen George

Remuneration Committee

Mr. Law Ching Ning Paschal *(Chairman)*
Mr. Leung Wai Hung
Mr. Cheung Chung Chuen George

Nomination Committee

Mr. Cheung Chung Chuen George *(Chairman)*
Mr. Leung Wai Hung
Mr. Law Ching Ning Paschal

COMPANY SECRETARY

Ms. Chu Ka Ying *(resigned on 1 March 2018)*
Ms. Yim Sau Ping *(FCPA) (appointed on 1 March 2018)*

AUTHORISED REPRESENTATIVES

Mr. Tang Kwai Leung Stanley
Ms. Chu Ka Ying *(resigned on 1 March 2018)*
Ms. Yim Sau Ping *(FCPA) (appointed on 1 March 2018)*

COMPLIANCE OFFICER

Mr. Tang Kwai Leung Stanley

COMPLIANCE ADVISER

Frontpage Capital Limited
26th Floor, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

INDEPENDENT AUDITOR

RSM Hong Kong
29th Floor, Lee Gardens Two
28 Yun Ping Road
Causeway Bay, Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

T. S. Chu Lawyers
Room 1003, 10th Floor
Jubilee Centre
46 Gloucester Road
Wanchai, Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1815
Tsuen Wan Industrial Centre
220–248 Texaco Road
Tsuen Wan
Hong Kong[1]

Note 1: with effect from 1 June 2018, the head office and principal place of business in Hong Kong of the Company was changed from Unit 1503, 15th Floor, Peninsula Square, 18 Sung On Street, Hunghom, Kowloon, Hong Kong to Room 1815, Tsuen Wan Industrial Centre, 220–248 Texaco Road, Tsuen Wan, Hong Kong

PRINCIPAL BANKS

Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

8275

COMPANY'S WEBSITE

www.beavergroup.com.hk

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the board (the "**Board**") of Directors, I am pleased to present the first annual report of Beaver Group (Holding) Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2018.

OVERVIEW

The Company has been successfully listed on GEM of the Stock Exchange (the "**Listing**") on 16 October 2017 (the "**Listing Date**"). For the year ended 31 March 2018, the Group recorded a total revenue of approximately HK$123.0 million, representing an increase by approximately 5.5% from approximately HK$116.6 million for the year ended 31 March 2017. The Group recorded a net loss of approximately HK$14.5 million in 2018 as compared to a net profit of approximately HK$5.3 million for the same period in 2017, it was mainly arising from the non-recurring listing expenses. Setting aside the listing expenses, the Group's net loss for 2018 was approximately HK$4.1 million.

PROSPECT

The foundation industry in Hong Kong is quite competitive with the profit margin being under a threat of deterioration in the next few years due to the following: (i) the increase in construction costs and labour costs; (ii) the approval progress of the infrastructure projects funding proposals of the Hong Kong Legislature and the Finance Committee of the Hong Kong Legislative Council remains slow; and (iii) the tender price is facing a downside risk in an excess supply.

In order to tackle with the challenges in the future, the Group will improve its operational efficiency and better the profitability of its business by implementing tightened cost control. The Group is also actively seeking potential business opportunities that can widen the income streams and increase the return of shareholders. The net proceeds from the Listing provide the Group with financial resources to achieve and realize its strategies and attract more business opportunities, which will further enhance the Group's market position in the market of foundation works and site formation projects and bored pile works. Therefore, the Board of Directors is cautiously optimistic about the business prospects of the Group.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to our shareholders and business companies for their continued support.

Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 25 June 2018

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 the construction of bored piles.

For the year ended 31 March 2018, the Group recorded a net loss of approximately HK$14.5 million as compared to a net profit of approximately HK$5.3 million for the same period in 2017. The Directors are of the view that the net loss were primarily due to additional direct costs incurred in a project of relatively large scale located in Macau awarded to the Company after its Listing were greater than originally expected arising from additional work procedures, workers, equipment and time being required to deal with the adjustments made by the customer to tackle with unexpected technical difficulties; unexpected extra costs were incurred due to the delay in work progress of two projects located in Sheung Wan and Kwun Tong resulting from the change of design by the customer or various variation instructed by the employer of the projects and site constraints on the projects; and the non-recurring listing expenses of approximately HK$10.4 million recognised during the year. Setting aside the listing expenses, the Group's net loss for the year ended 31 March 2018 would be approximately HK$4.1 million. In view that the Group has use exerted efforts to diversify the Group's income source and pursue more profitable foundation works projects, such efforts included newly engaged projects in Happy Valley, Tai Kwok Tsui and Kowloon Bay and that the net proceeds from the public offer of the shares of the Company can expand the Group's operational capacity, the Directors are cautiously optimistic about the Group's business outlook.

OUTLOOK

The shares of the Company were listed on GEM on 16 October 2017. The Group always strives to improve its operation 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. The net proceeds from the share offer of the shares of the Company thereby provide financial resources to the Group to meet and achieve its business strategies and attract more business opportunities which will further strengthen the Group's market position in foundation and site formation works and bored piling works.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the more significant risks relating to the business are as follows:

— the Group determines project price based on the estimated time and costs involved in a project, which may deviate from actual time and costs incurred. Inaccurate estimation may adversely affect our financial results;

— the Group's foundation works are exposed to the risk of unexpected geological or sub-soil conditions;

— non-performance, delayed performance, sub-standard performance, non-compliance or unavailability of the Group's subcontractors may adversely affect our operation and profitability; and

— the Group's customers pay us by way of progress payment and require retention money, and there is no guarantee that progress payment would be paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the prospectus of the Company dated 29 September 2017 (the "**Prospectus**").

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2018, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

The details of ESG performance of the Group are set out in the ESG Report on pages 26 to 42 of this report.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

The Group maintains a good relationship with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom success in the Group's production and operation would be at risk.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2018 was approximately HK$123.0 million, representing an increase by approximately 5.5% from approximately HK$116.6 million for the year ended 31 March 2017, which was primarily due to the commencement of a few bored piling projects in Macau which have, in aggregate an initial contract sum of approximately MOP73.7 million and contributed approximately MOP61.4 million revenue during the year.

Costs of sales

The Group's cost of sales for the year ended 31 March 2018 was approximately HK$116.9 million, representing an increase of approximately 21.3% from approximately HK$96.4 million for the year ended 31 March 2017, which was primarily due to an increase in direct costs, such as costs of construction materials and subcontracting charges as a result of the increasing construction activities of the projects undertaken for the period of comparison.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2018 were approximately HK$6.1 million, representing a decrease of approximately 69.8% from approximately HK$20.2 million for the year ended 31 March 2017. The Group's gross profit margin significantly decreased from approximately 17.3% to 4.9% for the period of comparison.

Such decreases were primarily due to the additional direct costs incurred in a project of relatively large scale located in Macau awarded to the Company and the delay in works progress of two projects located in Sheung Wan and Kwun Tong for the year ended 31 March 2018.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2018 were approximately HK$25.3 million, representing an increase of approximately 79.4% from approximately HK$14.1 million for the year ended 31 March 2017. Administrative expenses consist primarily of staff costs, advisory fees, listing expenses and other administrative expenses. The increase was mainly attributable to (i) the non-recurring listing expenses of approximately HK$10.4 million; (ii) increase in advisory fees, such as safety consultation fees; and (iii) increase in staff costs due to the addition of administration staff.

Loss/Profit for the year

For the year ended 31 March 2018, the Group recorded a loss attributable to owners of the Company of approximately HK$14.5 million as compared to profit attributable to owners of the Company for the year ended 31 March 2017 of approximately HK$5.3 million. The loss attributable to owners of the Company was mainly due to the decrease in gross profit and the increase in administrative expenses and the non-recurring listing expenses for the year ended 31 March 2018 as mentioned above. Setting aside the listing expenses, the Group's net loss for the year ended 31 March 2018 would be approximately HK$4.1 million.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares of the Company were successfully listed on GEM of the Stock Exchange on 16 October 2017. There has been no change in the capital structure of the Group since then. 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 2018, the Group had bank and cash balances of approximately HK$20.1 million (2017: HK$2.6 million).

As at 31 March 2018, the Group's total equity attributable to owners of the Company amounted to approximately HK$83.7 million (2017: HK$55.4 million). As of the same date, the Group's total debts, comprising amount due to directors, bank and other borrowings and finance lease payables, amounted to approximately HK$27.5 million (2017: HK$15.8 million).

On the Listing Date, the Company was listed on GEM by way of share offer and completed the share offer of 150,000,000 shares by offer price of HK$0.34 per offer share of the Company. The net proceeds from the Listing amounted to approximately HK$28.4 million. The Directors believe that the Group is in a healthy financial position to expand its business and achieve its business objectives.

BORROWINGS AND GEARING RATIO

As at 31 March 2018, the Group had total debts of approximately HK$27.5 million (2017: HK$15.8 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations

As at 31 March 2018, the gearing ratio of the Group, calculated as the total debts divided by the total equity, was approximately 32.9% (2017: 28.5%).

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong dollars which is the presentation currency of the Group, except for the following:

In February 2017 and November 2017, the Group has been awarded whith three foundation contracts in Macau with an initial contract sum denominated in Macau Patacas ("**MOP**") of approximately MOP73.7 million in total. 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 2018, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK$4.0 million (2017: Nil) and a restricted bank deposits of approximately HK$3.0 million (2017: Nil).

CONTINGENT LIABILITIES

As at 31 March 2018 and 2017, the Group exposed to the liabilities under the Employees' Compensation Ordinance 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 contractor's insurance taken out by the main contractor for the entire construction projects. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction site and the works performed by the employee of the Group in the relevant construction site. Other than that, the Group had no significant contingent liabilities.

COMMITMENTS

The Group did not have any material capital commitment as at 31 March 2018 (2017: Nil).

The Group is the lessee in respect of office premises, warehouses and car-parks under operating leases. As at 31 March 2018, the Group's total future minimum lease payment under non-cancellable operating leases were approximately HK$1.8 million (2017: HK$4.4 million).

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in Note 9 of the consolidated financial statement.

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 2018, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the Group Reorganisation (as detailed in the Prospectus). There is no other plan for material investments or capital assets as at 31 March 2018.

INFORMATION ON EMPLOYEES

As at 31 March 2018, the Group had 63 full-time employees working in Hong Kong (2017: 80). The total staff costs, including Directors' emoluments and mandatory provident funds contributions, of the Group were approximately HK$28.8 million for the year ended 31 March 2018 (2017: HK$31.5 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.

Details of the Company's share option schemes (the "**Share Option Scheme**") is set out in Note 31 to the consolidated financial statement.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2018. (2017: Nil).

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2018 is set out below:

Business Strategies as stated in the Prospectus	Business objectives up to 31 March 2018 as stated in the Prospectus	Actual business progress up to 31 March 2018
Expansion of the Group's scope of services	Recruit 1 site agent, 1 quantity surveyor and 1 account manager 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 used approximately HK$1.2 million for recruiting 1 site agent, 1 quantity surveyor and 1 account manager to cope with the business development.
Expansion of the Group's capacity	Acquire 1 set of crawler crane, oscillator and RCD rig, with cost of approximately HK$12.2 million, HK$5.5 million and HK$4.8 million, respectively	The Group has used approximately HK$4.5 million for purchasing a set of RCD rig.
	Repayment of the new finance lease payables related to the above mentioned machinery acquisition	

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.

As at 31 March 2018, the net listing proceeds has been applied and utilised as follows:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2018 *(HK$ million)*	Actual use of proceeds up to 31 March 2018 *(HK$ million)*
Expansion of the Group's scope of services	1.1	1.2
Expansion of the Group's capacity	9.6	4.5
General working capital	2.7	2.7
Total	13.4	8.4

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

EVENTS AFTER THE REPORTING PERIOD

The Company's principal place of business in Hong Kong has been changed to Room 1815, Tsuen Wan Industrial Centre, 220–248 Texaco Road, Tsuen Wan, Hong Kong with effect from 1 June 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tang Kwai Leung Stanley (湯桂良)

Mr. Tang Kwai Leung Stanley ("**Mr. Tang**"), aged 49, is the executive Director and chairman of the Board responsible for overseeing the corporate strategy, operational management of the Group, and a co-founder of the Group. Mr. Tang attended secondary school education in Hong Kong. Mr. Tang completed a construction safety supervisor course organised by the Construction Industry Training Authority in 1999. He also obtained a trade test certification card for piling operative (bored pile) issued by the Construction Industry Training Authority in 2002, a certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in November 2008 and a certificate for operation of crawler-mounted mobile crane in May 2014.

Mr. Tang has approximately 20 years of experience in construction and foundation work industry. Before establishing Triangular Force Construction Engineering Limited ("**Triangular Force**") in 2008, he accumulated approximately 10 years of experience working for China Overseas (Hong Kong) Limited as a foreman for intermittent periods from October 1994 to December 2007, his last position as a general foreman. He also worked for Hsin Chong (Foundations) Limited as a site foreman from August 2000 to May 2001.

Mr. Chui Koon Yau (徐官有)

Mr. Chui Koon Yau ("**Mr. Chui**"), aged 51, is the executive Director, responsible for overseeing the operational management and quality control of projects of the Group, and a co-founder of the Group. Mr. Chui attended secondary school education in Hong Kong. Mr. Chui is a registered construction worker pursuant to the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong). He obtained a trade test certification card for plant and equipment operator (bored pile) issued by the Construction Industry Training Authority in 2003 and a certificate for operation of crawler-mounted mobile crane in May 2014. Mr. Chui has also obtained several certificates on construction safety including the certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in December 2008.

Mr. Chui has approximately 26 years of experience in construction and foundation work industry. Before establishing Triangular Force in 2008, Mr. Chui worked as a foreman and a crane operator from 1995 to 2000 for various construction or foundation companies. Mr. Chui then worked as a crane operator and a general foreman in Vibro Construction Company Limited from 2000 to 2005, and from 2005 to 2008, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Chung Chuen George (張宗傳)

Mr. Cheung Chung Chuen George ("**Mr. Cheung**"), aged 44, was appointed as the independent non-executive Director on 22 September 2017. He is also the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the audit committee of the Company (the "**Audit Committee**") and remuneration committee of the Company (the "**Remuneration Committee**").

In November 1998, Mr. Cheung obtained a degree of bachelor of laws from City University of Hong Kong. He then obtained a postgraduate certificate in laws from the same university in July 1999. He was admitted as a solicitor of the High Court of Hong Kong in September 2001.

Mr. Cheung has approximately 15 years of experience in legal industry specialising in conveyancing. He worked in a number of law firms throughout the years. He worked for Ng & Shum Solicitors & Notaries in association with D&S Law Firm from August 2002 to January 2005, and Iu, Lai & Li Solicitors & Notaries from January 2005 to September 2006 as an assistant solicitor. He worked at Woo, Kwan, Lee & Lo from October 2006 to July 2008 as an assistant solicitor. Later on, he worked for Allen & Overy from July 2008 to April 2011, his last position held was a senior associate. Mr. Cheung then worked for Kao, Lee & Yip from April 2011 to February 2012, his last position held was an assistant solicitor. He subsequently joined T.K. Tsui & Co., Solicitors as assistant solicitor in May 2012, and was admitted as a partner in August 2012, he left the firm in March 2014. He has been a consultant of Cheung & Yeung, Solicitors from April 2014 to June 2017 and he joined Eversheds Legal Services (Hong Kong) Limited in June 2017.

Mr. Cheung was a tutor that provided conveyancing and probate practice for the postgraduate certificate in laws programme for the City University of Hong Kong from September to December 2017.

Mr. Leung Wai Hung (梁偉雄)

Mr. Leung Wai Hung ("**Mr. Leung**"), aged 50, was appointed as the independent non-executive Director on 22 September 2017. He is also the chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

Mr. Leung holds a Bachelor Degree of Business Administration from The Chinese University of Hong Kong. He is a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He has more than 20 years working experience in various listed companies in Hong Kong mainly engaged in property development including Cheung Kong (Holdings) Limited (now known as CK Hutchison Holdings Limited) (stock code: 001). In addition, he has extensive financial knowledge in initial public offering, merger and acquisition as well as fund raising and is familiar with the business environment of both Hong Kong and the Mainland China.

Mr. Leung also has much experience in real estate investment trust ("**REIT**"). He participated in the IPO setup of the first private sector REIT, Prosperity REIT (stock code: 808) in Hong Kong in 2005 and worked for the manager of Fortune REIT (stock code: 778) as a Finance Director from 2011 to 2012. Fortune REIT was dually listed in both Hong Kong and Singapore.

Mr. Leung is currently the Financial Controller of Shougang Concord International Enterprises Company Limited (stock code: 697), a stated-owned enterprise and a member of Shougang Group Co., Limited. Shougang Group Co., Limited is one of the top 10 steel producers in the world. Mr. Leung has joined this company since 2013. He has also been the independent non-executive director of Fineland Real Estate Services Group Limited (stock code: 8376), a company listed on GEM of the Stock Exchange since October 2017.

Mr. Law Ching Ning Paschal (羅政寧)

Mr. Law Ching Ning Paschal ("**Mr. Law**"), aged 48, was appointed as the independent non-executive Director on 22 September 2017. He is also the chairman of the Remuneration Committee and the member of the Audit and Nomination Committees.

Mr. Law obtained a degree of bachelor of science (architecture) and a degree of bachelor of architecture from The University of Sydney in June 1992 and in June 1995, respectively. Mr. Law is currently an authorised signatory of Law Chi Yip Construction Company Limited.

Mr. Law has approximately 20 years of experience in the architectural and construction industry. He worked for Law Chi Yip Construction Company Limited as an assistant manager in January 1997 and was promoted to a project manager in July 2000 and acted as the project-incharge for a number of projects from 2002 onwards. Mr. Law started working at LCY Design Limited as a director since December 1996.

SENIOR MANAGEMENT

Mr. Leung Ping Kei (梁炳基)

Mr. Leung Ping Kei ("**Mr. Leung**"), aged 47, joined the Group in July 2013 as foreman and was appointed as superintendent on 22 September 2017. He is responsible for the supervision and construction of bored piles in various projects. Mr. Leung obtained a certificate in civil engineering studies from the Hong Kong Institute of Vocational Education in September 1999. He also completed a 42-hour part-time construction safety supervisor course held by the Construction Industry Training Authority in August 2004.

Mr. Leung has more than 28 years of experience in the civil and foundation construction industry. He first got into the industry in 1989 through working for Gammon Construction Limited as chainman and ganger until 1992. He then worked for Leighton Construction Limited from 1992 to 1993 as a ganger. He then worked at Campenon Bernard SGE & Franki JV as an assistant surveyor from 1994 to 1997. Later on, he worked for Hsin Chong (Foundations) Limited as an assistant surveyor and an assistant foreman from March 1997 to April 2002. From December 2002 to April 2009, he worked for China State Construction Engineering (Hong Kong) Limited as a foreman. He was then employed by Granbo Construction Company Limited from October 2009 to February 2012 as a site foreman. Immediately prior to joining the Group, he worked for Chun Wo Foundations Limited during the period from February 2012 to June 2013 as a senior foreman.

Mr. Lau Jeff Tak Wai (劉德威)

Mr. Lau Jeff Tak Wai ("**Mr. Lau**"), aged 44, joined the Group on 15 August 2016 as a deputy general manager and was appointed as a general manager on 22 September 2017. He was responsible for the business development, tendering process and daily operation of the Group. He was appointed as a director of Triangular Force in August 2016 and is currently acting as the technical director and authorised signatory of Triangular Force under the Buildings Ordinance (Cap. 123).

Mr. Lau graduated with a degree of bachelor of engineering in civil engineering from the University of South Australia in May 1998 and subsequently obtained a degree of master of arts in transport policy and planning from The University of Hong Kong in December 2002 and a degree of master of business administration from The Chinese University of Hong Kong in December 2010. Mr. Lau is registered as a chartered professional engineer in the area of civil engineering in the National Engineering Register of Australia. He has also been elected as a member of The Institution of Engineers, Australia since November 2002 and a chartered member of The Chartered Institute of Logistics & Transport, Hong Kong since December 2002. Mr. Lau was elected as a chartered professional engineer member of The Institution of Engineers Australia in February 2013.

Mr. Lau has more than 19 years of extensive experience in civil and foundation engineering in Hong Kong. From January 1998 to October 1998, Mr. Lau worked for Proficiency Equipment Limited as a civil engineer. He then worked for Kowloon-Canton Railway Corporation from November 1998 to May 2000 as an engineering officer and has obtained a letter of commendation in recognition of his outstanding performance at work. From November 2000 to November 2001, Mr. Lau worked as a site engineer for Chun Wo — Henryvicy — China Railway Construction Corporation — Queensland Rail Joint Venture. He then went back to Kowloon-Canton Railway Corporation to work as an assistant engineer from December 2001 to December 2003. Mr. Lau worked for Chun Wo Construction & Engineering Co., Ltd ("**Chun Wo**"), a wholly-owned subsidiary of Asia Allied Infrastructure Holdings Limited (formerly known as Chun Wo Development Holdings Limited) (stock code: 711), as a senior engineer from May 2004 to May 2007. He then worked for Proficiency Net Limited as a marketing manager from May 2007 to February 2010. Mr. Lau then went back to Chun Wo during the period from May 2010 to July 2016, his last position held was the project manager of the company. He acted as the authorised signatory of Chun Wo Foundations Limited, another wholly-owned subsidiary of Asia Allied Infrastructure Holdings Limited, under the Buildings Ordinance (Cap. 123) from April 2016 to July 2016 and the authorised signatory for the Hong Kong Housing Authority foundation contract.

Mr. Au-Yeung Chi Kong (歐陽智剛)

Mr. Au-Yeung Chi Kong ("**Mr. Au-Yeung**"), aged 49, joined the Group in February 2016 as operation director (construction) and was appointed as general manager on 22 September 2017. He is currently responsible for the day to day management and safety of the projects of the Company. Mr. Au-Yeung obtained a higher diploma in civil engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in October 1992. He then obtained a degree of master of science in construction project management from the University of Greenwich in the United Kingdom in March 2003. He was admitted as an associate member of the Hong Kong Institution of Engineers in December 1997.

Mr. Au-Yeung has approximately 25 years of experience in engineering and construction project management. Prior to joining the Group, Mr. Au-Yeung worked as a project manager and a site agent for various projects under his employments with different companies. Mr. Au-Yeung first got into the industry in July 1992 through working for Goldford Engineering Limited as an assistant engineer. He worked there until September 1994, he then worked for Cleveland Structural Engineering (Hong Kong) Limited as a site engineer from September 1994 to March 1995. Later on, he worked for Kier — SFK Joint Venture as a site engineer from April 1995 to June 1996. He then worked for C M Wong & Associates Limited as a site engineer from July 1996 to June 1998. From June 1998 to October 2001, Mr. Au-Yeung worked for Gammon Construction Limited as a project engineer. He then worked for China State Construction Engineering Limited from November 2001 to October 2008, his last position held was a site agent. Later on, he worked for Chun Wo Foundations Limited as a site agent from October 2008 to January 2009 and China International Fund Limited as a project manager from February 2009 to January 2010. Prior to joining the Group, he served as a project manager in Bachy Soletanche Group Limited from January 2010 to February 2016.

COMPANY SECRETARY

Ms. Yim Sau Ping (嚴秀屏)

Ms. Yim Sau Ping ("**Ms. Yim**"), aged 35, prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (stock code: 1246), now known as Bom Healthcare Holdings Limited, a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (stock code: 8326), a company listed on GEM, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of five companies listed on the Stock Exchange.

Ms. Yim obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. She has accumulated more than 10 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.

INTRODUCTION

The Company is committed to achieving and maintaining high standards of corporate governance as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

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 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 adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. During the year, 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 for dealing in securities of the Company by the Directors (the "**Required Standard of Dealing**"). Following specific enquiries to all the Directors, each of them has confirmed that he has complied with the Required Standard of Dealing during the year.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically their work and business decisions to the Board.

Board Composition

The composition of the Board as at this annual report is set out as follows:

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)* Note 1	(Appointed on 3 January 2017)
Mr. Chui Koon Yau Note 2	(Appointed on 13 March 2017)

Independent Non-executive Directors

Mr. Cheung Chung Chuen George	(Appointed on 22 September 2017)
Mr. Leung Wai Hung	(Appointed on 22 September 2017)
Mr. Law Ching Ning Paschal	(Appointed on 22 September 2017)

Note 1: Mr. Tang was appointed as a Director on 3 January 2017 and was re-designated to be the executive Director and the Chairman on 22 September 2017.

Note 2: Mr. Chui was appointed as a Director on 13 March 2017 and was re-designated to be the executive Director on 22 September 2017.

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 12 to 16 of this annual report.

The proportion of which is higher than what is required by Rule 5.05A, 5.05(1) and (2) of the GEM Listing Rules whereby independent non-executive Directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role on the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in rule 5.09 of the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Director and each of the independent non-executive Director has entered into a service contract or letter of appointment with the Company on 22 September 2017. The service contracts with the executive Directors and letters of appointment with the independent non-executive Directors are for an initial term of three years. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the articles of association of the Company and the applicable GEM Listing Rules.

According to Article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the memorandum and articles of association of the Company provides that any Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Each of Mr. Tang, Mr. Chui, Mr. Cheung, Mr. Leung and Mr. Law will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 27 August 2018. Each of them, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to proposed re-election of Mr. Tang and Mr. Chui as executive Directors and Mr. Cheung, Mr. Leung and Mr. Law as independent non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Tang is the chairman of the Board who is primarily responsible for managing the Board. Mr. Tang also chairs the Board meetings and briefs the Board members on the issue arising at the Board meetings. During the year, the Company did not name any officer with the title "Chief executive officer". The Directors are supported by the senior management in the day-to-day management of the Group's business.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the year ended 31 March 2018, the Company has provided and all Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.beavergroup.com.hk . All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 22 September 2017. The chairman of the Remuneration Committee is Mr. Law, an independent non-executive Director, and other members included Mr. Cheung and Mr. Leung, the independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2018. No Director or any of his associates were involved in deciding his own remuneration.

NOMINATION COMMITTEE

The Nomination Committee was established on 22 September 2017. The chairman of the Nomination Committee is Mr. Cheung, an independent non-executive Director, and other members include Mr. Law and Mr. Leung, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against an objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

AUDIT COMMITTEE

The Audit Committee was established on 22 September 2017. The chairman of the Audit Committee is Mr. Leung, the independent non-executive Director, and other members included Mr. Cheung and Mr. Law, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange website and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members of non-executive directors only and the majority of the members of the audit committee being independent non-executive directors and chaired by an independent non-executive director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are 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 Group's consolidated financial statements for the year ended 31 March 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2018 complied with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

Subsequent to the reporting period, one meeting of each Audit Committee, Nomination Committee, Remuneration Committee and the Board were held on 25 June 2018. The forthcoming annual general meeting will be held on 27 August 2018.

The information below are details of all Directors' attendance at the Board meeting and Board committees' meeting held from the Listing Date to 31 March 2018:

	Board Meeting	**Audit Committee Meeting**
	Number of Meetings Attended/Held	
Executive Directors		
Mr. Tang Kwai Leung Stanley	4/4	
Mr. Chui Koon Yau	4/4	
Independent non-executive Directors		
Mr. Cheung Chung Chuen George	4/4	2/2
Mr. Leung Wai Hung	4/4	2/2
Mr. Law Ching Ning Paschal	4/4	2/2

For the year ended 31 March 2018, no annual general meeting was held as the Company was newly listed on 16 October 2017. No Nomination Committee and Remuneration Committee meetings were held since the Listing Date to 31 March 2018.

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

The Company has engaged an external service provider, which assigned Ms. Yim Sau Ping as its Company Secretary in replacement of Ms. Chu Ka Ying with effect from 1 March 2018. Ms. Yim possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Mr. Tang Kwai Leung Stanley, an executive Director of the Company is the primary contact person who Ms. Yim contacts.

For the year ended 31 March 2018, Ms. Yim had taken no less than 15 hours of relevant professional training to develop her skills and knowledge. The biographical details of Ms. Yim is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

AUDITOR'S REMUNERATION

RSM Hong Kong is appointed as the external auditor of the Company, the fee paid and payable in respect of audit services and non-audit services amounted to approximately HK$660,000 and HK$1,990,000 respectively for the year ended 31 March 2018.

SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interest and rights is to separate resolutions proposed at the shareholders' meeting on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") pursuant to Article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Articles for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organizational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's asset at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

— Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

— Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence; and

— Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2018 and considered that they are effective and adequate. The Board assessed the effectiveness of the internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2018 as required under CG Code C.2.5. The Audit Committee and the Board, has considered the internal control review report prepared by an independent consultancy company and communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has an adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) Corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.beavergroup.com.hk;

(ii) Periodic announcements are made through the Stock Exchange and published on the respective website of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website;

(iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange view with the Directors and senior management; and

(v) The Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong for the attention of the Board.

Since the Listing Date, there was no change to the Company's memorandum and articles of association.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PREAMBLE

As one of the prominent foundation contractors in Hong Kong and Macau, especially in the realm of bored piling construction, Beaver Group (Holding) Company Limited (the "Company") and its subsidiaries (collectively, the "Group") stringently adhere to their environmental and social responsibilities.

The Group has developed its sustainability strategy with aims to continue to lower the Group's impact on the environment. To carry out the sustainability strategy from top to bottom, the Group has established dedicated teams to manage environmental, social, and governance ("ESG") related issues, and the Board of Directors (the "Board") of the Company has ultimate responsibility for ensuring the effectiveness of its environmental, social and governance ("ESG") policies. The Group is committed to constantly reviewing and adjusting its sustainability policies to satisfy the ever-changing needs of its stakeholders. Details of the Group's management approach in both environmental and social aspects can be found throughout this ESG Report (the "Report"). The Group believes that a sustainable, resilient and reliable stewardship and development is essential to the Group's long-term success.

This ESG Report is prepared in compliance with the ESG Reporting Guide as set out in Appendix 20 to the GEM of The Stock Exchange of Hong Kong Limited's website.

REPORTING PERIOD AND SCOPE OF THE REPORT

This Report covers the environmental and social performance within defined operational boundaries of the Group, which only include the business of bored pile construction in Hong Kong and Macau. The reporting period is the Group's financial year dating from 1 April 2017 to 31 March 2018 ("FY2018"), unless specifically stated otherwise. This Report is prepared in both English and Chinese, and has been uploaded to the Group's website at http://www.beavergroup.com.hk as part of the Group's annual report. If there is any conflict or inconsistency, the English version shall prevail.

INFORMATION DISCLOSURE

The information in this ESG Report was gathered through numerous channels, including official documents and statistics of the Group, the integrated information of supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices provided by the subsidiaries of the Group. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity.

STAKEHOLDERS ENGAGEMENT

With the goal to strengthen the sustainability approach and performance, the Group has put tremendous efforts into its internal and external stakeholders inclusiveness. The Group highly values the feedback from its stakeholders and takes initiative to build a trustful and supporting relationship with them through their preferred communication channels listed in the table below.

Table 1 Communication with Stakeholders

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	– Compliance with laws and regulations – Support economic development	– Supervision on complying with local laws and regulations – Routine reports and taxes paid
Shareholders	– Return on investments – Corporate governance – Business compliance	– Regular reports and announcements – Regular general meetings – Official website
Employees	– Employees' compensation and benefits – Career development – Health and safety working environment	– Performance reviews – Regular meetings and trainings – Emails, notice boards, hotline, caring activities with management
Customers	– High quality products and services – Protect the rights of customers	– Customer satisfaction survey – Face-to-face meetings and on-site visits – Customer service hotline and email
Suppliers	– Fair and open procurement – Win-win cooperation	– Open tendering – Suppliers' satisfactory assessment – Face-to-face meetings and on-site visits – Industry seminars
General public	– Involvement in communities – Business compliance – Environmental protection awareness	– Media conferences and responses to enquiries – Public welfare activities – Face-to-face interviews

Materiality Assessment

The Group undertakes annual review in identifying its stakeholders' main concerns and material interests for the ESG Report. In FY2018, the Group engaged its stakeholders to conduct a materiality assessment survey. Specifically, internal and external stakeholders were selected based on their influence and dependence on the Group, and then invited to express their views and concerns on a list of sustainability issues via an online survey. The Group was able to prioritise the issues for discussion. The outcome from the materiality assessment survey was mapped and presented below.

Stakeholder Engagement Materiality Matrix

1 Air and greenhouse gas emissions
2 Sewage treatment
3 Land use, pollution and restoration
4 Solid waste treatment
5 Energy use
6 Water use
7 Use of other raw/packaging materials
8 Mitigation measures to protect natural resources
9 Composition of employees
10 Employee remuneration and benefits
11 Occupational health and safety
12 Employee development and training
13 Preventing child and forced labour
14 Suppliers by geographical region
15 Selection of suppliers and assessment of their product/services
16 Environmental protection assessment of the suppliers
17 Social risks assessment of the suppliers
18 Procurement practices
19 Health and safety relating to products/services
20 Customer satisfaction
21 Marketing and promotion
22 Observing and protecting intellectual property rights
23 Product quality control and management
24 Protection of consumer information and privacy
25 Labelling relating to products/services
26 Preventing bribery, extortion, fraud and money laundering
27 Anti-corruption policies and whistle-blowing procedure
28 Understanding local communities' need
29 Public welfare and charity

The Group built a materiality analysis matrix and prioritised the 29 sustainability issues accordingly. With respect to this ESG Report, the Group identified 'Mitigation measures to protect natural resources' as the issue of the highest importance to both the Group and its stakeholders. This survey has helped the Group to accurately prioritise its sustainability issues and highlight the most important matters, so as to align them with stakeholders' expectations.

ENVIRONMENTAL SUSTAINABILITY

The Group is committed to the long-term sustainability of the environment and the community where it operates. The Group is prudent in controlling its emissions and consumption of resources, and complies with all relevant environmental laws and regulations in Hong Kong and Macau during its daily operations, including but not limited to Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong), Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong), Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong), Environmental Impact Assessment Ordinance (Cap. 499), Macau Environmental Law (2/91/M), Decree Law no. 54/94/M in Macau, and Decree Law no. 46/96/M in Macau. All offices and construction sites of the Group have implemented effective energy conservation measures to reduce emissions and resource consumption.

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2018.

A.1. Emissions

The Group has complied with all relevant local environmental laws in terms of emissions from construction sites set out in the Hong Kong and Macau. In FY2018, the Group found no disregard to influential laws relevant to air and greenhouse gas ("GHG") emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise. It has been included in the Group's policy to reduce the impacts of emissions on the environment through measures such as control of the Group's energy consumption.

Given the nature of the Group's business scope, the air emissions of sulphur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM") are mainly from fuel combustion process of machineries and equipment at construction sites. In FY2018, the air emissions of sulphur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM") from vehicles amounted to 0.95, 10.11 and 1.00 kg. Greenhouse gases ("GHGs") are a major contributor to climate change and are strictly governed by the United Nations (UN) 'Framework Convention on Climate Change' and the subsequent UN 'Kyoto Protocol'. GHG emissions from bored piling works are primarily due to the large amount of fuel consumption during operations. The Group's total GHG emissions amounted to 3,440 tonnes CO_2e, with an intensity of 53.75 tonnes CO_2e/employee. Other than GHG emissions, the Group also generated non-hazardous solid wastes and wastewater from both administration offices and construction sites. Specifically, a total of 21,032 tonnes of non-hazardous solid wastes (with an intensity of 328.62 tonnes/employee), and 54,139 tonnes of non-hazardous wastewater (with an intensity of 845.92 tonnes/employee) were discharged in its operations during the year under review. In FY2018, the Group did not generate any hazardous solid waste or wastewater during its daily operations. The Group's total emissions are summarised in Table 2 below.

Table 2 Group's Total Emissions by Category in FY2018

	Emissions	Unit	Amount	Intensity* (Per employee)
Air emissions	SOx	Kg	0.95	0.01
	NOx	Kg	10.11	0.16
	PM	Kg	1.00	0.02
GHG emissions	Scope 1 (Direct Emission)	tonnes CO_2e	3,436.39	53.69
	Scope 2 (Energy Indirect Emission)	tonnes CO_2e	4.06	0.06
	Total (Scope 1 & 2)	tonnes CO_2e	3,440.45	53.76
Non-hazardous waste	Solid Waste	tonnes	21,032	328.63
	Wastewater	tonnes	54,139	845.92

* Intensity = amount ÷ annual average workforce of the Group

Air & GHG Emissions

Air and GHG emissions generated by the Group mainly come from the use of gasoline, diesel and electricity by power machineries and heavy vehicles for operation and transportation purposes. The Group has set up internal policies, further described in the next subsection under **Electricity** and **Energy**, to reduce the air and GHG emissions.

Wastewater

Bored Pile Construction Business

The Bored Piling Construction Business generates boring and drilling sewage. The Group deploys wastewater treatment facilities on site to treat the sewage and makes sure it meets the conditions of Water Pollution Control Ordinance (WPCO) license prior to discharging process. Also, experimental tests on chemical properties such as pH levels are conducted to ensure that the discharging wastewater meets the required criteria. Specifically, to lower the wastewater impact on the environment, especially the quality of ocean and its biodiversity, a sedimentation tank for wastewater treatment has been set up to treat the muddy water from boring and drilling process, during which chemicals such as coagulant has been adopted to enhance sedimentation efficiency. The Group has been licensed for the discharge of wastewater from construction site to the natural water bodies and all discharges have been strictly monitored and controlled in order to comply with the terms and conditions of a valid Water Pollution Control Ordinance (WPCO) licence.

Office

The wastewater generated from the office is the domestic wastewater, of which the amount is quite negligible. The wastewater is directly discharged into the building sewerage network and handled by the property management of the building. Since the amount of wastewater generated highly depends on the amount of water used, the Group has adopted specific measures, further described in the next subsection under **Water**, to reduce its water consumption.

Solid Wastes

Bored Pile Construction Business

The Construction Business generates excess mud in its daily operations. The Group has complied with the Waste Dispose Ordinance when disposing excess mud and other construction wastes. Certified waste collector would transport the mud and other construction wastes (e.g. gravels) to specific landfills for disposal or other construction sites for reuse. Certain land excavation waste is directly transported to backfill where in need. The recyclable wastes are normally collected altogether and then transferred to recycling station for reuse.

Office

The solid waste generated by the Group in offices is mainly domestic solid waste from staffs. To efficiently manage the waste, the Group uses centralised garbage can for collection of waste, which will then be handled by the property management of the building, and finally disposed of by specific municipal department.

The Group is committed to environmental protection in offices. In order to reduce the amount of municipal solid waste generated every day, the Group has implemented the following practices:

- Recycle as much solid waste as possible through classification process;
- Educate all employees on reducing the use of disposable items such as plastic tableware;
- Purchase microwaves in offices to encourage employees to take lunch boxes by themselves instead of ordering take-away food, which could largely reduce the waste of food packages;
- Advocate the reusing of office stationeries; and
- Provide glass cups to clients and guests instead of disposable ones.

Noise

Noise generated by the Group mainly comes from the operation of machineries and equipment during bored pile construction process. The Group is in strict compliance with the Noise Control Ordinance and only uses certain equipment within the permitted time period. The Group has installed noise reducing facilities to mitigate the effect of noise to the surroundings. For instance, the construction noise barrier is widely adopted in the construction site to reduce the noise in an effective way. What is more, to further control the source of noise, the group purchases the equipment with QPME Label, which benchmarks construction equipment items that are new, notably quieter, more environmentally friendly and efficient.

A.2. Use of Resources

In FY2018, resources consumed by the Group were electricity, gasoline, diesel, water, and paper. Given the business nature, the Group did not use any packaging materials. Table 3 illustrates the amount of use of resources in the Group during the year under review.

Table 3 Total Resource Consumption in FY2018

Resource Category	Item	Unit	Amount	Intensity (Per Employee)
Energy consumption	Electricity	KWh	7,515	117.42
	Gasoline	litres	64,550	1008.59
	Diesel	litres	1,187,340	18552.19
	Acetylene	tonnes	17.5	0.27
Water consumption	Water	m^3	62,871	982.36
Paper consumption	Paper	Kg	8,410	131.41
Raw materials	Steel	tonnes	1,540	24.06
	Concrete	tonnes	485	7.58

Bored Pile Construction Business

Electricity

The electricity consumption of Bored Pile Construction Business mainly comes from the operation of electrical equipment and device at construction sites. All construction sites of the Group stringently have complied with relevant regulations and the Group's policy of saving electricity. To ensure effective use of electricity, the Group has conducted the following practices:

- Turn off all lights, electronics and other power consumption equipment at the end of the day;
- Switch off all idle lights and air conditioners (e.g. most electrical equipment will be turned off during lunch time;
- Place 'Save electricity and turn off the light when you leave please' posters to encourage workers to conserve energy;
- Replace high electricity consumption lamps with efficient lamps for office lighting;
- Install timers connecting all the electrical equipment in the public area, in order to turn off all the equipment at certain period altogether;
- Clean office equipment at construction sites (such as air conditioner and paper shredder) regularly to maintain high efficiency;

- Modify the set temperature of air conditioners in the office based on the season;
- Adopt equipment and machineries with 'Energy-Efficiency' labels for construction operating process; and
- Educate workers in construction sites regularly on the importance of energy conservation.

Energy

This business segment consumes gasoline and diesel for its vehicles and machineries. The Group is committed to reducing the use of fossil fuel for transportation purpose. The Group encourages its employees to take public transports instead of driving to work, and utilise the electronic device for e-meetings to avoid unnecessary travelling. Most importantly, the group has purchased and adopted machineries that are approved with the Green Label by Environmental Protection Department of Hong Kong under the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation.

Water

The construction business segment pays great attention to water conservation in the daily operation and in FY2018, the Group did not face any problem in sourcing water. Specifically, the Group often organises formal meetings delving into more advanced and effective ways of saving water in all construction sites. Moreover, all construction sites are incentivised to reuse the wastewater as much as possible. To further improve the utilisation efficiency of water resources, the Group has adopted the following practices:

- Place "Saving Water Resource" posters in prominent places to encourage water conservation;
- Fix dripping taps immediately and avoid further leakage of the water supply system;
- Shut off the water supply system at night and during holidays;
- Strengthen the inspection and maintenance on water tap, water pipelines and water storage;
- Require employees to strictly comply with company's water saving policy; and
- Advocate the importance of saving water among employees.

Office

The office of the Group mainly consumes electricity, water and paper for its daily operations. Similar to the Bored Pile Construction Business, the staffs in the office are also committed to conserving the energy, water resources and materials as much as possible by taking effective steps from various aspects.

Electricity

To greatly mitigate the consumption of electricity so as to help diminish its GHG emissions, the Group has embedded the slogan of 'Saving Electricity' into its business strategy and particularly implemented the following practices:

- Switch off all idle lights and air conditioners;
- Place 'Save electricity and turn off the light when you leave please' posters to encourage workers to conserve energy;
- Replace lamps that consume large amounts of electricity with more efficient LED bulbs for office lighting;
- Regulate the staffs to turn off all laptops and computers after work;
- Clean office equipment (such as refrigerator, air conditioner, paper shredder) regularly to maintain high efficiency; and
- Encourage all employees to open curtains and utilise the natural sunlight for lighting in the office when possible.

Water

The employees in the office also put great emphasis on water conservation. Apart from regular seminars on water preservation for staffs, the Group encourages everyone working in the office to reduce the amount of flushing water in a proper way. The Group strives to gradually instill the principle of 'Saving Water' to every employee during their daily lives and work.

Paper

One of the main natural resources consumed by the Group is paper from its office printing machines. To minimise the use of paper, the Group has put great efforts into the implementation of following policies:

- Choose suppliers with more environmentally-friendly paper source, so as to indirectly reduce the amount of tree losses while consuming the same amount of paper;
- Promote paperless office, and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;
- Set duplex printing as the default mode for most network printers when printouts are needed;
- Disseminate the idea of "Think before print" by using posters and stickers in offices to remind the staff of avoiding unnecessary printings;
- Reconsider boxes and trays as containers beside photocopier to collect single-sided paper for reuse and recycling;
- Use the back of old single-sided documents for printing or as draft paper; and
- Recycle used stationery whenever possible.

A.3. The Environment and Natural Resources

In FY2018, the impact the Group has exerted on the environment was minimal due to its unremitting efforts to create a resource-saving and environmentally-friendly corporation. The emissions of exhaust gas and GHG, solid waste, wastewater and noise are all in conformity with environmental laws and regulations. To further eliminate its possible impact on the environment, the Group has implemented more innovative and effective policies in daily operations. For instance, the Group compares and prioritises its selection of piling machines and other machineries for foundation works in terms of their energy consumption, air and GHG emissions, and most importantly, the compliance with relevant environmental regulations set out by Environmental Protection Department of the Government of Hong Kong Special Administration Region, such as non-road mobile machineries (NRMMs). Moreover, the Group encourages its employees to lower the frequency of car use and try to take public transport instead of private cars, thereby to large extent reducing the individual footprint and corporate carbon emissions. The education of environmental protection is also a significant aspect to which the Group pays great attention. The Group is committed to cultivating the good habits of diligence and frugality in terms of the use of natural resources among its employees through poster education and regular lectures.

Among all the emissions mentioned above, the Group's major impact on the environment was the direct GHG emissions from the consumption of diesel at construction sites for industrial operations. To minimise its GHG emissions, which are always connected with the precursor of global climate change, the Group strictly monitors, manages and improves its business model and relies on the efficient usage and control of natural resources to ultimately implement its sustainability strategy and values. Through a series of measures on saving electricity, water, diesel, gasoline and paper products that have been introduced above, the Group has made a significant progress towards the building of a reliable, resilient and sustainable corporation that pioneers in the industry of foundation construction.

SOCIAL SUSTAINABILITY

Employment and Labour Practices

B.1. Employment

The Group treasures employee's talent and sees it as the key in driving the success and maintaining the sustainable development of the Group. The Group strives to provide its employees with a safe and suitable platform for developing their career, professionalism and advancement.

Law compliance

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in Hong Kong and Macau, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), and Law no. 21/2009 (Law for the employment of non-resident workers) (Macau). The human resources department of the Group and its subsidiaries are responsible for reviewing and updating the relevant company policies on a regular basis in accordance with the latest laws and regulations.

Recruitment and promotion

The Group adopts a set of transparent and clear procedures to conduct its annual recruitment plan, aiming to live up to "Openness, Fairness, Transparency, Standardisation" (公開、公平、透明、規範) in every detail. To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspirations. The Group also references market benchmarks in determining its remuneration and benefit policies. As talent retention is vital to the sustainable business development, the Group constantly reviews its compensation packages and performs probationary and regular evaluations on the employee's capability and performance in the past. This ensures that all employees can be recognised by the Group appropriately with respect to their efforts and contributions.

Compensation and dismissal

Any appointment, promotion or termination of recruitment contract should be based on reasonable, lawful grounds and internal policies, such as staff handbooks. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have poor working performance or constantly make mistakes, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite making the same mistakes repeatedly, the Group would dismiss the person according to relevant laws in Hong Kong.

Working hours and rest periods

The Group has formulated its policy based on local employment laws for determining enough working hours and rest time for employees. Specifically, the Group has installed the attendance management system that could keep monitoring its employee's working hours, and compensate those who work overtime with overtime pay or additional days off. In addition to basic paid annual leave and statutory holidays stipulated by the employment laws of the local governments, employees are also entitled to additional leave benefits such as marriage leave, maternity leave and compassionate leave.

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. In other words, training and promotion opportunities, dismissals and retirement policies are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related elements in all business units of the Group. Meanwhile, the equal opportunity policy allows zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations, such as Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong). Employees are highly encouraged to report any incidents involving discrimination to the human resources department of the Group. The Group will then take responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions on such incidents.

Other benefits and welfare

The Group provides employment injury insurance for its employees. What is more, the Group arranges travelling benefits for its employees and their families. Other benefits provided by the Group every year include Fitness subsidy for employees to work out in the gym, and Examination subsidy and vacation for external training. During some traditional Chinese festivals, employees may also receive extra bonuses and gifts. The Group firmly believes that the sense of belonging is what allows employees to feel like they can be their authentic selves, and fostering this sense of belonging for employees will bring the Group a long-term competitiveness and success. Apart from that, the Recreational Committee established by the Group will organise special events for employees on a regular basis. In FY2018, for instance, the Group held a 10th anniversary dinner for employees. During Christmas, a special lunch party was arranged for all employees to enjoy the exciting moment.

During the year under review, the Group was in full compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

The Group believes that health and safety at work involves both the prevention of harm, and the promotion of employees' well-being. To provide and maintain a safe, clean and environmentally-friendly working condition for employees, the Group has established strict safety and health policies, such as General Safety Rules, which are in line with relevant laws and regulations in Hong Kong and Macau, including but not limited to

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- General Construction Works Regulation (Macau);
- Fire Safety Regulation (Macau);
- Foundation Works Regulation (Macau);
- Rules provided under the General Regulation of Work Safety and Hygiene of Offices, and Services and Commercial Establishments in Macau;
- Decree Law no. 44/91/M (General Regulation of Working Safety and Hygiene in the Construction Industry in Macau); and
- Decree Law no. 34/93/M (Legal Regime of Noise at Work in Macau).

What is more, the Group rigorously sticks to the instructions of the Quality Management Systems Standard (ISO 9001:2008) and Occupational Health and Safety Management (OHSAS 18001:2007), and follows the Site Safety Handbook published by Hong Kong Housing Authority during its construction operations, striving for zero accidents of all persons involved in foundation works. Specifically, the Group posts relevant warning labels and public announcement regarding onsite health and safety at construction sites. Also, the Group prohibits smoking and liquor drinking at the work place. To provide a secure working environment for employees, the Group provides suitable Personal Protective Equipment ("PPE", such as helmets, safety ropes, gloves, etc.) to its workers on site. A weekly audit for health and safety at construction sites are carried out on a regular basis and relevant safety training courses are provided for workers and contractors as well, such as Emergency Management and Safe Operation. To guarantee that all workers and contractors attend compulsory safety trainings, the Group assigns project managers to check the attendance. Since the Labour Department strictly regulates that only persons who have been trained in basic safety courses and hold valid certificates (commonly known as "Green Card") are allowed to be employed for the Group's construction operations, project managers are responsible to make sure that all workers and skilled operators hold legal licenses, which, the Group believes, is a fundamental step to minimise risks and prevent accidents in the workplace.

The group has formulated a full set of monitoring and management policies regarding health and safety according OHSAS 18001. Specifically, project supervisors, engineers, managers and safety officers are responsible for conducting relevant risk assessment before construction, and need to implement measures strictly during construction process. Also, the corporate Occupational Safety and Health Policy came into effect in 2016, which outlined the basic principles of the Group's practice to ensure health and safety in the construction site. Furthermore, the Safety Review officer conducts Safety & Health Review for the Group twice a year, checking the effectiveness and reliability of the Safety Management System (SMS) being perfectly implemented on the project from different perspectives. In FY2018, the Group had found no work-related fatalities.

During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

B.3. Development and Training

The Group has formulated a set of internal regulations and policies such as Staff Training Guidelines, Induction Training Materials, and Toolbox training record, for strengthening the working skills and knowledge of its employees, who are expected to achieve better working performance after receiving work-related trainings. The Group also offers a complete training package to all new employees, such as Group's corporate culture, business processes, health and safety, first aid treatment and other specific topics. Notably, the syllabus provided to new hires is comprehensive, which covers general duties of employees, personal safety, personal protective equipment, incident and accident report, the handling procedure of electricity, portable electric tools and hand tools, and so on. As for the existing employees, non-scheduled profession-oriented courses are offered according to the corporate needs. Through the offering of different types of trainings, the Group tries to make sure that all its employees possess the necessary professional knowledge to complete their daily tasks, and help them fulfil the continuous training hour requirement for annual professional qualifications as well.

To further enhance the professional skills of its employees and meet the needs of the Group's development goal, signing up for professional qualifications examinations and external trainings is highly encouraged and promoted. Employees who take the professional qualification examinations and obtain vocational qualification certificates could receive a reimbursement from the Group. Meanwhile, the Group also invites external organisations and experts to give relevant trainings to its employees. The training content covers a variety of topics, including accounting, regulatory affairs, finance, and construction engineering. In FY2018, the total amount of time spent by an individual employee on trainings was 78 hours on average.

B.4. Labour Standards

The Group strictly abides by local and national labour standards, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and the Macau Labour Regulations Law, to prohibit any child and/or forced labour employment.

To combat against illegal employment on child labour, underage workers and forced labour, the Group's human resources department requires job applicants to provide valid identity documents before confirmation of employment to ensure that the applicants are lawfully employable. Furthermore, the human resources department of the Company is also responsible to monitor and guarantee the compliance by the Group with the relevant laws and regulations that prohibit child labour and forced labour employment.

In FY2018, the Group was not in violation of any relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

Operating Practices

B.5. Supply Chain Management

As an enterprise that bases its basic principle on sustainable development while fulfilling social responsibilities, it is critical for the Group to maintain and manage a reliable supply chain that takes environmental and societal impact into consideration, which requires an efficient and strict monitoring regime on supply chain practices.

For the Group that primarily profits from subcontracted bored piling works, there is no doubt that a trustworthy and stable contractor/supplier is of paramount importance. The Group chooses its contractors/suppliers mainly based on their financial background, product/service quality, price, customer service quality, reputation, past cooperation experience, delivery time, and results from annual evaluation. Specifically, the Group strictly controls the procurement process. For instance, the Group will select the supplier according to the past performance if the transaction amount is under HK$200,000. When the transaction amount is over HK$200,000, the Group would compare two suppliers in terms of product and service quality, so as to make sure that the product/service of chosen supplier perfectly meets the requirement of the Group. Normally, by synthesising various factors and opinions, the supplier/contractor selected by the Group should not only meet the Group's internal standards, but also be a legally compliant enterprise. The Group has its own internal list of approved qualified suppliers and will reassess them annually. To guarantee that each project can be completed successfully, the Group also has backup suppliers for the entire supply chain in case of any possible situations.

The procurement department is responsible to check the quality of delivered product by the supplier and make sure that all the products must be in compliance with relevant construction laws and the Group's requirements. Besides, all related documents and credentials must be submitted to Quality Assurance Company for verification.

To create a fair and legitimate tendering process without any colluding risk, the Group maintains close liaison with its suppliers to ensure that all suppliers comply with local laws and regulations in their country of operation and adherence to their corporate ethics. The Group has formulated a policy of supplier management and divided the suppliers into different groups according to the duration and scope of the cooperation so as to implement a differentiated management strategy for the suppliers. Given the firm and stable relationship between the Group and its suppliers, the Group can be timely updated of the suppliers' situation through the internet, phone calls, and other communication means.

B.6. Product Responsibility

With regard to the Group's product health and safety, advertising, labelling and privacy matters, the Group is in strict compliance with relevant rules and regulations stipulated by the government of Hong Kong and the government of Macau. The Group has also established internal quality management system according the standard of ISO 9001. Specifically, once the Quality Control (QC) Department receives complaints, they will confirm, analyse and prioritise the issues in terms of their materiality and severity. The complaints received by the Group are mainly deferred payment and slight damage to leased machineries. The Group will negotiate with the relevant companies, deal with the complains according the contract immediately, and finally solve the problem in a way that satisfies each party. By dealing with the substantiated complaints in such strict procedure, the Group could considerably strengthen its ability of confronting such kind of complaint in the future, strive to prevent similar situation from occurring again, and consequently stay competitive in the market.

The Group puts great efforts in health and safety affairs at construction sites by implementing relevant corporate policies. Specifically, apart from a full set of personal protective equipment (PPE) provided to every worker, the Group has a sound reporting mechanism to deal with various emergencies and equipment malfunction. Safety officers are required to make an inspection tour every three months in order to make sure that the operation in the construction site is fully compliant with relevant standards, policies and laws.

The Group places great emphasis on the privacy protection of its customers and ensures that all customers' rights are protected in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Corporate Finance Consultant Code of Conduct and other local regulations in terms of consumer data policy. It is included in the Group's policy that all information collected would only be used for the purpose authorised by customers in the first place. The Group prohibits the provision of consumer information to a third party without authorisation from the customers. All collected personal data is treated confidentially, kept securely, and accessible by designated personnel only. Moreover, the IT department has set obstruction between office and commercial net to prevent unauthorised data use, exportation and copy. Through the internal training and confidential agreements with employees, the Group emphasises confidentiality obligations and the legal consequences of the breaches of obligations.

In terms of protecting the Group's intellectual property rights, the Group has adopted policies with examples shown below:

- The documentation rooms with commercial secrets are listed as confidential areas and isolated from the general area of operation, where non-related personnel cannot access;

- In the employment contract agreement, it has been agreed upon that when the personnel with significant influence over the company's technical and economic rights and interests leaves the Group, he or she shall not operate or uphold any business that competes with the Group for a certain period.

- When entering into a commercial contract for external business activities, the Group would request a confidential agreement with other enterprises if necessary.

As a construction contractor, the Group puts its product and service responsibility in the first place, and is always dedicated to providing high-quality and reliable service, which, in turn, has brought the Group a number of awards, authentication and recognition in the construction industry.

Awards received by the Group in the construction industry

In FY2018, the Group was not in violation of any relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

B.7. Anti-corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly abides by the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Law 19/2009 (Macau) on the Prevention and Suppression of Bribery in the Private Sector (PSBPS), and Penal Code (Macau) as amended by Law 17/2009.

The Group prohibits all forms of bribery and corruption, and requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities which might exploit their positions against the Group's interests. In FY2018, the Group collaborated with ICAC (Independent Commission Against Corruption) to formulate anti-corruption plans for corporations. Also, the Group required the management to attend seminars and trainings provided by ICAC to better instill the resolve of rooting out all corruption in the company to them. During the year under review, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistle-blowers against unfair dismissal or victimisation. When criminality is suspected, a report will be made to the relevant regulators or law enforcement authorities when the management considers it necessary.

During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Community

B.8. Community Investment

As a corporate citizen, the Group realises the importance of making a positive contribution to the communities where the Group operates, and sees the interests of the communities as one of its social responsibilities. The Group is committed to making donations to a great variety of charitable organisations and insisting on helping individuals, especially children that are in urgent need of help within the community. The Group also encourages its own employees to volunteer to participate in these activities and support these projects by all means.

In FY2018, the Group built a partnership with Asian Fund for Cancer Research and made donations that aimed to bring an end to the pain and suffering cancer causes. Besides, the Group financially supported Children's Hope Fund Hong Kong Limited and Children's Fund Hong Kong that is committed to rescuing and saving the most hopeless and needy children throughout the world. Moreover, three employees of the Group were nominated as Caring Ambassadors by The Hong Kong Council of Social Service in recognising their contributions in the corporate community involvement programmes. What is more, the Group was awarded 'Caring Company' in FY2018, reflecting its huge contribution and passion in the promotion of social responsibility.

FOK Bing Kong

is being nominated as
獲提名為

Caring Ambassador
關 懷 大 使

by Triangular Force Construction Engineering Limited
提名機構 遜傑建築工程有限公司

in recognition of the contribution in corporate community involvement programmes
以嘉許其對機構推動社會參與活動的貢獻

Caring Company
商 界 展 關 懷

Caring for the Community
關懷社區

Caring for the Employees
關懷員工

Caring for the Environment
關懷環境

caringcompany

HKCSS 社聯

caringorganisation

Bernard Chan
Chairperson
The Hong Kong Council of Social Service
香港社會服務聯會主席 陳智思

Chua Hoi Wai
Chief Executive
The Hong Kong Council of Social Service
香港社會服務聯會行政總裁 蔡海偉

Valid from 1 March 2018 to 28 February 2019
於 2018 年 3 月 1 日至 2019 年 2 月 28 日有效

'Caring Ambassador' Certificate

The Group believes that enterprise and the communities, where the Group operates, are inseparable. To better fulfil its social responsibilities, the Group never stops its footsteps to pursue the harmonious and symbiotic prosperity with communities.

The Directors present their report together with the audited financial statements of the Company and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. 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 the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles. Details of the principal activities of the subsidiaries of the Company are set out in Note 17 to the consolidated financial statements.

There were no significant changes in the nature of the Group's principal activities during the year.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past three financial years is set out on page 114 of the annual report. This summary does not form part of the audited consolidated financial statements.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 3 January 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation of the Listing, the companies now comprising the Group underwent the corporate reorganisation (the "**Reorganisation**") pursuant to which the Company became the holding company of the Group on 23 March 2017. For details of the Reorganisation, please refer to the paragraph headed "History, Reorganisation and Group Structure" in the Prospectus.

The Company's shares were listed on GEM of the Stock Exchange since 16 October 2017.

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 March 2018 and the financial position of the Company and of the Group as at 31 March 2018 are set out in the consolidated financial statements on pages 58 to 113 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Monday, 27 August 2018 (the "**2018 AGM**"). For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Wednesday, 22 August 2018 to Monday, 27 August 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2018 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30p.m. on Tuesday, 21 August 2018.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 6 to the consolidated financial statements. No important event affecting the Group has occurred since the Listing Date (i.e. 16 October 2017) up to the date of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements.

DONATION

Charitable donations made by the Group during the year ended 31 March 2018 amounted to HK$800 (2017: Nil).

SHARE CAPITAL

Details of the Company's share capital is set out in Note 28 to the consolidated financial statements.

SHARE OPTION SCHEME

The purpose of the share option scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees of the Company, the Directors and other selected participants for their contributions to the Group. The Company has conditionally adopted the Share Option Scheme on 22 September 2017. Further details of the Share Option Scheme are set in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV of the Prospectus.

For the year ended 31 March 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in Note 29 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of Cayman Islands which could oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the year ended 31 March 2018 are set out in Note 34 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitute connected transactions that need to be disclosed under the GEM Listing Rules.

DISTRIBUTABLE RESERVE

As at 31 March 2018, the Company's reverses available for distribution to owners comprising share premium account less accumulated losses, amounted to approximately HK$36.0 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2018, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 34%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 67%.

During the year ended 31 March 2018, the percentage of the Group's aggregate cost of sales paid/payable to the Group's largest supplier was approximately 18% of the total direct costs for the period, while the percentage of the Group's five largest suppliers and subcontractors accounted for approximately 38% of the total direct costs.

None of the Directors, or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

Mr. Tang Kwai Leung Stanley *(Chairman)* [Note 1]	(Appointed on 3 January 2017)
Mr. Chui Koon Yau [Note 2]	(Appointed on 13 March 2017)

Independent Non-executive Directors

Mr. Cheung Chung Chuen George	(Appointed on 22 September 2017)
Mr. Leung Wai Hung	(Appointed on 22 September 2017)
Mr. Law Ching Ning Paschal	(Appointed on 22 September 2017)

Note 1: Mr. Tang was appointed as the Director on 3 January 2017 and was re-designated to be the executive Director and the Chairman on 22 September 2017.

Note 2: Mr. Chui was appointed as the Director on 13 March 2017 and was re-designated to be the executive Director on 22 September 2017.

In accordance with the Company's articles of association, at each annual general meeting, one third of the Director for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 16 of this annual report.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Apart from the contracts relating to the reorganisation in relation to the Listing, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (the "**Controlling Shareholders**")or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the year.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 13 to the consolidated financial statements.

The remuneration of the senior management of the Group for the year ended 31 March 2018 falls within the following band:

Remuneration band	**Number of senior management**
Up to HK$1,000,000	3
HK$1,000,000 to up to HK$1,500,000	1

REMUNERATION POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and variable component (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once every year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2018 are set out in Note 13 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the contracts relating to the Reorganisation in relation to the Listing, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company of any or its subsidiaries was a party during the year ended 31 March 2018.

MANAGEMENT CONTRACTS

Save for the service contract with the Company entered into with each of the Directors, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' REMUNERATION

The Directors' remuneration is determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group, and reviewed by the Remuneration Committee. Particulars of the duties and responsibilities of the Remuneration Committee are set out in "Corporate Governance Report" of this annual report.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, Frontpage Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares or and debentures of the Company" below and the Share Option Scheme disclosure in Note 31 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 March 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were follow:

Name	Capacity/Nature of interest	Number of shares of the Company held/ interested	Percentage of shareholding
Mr. Tang [note 1]	Interest of a controlled corporation	225,000,000	37.5%
Mr. Chui [note 2]	Interest of a controlled corporation	225,000,000	37.5%

Notes:

1. Mr. Tang beneficially owns the entire issued share capital of C3J Development Limited ("**C3J Development**") which directly holds 37.5% of the shares of the Company. Therefore, Mr. Tang is deemed, or taken to be, interested in all the shares of the Company held by C3J Development for the purpose of the SFO. Mr. Tang is the sole director of C3J Development.

2. Mr. Chui beneficially owns the entire issued share capital of Hunter Corporate Limited ("**Hunter Corporate**") which directly holds 37.5% of the shares of the Company. Therefore, Mr. Chui is deemed, or taken to be, interested in all the shares of the Company held by Hunter Corporate for the purpose of the SFO. Mr. Chui is the sole director of Hunter Corporate.

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Directors or chief executive of the Company, as at 31 March 2018, the following person/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in ordinary share and underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares of the Company held/ interested	Percentage of shareholding
C3J Development	Beneficial owner	225,000,000	37.5%
Ms. Lam Ka Yi note 1	Interest of spouse	225,000,000	37.5%
Hunter Corporate	Beneficial owner	225,000,000	37.5%
Ms. Wong Kit Chun note 2	Interest of spouse	225,000,000	37.5%

Notes:

1. Ms. Lam Ka Yi is the spouse of Mr. Tang. Therefore, Ms. Lam Ka Yi is deemed, or taken to be, interested in all the shares of the Company held by C3J Development for the purpose of the SFO.

2. Ms. Wong Kit Chun is the spouse of Mr. Chui. Therefore, Ms. Wong Kit Chun is deemed, or taken to be, interested in all the shares of the Company held by Hunter Corporate for the purpose of the SFO.

Save as disclosed above, as at 31 March 2018, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interest and short positions in shares, underlying shares and debenture of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

PURCHASE, SALE OR REDEMPTION OF 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 2018.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the Controlling Shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during the year ended 31 March 2018.

Non-Competition Undertakings

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Tang, Mr. Chui, C3J Development and Hunter Corporate (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the Deed of Non-competition with the Company (for itself and for the benefit of each other member of the Group) on 22 September 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remain effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-Competition as set out in the paragraph headed "Relationship with Controlling Shareholders — Non-Competition Undertaking" in the Prospectus.

During the year, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder of the Company in respect of him/it and his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders of the Company had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 25 of this annual report.

EQUITY-LINKED AGREEMENTS

Save as "Share Option Scheme" disclosed on page 44 of this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2018.

SUFFICIENCY OF PUBLIC FLOAT

On 29 March 2018, based on the information available that 20,000 shares of the Company representing approximately 0.003% of the total issued share capital of the Company were held by Mr. Lau Jeff Tak Wai, the director of Triangular Force, an indirectly wholly-owned subsidiary of the Company. Mr. Lau is a core connected person of the Company as defined under the GEM Listing Rules, therefore the shares of the Company held by him may not be counted towards the public float of the Company and thus only approximately 24.997% of the shares of the Company were held by public, which has fallen below 25% of the total issued share capital of the Company held by public.

On 24 April 2018, the Company was informed by Mr. Lau that he had disposed of 20,000 shares of the Company, representing approximately 0.003% of the total issued Company's shares. Immediately upon completion of such disposal, a total of 150,000,000 Company's shares, representing 25% of the Company's total issued shares were held by the public. Further details are set out in the announcements of the Company "Announcement in relation to public float" dated 29 March 2018 and "Restoration of public float" dated 25 April 2018.

Based on the information publicly available to the Company and to the best knowledge of the Directors, the Company maintains a sufficient public float of 25% in the issued share capital of the Company pursuant to the GEM Listing Rules as at the date of this annual report.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to Rule 5.28 of the GEM Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises the independent non-executive Directors of the Company.

The summary of duties and works of the audit committee is set out in the "Corporate Governance Report" of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors be independent.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2018 have been audited by RSM Hong Kong ("**RSM**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of RSM as auditor of the Company.

ON BEHALF OF THE BOARD

Tang Kwai Leung Stanley
Chairman and Executive Director

Hong Kong, 25 June 2018

RSM

RSM Hong Kong 中瑞岳華(香港)會計師事務所

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TO THE SHAREHOLDERS OF
BEAVER GROUP (HOLDING) COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Beaver Group (Holding) Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 58 to 113, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Revenue recognition from construction contracts and amounts due from/to customers for contract work

2. Assessing the recoverability of trade and retention receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Revenue recognition from construction contracts and amounts due from/to customers for contract work Refer to notes 7 and 19 to the consolidated financial statements We identified the recognition of revenue from construction contracts and amounts due from/to customers for contract work as a key audit matter due to the use of judgment and estimates by management in determining the stage of completion and budget costs of incomplete construction contracts. During the year ended 31 March 2018, the Group generated revenue of approximately HK$118,684,000 from construction contracts. As disclosed in note 19 to the consolidated financial statements, the carrying amounts of amounts due from and amounts due to customers for contract work of approximately HK$24,525,000 and HK$199,000, respectively, were recorded in the consolidated statement of financial position as at 31 March 2018. The Group's main revenue is construction revenue from the provision of foundation works. The Group recognises contract revenue and contract cost using the percentage of completion method. The percentage of completion is measured by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the revenue certified by customers. Estimation of contract profit margin involves the assessment of the completeness and accuracy of forecast budget costs to complete.	Our audit procedures to recognition of revenue from construction contracts and amounts due from/to customers for contract work included the following: • Understanding and evaluating management's process in estimation of the contract revenue, budget cost and determination of completion status of the construction contracts; • Agreeing the total contract value to the contracts and variation orders, if any, to customers' instructions or other form of agreements or other correspondences, on a sample basis; • Evaluating the reasonableness of the estimated total contract costs by assessing the status of completion of the construction contracts, and comparing the actual costs incurred against management's estimation and the profit margin of other similar projects, on a sample basis; and • Assess the contract revenue recognised was reasonable through inspecting the certificate of completion stage issued by customers.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Assessing the recoverability of trade and retention receivables Refer to note 18 to the consolidated financial statements We identified assessing the recoverability of trade and retention receivables as a key audit matter because the assessment of the recoverability of trade and retention receivables is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias. As at 31 March 2018, the Group's trade and retention receivables amounted to approximately HK$22,446,000 and HK$10,440,000 respectively. The trade and retention receivables which are past due but not impaired amounted to approximately HK$13,797,000 and HK$2,224,000 respectively. Management's impairment assessment of trade and retention receivables is based on a number of factors which include ageing of overdue trade and retention receivables, customers' repayment history, customers' financial position and current market conditions, all of which involve a significant degree of management judgement.	Our audit procedures to assess the recoverability of trade and retention receivables included the following: • Assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis; • Assessing the recoverability of overdue trade and retention receivables without subsequent settlement by analysing creditworthiness and past collection history of each customer and inquiring of the management on the follow up plans; and • Inspecting cash receipts from customers after the financial year end relating to trade and retention receivable balances as at 31 March 2018, on a sample basis.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's 2018 annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Kong Wang.

RSM Hong Kong
Certified Public Accountants
Hong Kong
25 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	7	123,019	116,563
Cost of sales		(116,935)	(96,363)
Gross profit		6,084	20,200
Other income	8	5,265	1,052
Administrative expenses		(25,280)	(14,119)
Other operating expenses		—	(128)
(Loss)/profit from operations		(13,931)	7,005
Finance costs	10	(567)	(166)
(Loss)/profit before tax		(14,498)	6,839
Income tax credit/(expense)	11	36	(1,559)
(Loss)/profit for the year attributable to owners of the Company	12	(14,462)	5,280
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		118	—
Other comprehensive income for the year, net of tax		118	—
Total comprehensive income for the year attributable to owners of the Company		(14,344)	5,280
(Loss)/earnings per share			
Basic and diluted (cents)	15	(2.79)	1.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	16	57,808	63,877
Current assets			
Trade and retention receivables	18	32,886	42,784
Gross amounts due from customers for contract work	19	24,525	4,613
Deposits, prepayments and other receivables	20	12,068	2,576
Income tax recoverable		442	1,294
Restricted bank deposits	21	3,000	—
Bank and cash balances	21	17,082	2,629
Total current assets		90,003	53,896
Current liabilities			
Trade and retention payables	22	18,619	19,173
Gross amounts due to customers for contract work	19	199	2,893
Accruals and other payables	23	10,785	17,244
Due to directors	24	—	8,570
Bank and other borrowings	25	26,153	4,920
Finance lease payables	26	535	791
Current tax liabilities		450	17
Total current liabilities		56,741	53,608
Net current assets		33,262	288
Total assets less current liabilities		91,070	64,165
Non-current liabilities			
Finance lease payables	26	848	1,519
Deferred tax liabilities	27	6,548	7,209
Total non-current liabilities		7,396	8,728
NET ASSETS		83,674	55,437

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	28	6,000	*
Reserves	30	77,674	55,437
TOTAL EQUITY		83,674	55,437

* The balance represents amount less than HK$1,000.

Approved by the Board of Directors on 25 June 2018 and are signed on its behalf by:

Mr. Tang Kwai Leung Stanley
Director

Mr. Chui Koon Yau
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company					
	Share capital HK$'000 (note 28)	Share premium HK$'000 (note 30(b)(i))	Merger reserve HK$'000 (note 30(b)(ii))	Foreign currency translation reserve HK$'000 (note 30(b)(iii))	Retained profits HK$'000	Total equity HK$'000
At 1 April 2016	22	—	—	—	50,135	50,157
Issuance of shares pursuant to the Group Reorganisation (note 28)	*	—	—	—	—	*
Effect of the Group Reorganisation (note 30(b))	(22)	—	22	—	—	—
Total comprehensive income for the year	—	—	—	—	5,280	5,280
Changes in equity for the year	(22)	—	22	—	5,280	5,280
At 31 March 2017	*	—	22	—	55,415	55,437
At 1 April 2017	*	—	22	—	55,415	55,437
Capitalisation issue (note 28)	4,500	(4,500)	—	—	—	—
Issuance of shares under share offer (note 28)	1,500	49,500	—	—	—	51,000
Share issuing expenses (note 28)	—	(8,419)	—	—	—	(8,419)
Total comprehensive income for the year	—	—	—	118	(14,462)	(14,344)
Changes in equity for the year	6,000	36,581	—	118	(14,462)	28,237
At 31 March 2018	6,000	36,581	22	118	40,953	83,674

* The balance represents amount less than HK$1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(14,498)	6,839
Adjustments for:		
Depreciation	15,500	13,902
Finance costs	567	166
Reversal of provision for annual leave	102	—
Reversal of provision for additional tax	—	1,050
Gain on disposals of property, plant and equipment	(4,518)	—
Loss on written off of property, plant and equipment	—	128
Operating cash flows before working capital changes	(2,847)	22,085
Decrease/(increase) in trade and retention receivables	9,898	(11,446)
Increase in amounts due from customers for contract work	(19,912)	(1)
Increase in deposits, prepayments and other receivables	(6,392)	(2,298)
Decrease in due to a related company	—	(499)
(Decrease)/increase in trade and retention payables	(554)	7,534
(Decrease)/increase in amounts due to customers for contract work	(2,694)	254
(Decrease)/increase in accruals and other payables	(6,561)	9,107
Cash (used in)/generated from operations	(29,062)	24,736
Income taxes refund/(paid)	660	(5,616)
Interest paid	(567)	(166)
Net cash (used in)/generated from operating activities	(28,969)	18,954

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(11,553)**	(17,206)
Proceeds from disposals of property, plant and equipment	**3,740**	—
Placement of restricted bank deposits	**(3,000)**	—
Net cash used in investing activities	**(10,813)**	(17,206)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	**42,581**	*
Bank borrowings raised	**23,669**	4,920
Repayments of finance lease payables	**(1,127)**	(5,536)
Repayments of bank borrowings	**(2,436)**	(1,269)
(Decrease)/increase in due to directors	**(8,570)**	2,115
Net cash generated from financing activities	**54,117**	230
NET INCREASE IN CASH AND CASH EQUIVALENTS	**14,335**	1,978
Effect of foreign exchange rate changes	**118**	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,629**	651
CASH AND CASH EQUIVALENTS AT END OF YEAR	**17,082**	2,629

* Represents amount less than HK$1,000.

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, KYI-1108 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. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 October 2017.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 March 2018, 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. GROUP REORGANISATION AND BASIS OF PREPARATION

Group reorganisation

Pursuant to the group reorganisation as fully explained in the section headed "History, Reorganisation and Group Structure" to the prospectus dated 29 September 2017 issued by the Company (the "Group Reorganisation"), the Company became the holding company of the companies now comprising the Group on 23 March 2017. As the Group Reorganisation is undertaken to incorporate the Company, the Group is a continuation of the existing group. The companies now comprising the Group were under common control of the Controlling Shareholders before and after the Group Reorganisation. Accordingly the consolidated financial statements of the Group have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by 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 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of the amendments on the Group's consolidated financial statements has been the inclusion of additional disclosures in note 32(b).

(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 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	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 the new standards 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 9 and HKFRS 15, 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 quarter financial report for the three months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that quarter financial report.

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

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

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 March 2018, accumulated impairment loss at that date would not be significantly impacted.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

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

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

HKFRS 15 Revenue from Contracts with Customers (Continued)

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

Timing of revenue recognition

Currently, revenue arising from the provision of foundation works is recognised over time and revenue arising from ancillary services is recognised when the services are rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from the provision of foundation works and ancillary services.

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

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

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 note 33, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately HK$1,782,000 as at 31 March 2018. 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.

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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investment in a subsidiary is stated at cost less allowance for impairment losses, if any.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation (Continued)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are, as follows:

Leasehold improvements	Shorter of 20% or over the lease term
Plant and machinery	12.5% to 20%
Casing and equipment	20%
Motor vehicles	30%
Furniture, fixture and office equipment	Shorter of 20% or over the lease term

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured. If the variations have not agreed with customer, variations will be recognised only to the extent of contract cost incurred that it is probable will be recoverable.

Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

The Group uses the "percentage-of-completion method" to determine the appropriate amount of revenue to recognise in a given period. When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction contracts in progress at the end of the reporting period are recorded at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as "Gross amounts due from customers for contract work". When progress billings exceed costs incurred plus recognised profits less recognised losses, the surplus is recorded in the consolidated statement of financial position as "Gross amounts due to customers for contract work". Progress billings not yet paid by customers are included in the consolidated statement of financial position under "Trade and retention receivables". Amounts received before the related work is performed are included in the consolidated statement of financial position under "Accruals and other payables".

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(g) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade, retention and other receivables, bank balances and cash are classified in this category.

(h) Trade, retention and other receivables

Trade and retention receivables are amounts due from customers in the ordinary course of business. If collection of trade, retention and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, retention and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Bank and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of bank and cash equivalents.

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Bank and Other borrowings

Bank and other borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Bank and other borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ii) Trade, retention and other payables and accruals

Trade, retention and other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(i) Construction contract income

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in note 4(e) above.

(ii) Ancillary services income

Revenue from ancillary service income is recognised as services are rendered.

(iii) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(l) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxation (Continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(o) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

In addition, for trade and retention receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade and retention receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade and retention receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(r) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Revenue and profit recognition of construction contracts

As disclosed in note 4(e) to the consolidated financial statements, revenue recognition on a construction contract is dependent on management's estimation of the total outcome of the construction contracts, as well as the work done to date. The management reviews and revises the estimates of contract revenue, contract costs, variation orders and provision for claims, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations provided by contractors, suppliers or vendors involved and the experience of the management. In order to keep the budgets accurate and up-to-date, the management conducts periodic reviews of the budgets by comparing the budgeted amounts to the actual amounts incurred. When the final cost incurred by the Group is different from the amounts initially budgeted, such differences will impact revenue and the profit or loss recognised on the contracts. The provision for claims is normally determined on the basis of the delay in the number of workdays of the completion of the construction works which is highly subjective and is subject to negotiation with the customers. Management conducts periodic review of the provision amount.

Significant judgement is required in estimating the contract revenue, contract costs, variation works and provision for claims which have an impact on the percentage of completion of contracts and profit or loss recognised.

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amounts of property, plant and equipment as at 31 March 2018 was HK$57,808,000 (2017: HK$63,877,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability and the ageing of the trade and other receivables and gross amounts due from customers for contract work, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables, gross amounts due from customers for contract work and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 March 2018 and 2017, no accumulated impairment loss for bad and doubtful debts was made.

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. For the year ended 31 March 2018 and 2017, amount of approximately HK$36,000 and HK$1,559,000 of income tax was credited and charged to profit or loss respectively based on the estimated profit.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities HK$ and Macau Pataca ("MOP"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The foreign currency risk is not significant to the Group.

(b) Credit risk

The credit risk of the Group is primarily attributable to its trade and retention receivables. In order to minimise credit risk, the directors review the recoverable amount of each individual trade and retention receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

As at 31 March 2018, there were 5 customers (2017: 3 customers) which individually contributed over 10% of the Group's trade and retention receivables respectively. The aggregate amounts of trade and retention receivables from these customers amounted to 68% of the Group's total trade and retention receivables as at 31 March 2018 (2017: 59%).

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

At 31 March 2018	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and retention payables	18,619	—	—	18,619	18,619
Accruals and other payables	10,598	—	—	10,598	10,598
Bank and other borrowings	26,725	—	—	26,725	26,153
Finance lease payables	588	466	422	1,476	1,383
	56,530	466	422	57,418	56,753

At 31 March 2017	On demand or within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
Trade and retention payables	19,173	—	—	19,173	19,173
Accruals and other payables	16,770	—	—	16,770	16,770
Due to directors	8,570	—	—	8,570	8,570
Bank and other borrowings	5,023	—	—	5,023	4,920
Finance lease payables	885	708	908	2,501	2,310
	50,421	708	908	52,037	51,743

Bank and other borrowings with a repayment on demand clause are included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2018 and 2017, the aggregate undiscounted principal amounts of these bank and other borrowings with a repayment on demand clause amounted to HK$26,153,000 and HK$4,920,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$26,725,000.

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

The Group's finance lease payables bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group's exposure to cash flow interest rate risk arises from its bank deposits, bank and other borrowings and finance lease payables. These bank deposits, bank and other borrowings and finance lease payables bear interests at variable rates varied with the then prevailing market condition.

At 31 March 2018, if interest rates at that date had been 50 basis points lower with all other variables held constant, loss after tax for the year would have been HK$57,000 lower (2017: profit after tax for the year would have been HK$25,000 higher), arising mainly as a result of net of lower interest expenses on bank deposits and bank and other borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, loss after tax for the year would have been HK$57,000 higher (2017: profit after tax for the year would have been HK$25,000 lower), arising mainly as a result of net of higher interest income on bank deposits and bank and other borrowings.

(e) Categories of financial instruments at 31 March

	2018 **HK$'000**	2017 HK$'000
Financial assets:		
Loans and receivables (including bank and cash equivalents)	**60,788**	46,102
Financial liabilities:		
Financial liabilities at amortised cost	**56,753**	51,743

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2018 HK$'000	2017 HK$'000
Construction contract income	118,684	115,652
Ancillary service income	4,335	911
	123,019	116,563

8. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Gain on disposals of property, plant and equipment	4,518	—
Machinery rental	637	—
Interest income	*	*
Reversal of provision for annual leave	102	—
Reversal of provision for additional tax	—	1,050
Others	8	2
	5,265	1,052

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

9. 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 and ancillary services 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 profit before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of Hong Kong Financial Reporting Standard 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	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**64,296**	116,563	**57,808**	52,515
Macau	**58,723**	—	**—**	11,362
	123,019	116,563	**57,808**	63,877

Revenue from major customers

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

	2018	2017
	HK$'000	HK$'000
Customer 1	**42,328**	N/A[1]
Customer 2	**19,439**	N/A[1]
Customer 3	**N/A[1]**	31,500
Customer 4	**N/A[1]**	15,554
Customer 5	**N/A[1]**	12,382

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

10. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on:		
— bank and other borrowings	447	20
— bank overdraft	3	2
— finance lease	117	144
	567	166

11. INCOME TAX (CREDIT)/EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	318	375
Under/(over)-provision in prior years	54	(49)
	372	326
Current tax — Macau Profits Tax		
Provision for the year	253	—
	625	326
Deferred tax (note 27)	(661)	1,233
	(36)	1,559

11. INCOME TAX (CREDIT)/EXPENSE (Continued)

Hong Kong Profits Tax has been provided at a rate of 16.5% (2017: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

Pursuant to the relevant laws and regulations in Macau, the Macau subsidiary is subject to Macau complementary tax at a maximum rate of 12% (2017: N/A) on the estimated assessable profit during the year.

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.

The reconciliation between the income tax (credit)/expense and the product of (loss)/profit before tax multiplied by the respective applicable tax rates is as follows:

	2018 HK$'000	2017 HK$'000
(Loss)/profit before tax	(14,498)	6,839
Tax at the respective applicable tax rates	(2,392)	1,128
Tax effect of expenses that are not deductible	1,777	672
Tax effect of income that is not taxable	(14)	(173)
Tax effect of temporary differences not recognised	569	21
Under/(over)-provision in prior years	54	(49)
Tax reduction	(30)	(40)
Income tax (credit)/expense	(36)	1,559

12. (LOSS)/PROFIT FOR THE YEAR

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

	Note	2018 HK$'000	2017 HK$'000
Auditor's remuneration			
— Audit services		660	300
— Non-audit services		210	—
		870	300
Costs of construction materials	(a)	44,034	26,268
Depreciation		15,500	13,902
(Less)/add: Amount included in gross amounts due from customers for contract work		(2,199)	91
	(b)	13,301	13,993
Gain on disposals of property, plant and equipment		(4,518)	—
Loss on written off of property, plant and equipment		—	128
Operating lease charges			
— Land and buildings	(c)	2,777	2,054
Reversal of provision for annual leave		(102)	—
Reversal of provision for additional tax		—	(1,050)
Staff costs including directors' remunerations			
— Salaries, bonuses, allowances and other benefits		27,913	30,467
— Retirement benefits scheme contributions		896	984
	(d)	28,809	31,451
Listing expenses		10,369	3,756

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 2018 and 2017 amounted to HK$12,374,000 and HK$13,112,000 respectively.

(c) The amounts included in cost of sales for the year ended 31 March 2018 and 2017 amounted to HK$2,244,000 and HK$1,579,000 respectively.

(d) The amounts included in cost of sales for the year ended 31 March 2018 and 2017 amounted to HK$21,285,000 and HK$26,118,000 respectively.

13. EMPLOYEE BENEFITS EXPENSE

	Note	2018 HK$'000	2017 HK$'000
Employee benefits expense:			
Salaries, bonuses, allowances and other benefits		27,913	30,467
Retirement benefits scheme contributions	(a)	896	984
		28,809	31,451

Notes:

(a) **Retirement benefits scheme contributions:**

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The Group also participates in an employee social security plan (the "Social Security Plan") and contributes a fixed amount for each employee as required by the regulations in Macau.

The only obligation of the Group with respect to the MPF Scheme and the Social Security Plan is to make the required contributions under the scheme.

13. EMPLOYEE BENEFITS EXPENSE (Continued)

(b) Directors' remunerations:

For the year ended 31 March 2018	Remunerations paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive Directors					
Mr. Chui	—	876	—	18	894
Mr. Tang	—	849	—	18	867
Independent Non-executive Directors					
Mr. Cheung Chun Chuen George (note (a))	63	—	—	—	63
Mr. Law Ching Ning Paschal (note (a))	63	—	—	—	63
Mr. Leung Wai Hung (note (a))	63	—	—	—	63
Total	189	1,725	—	36	1,950

For the year ended 31 March 2017	Remunerations paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking				
	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive Directors					
Mr. Chui	—	858	—	18	876
Mr. Tang	—	858	—	18	876
Total	—	1,716	—	36	1,752

Note (a): Mr. Cheung Chung Chuen George, Mr. Law Ching Ning Paschal and Mr. Leung Wai Hung were appointed as the independent non-executive directors of the Company on 22 September 2017.

13. EMPLOYEE BENEFITS EXPENSE (Continued)

(c) **Five highest paid individuals:**

The five highest paid individuals in the Group during the year included two (2017: two) directors whose emoluments are reflected in the analysis presented above. The aggregate emoluments of the remaining three (2017: three) individuals are set out below:

	2018 HK$'000	2017 HK$'000
Basic salaries, bonuses, allowances and other benefits	2,760	2,548
Retirement benefits scheme contributions	53	44
	2,813	2,592

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	2	2
HK$1,000,001 to HK$1,500,000	1	1

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Mr. Tang waived emoluments of approximately HK$27,000 for the year ended 31 March 2018. None of the other directors waived or agreed to waive any emoluments during the years ended 31 March 2018 and 2017.

(d) **Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the directors of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

14. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2018 (2017: HK$Nil).

15. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company are based on the following:

	2018 **HK$'000**	2017 HK$'000
(Loss)/profit attributable to owners of the Company	**(14,462)**	5,280
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss/earnings per share	**518,630**	450,000

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 weighted average number of shares in issue during the year ended 31 March 2017 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, and as if these shares were outstanding throughout the year.

The diluted (loss)/earnings per share is equal to the basis (loss)/earnings per share as there were no dilutive potential ordinary shares in issue for the years ended 31 March 2018 and 2017.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Casing and equipment HK$'000	Motor vehicles HK$'000	Furniture, fixture and office equipment HK$'000	Total HK$'000
Cost						
As at 1 April 2016	247	47,703	35,972	2,323	—	86,245
Additions	76	2,681	14,358	1,338	91	18,544
Written off	(247)	—	(359)	—	—	(606)
As at 31 March 2017 and 1 April 2017	76	50,384	49,971	3,661	91	104,183
Additions	—	7,385	4,123	200	45	11,753
Disposals	—	(4,500)	(5,936)	(145)	—	(10,581)
As at 31 March 2018	76	53,269	48,158	3,716	136	105,355
Accumulated depreciation						
As at 1 April 2016	197	11,905	13,950	830	—	26,882
Charge for the year	40	6,291	6,730	820	21	13,902
Written off	(218)	—	(260)	—	—	(478)
As at 31 March 2017 and 1 April 2017	19	18,196	20,420	1,650	21	40,306
Charge for the year	25	6,639	7,934	862	40	15,500
Disposals	—	(3,435)	(4,761)	(63)	—	(8,259)
As at 31 March 2018	44	21,400	23,593	2,449	61	47,547
Carrying amount						
As at 31 March 2018	32	31,869	24,565	1,267	75	57,808
As at 31 March 2017	57	32,188	29,551	2,011	70	63,877

At 31 March 2018, the carrying amount of property, plant and equipment held by the Group under finance leases amounted to HK$969,000 (2017: HK$4,126,000).

At 31 March 2018, the carrying amount of property, plant and equipment pledged as security for the Group's bank and other borrowings amounted to HK$4,037,000 (2017: HK$Nil).

17. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2018 are as follows:

Name	Place of incorporation/ registration and operation	Particular of Issued share capital	Percentage of ownership interest/voting power/ profit sharing		Principal Activities
			Direct	Indirect	
Everest Enterprise Company Limited ("Everest Enterprise")	BVI	US$100	100%	—	Investing holding
Triangular Force Construction Engineering Limited ("Triangular Force")	Hong Kong	HK$10,000	–	100%	Provision of foundation works and ancillary services
TMP Machinery Engineering Limited ("TMP Machinery")	Hong Kong	HK$10,000	–	100%	Provision of management service for construction work
Longson Enterprise Development Company Limited ("Longson")	Hong Kong	HK$2,000	–	100%	Provision of machinery rental service
濠傑建築工程一人有限公司 ("Ho Kit Construction"*)	Macau	MOP25,000	–	100%	Provision of foundation works and ancillary services

* The English name of the subsidiary is used for identification purpose only. The official name of this entity is in Chinese.

18. TRADE AND RETENTION RECEIVABLES

	Note	2018 HK$'000	2017 HK$'000
Trade receivables	(a)	22,446	34,342
Retention receivables (Note)	(b)	10,440	8,442
		32,886	42,784

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 46 days. 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, is as follows:

	2018 HK$'000	2017 HK$'000
0 to 30 days	9,468	14,608
31 to 60 days	491	7,580
61 to 90 days	4,050	591
Over 90 days	8,437	11,563
	22,446	34,342

As of 31 March 2018, trade receivables of HK$13,797,000 (2017: HK$10,926,000) 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:

	2018 HK$'000	2017 HK$'000
0 to 30 days	113	5,600
31 to 60 days	4,107	107
61 to 90 days	5,754	4,986
Over 90 days	3,823	233
	13,797	10,926

18. TRADE AND RETENTION RECEIVABLES (Continued)

(a) The carrying amounts of the Group's trade receivables are denominated in the following currencies.

	2018 HK$'000	2017 HK$'000
HK$	19,766	34,342
MOP	2,680	—
	22,446	34,342

(b) Retention receivables represent certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage of the contract sum. The retention receivables should be released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects.

As of 31 March 2018, retention receivables of HK$2,224,000 (2017: HK$403,000) 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:

	2018 HK$'000	2017 HK$'000
Up to 3 months	—	—
Over 3 months to 6 months	887	—
Over 6 months	1,337	403
	2,224	403

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

	2018 HK$'000	2017 HK$'000
HK$	7,952	8,442
MOP	2,488	—
	10,440	8,442

19. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000	2017 HK$'000
Contract costs incurred plus recognised profits less recognised losses to date	166,994	51,385
Less: Progress billings	(142,668)	(49,665)
	24,326	1,720
Gross amounts due from customers for contract work	24,525	4,613
Gross amounts due to customers for contract work	(199)	(2,893)
	24,326	1,720

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Deposits	648	619
Prepayments	4,248	1,887
Other receivables	7,172	70
	12,068	2,576

21. RESTRICTED BANK DEPOSITS AND BANK AND CASH BALANCES

	2018 HK$'000	2017 HK$'000
Bank and cash balances	20,082	2,629
Less: Bank deposits, restricted	(3,000)	—
Bank and cash balances, unrestricted	17,082	2,629

Bank and cash balances are denominated in the following currencies.

	2018 HK$'000	2017 HK$'000
HK$	19,384	2,629
MOP	698	—
	20,082	2,629

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 25 to the consolidated financial statements.

22. TRADE AND RETENTION PAYABLES

	Note	2018 HK$'000	2017 HK$'000
Trade payables	(a)	18,370	19,173
Retention payables (Note)	(b)	249	—
		18,619	19,173

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:

	2018 HK$'000	2017 HK$'000
0 to 30 days	3,038	5,729
31 to 60 days	5,553	4,158
61 to 90 days	5,132	1,675
Over 90 days	4,647	7,611
	18,370	19,173

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

	2018 HK$'000	2017 HK$'000
HK$	18,041	19,173
MOP	329	—
	18,370	19,173

(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.

23. ACCRUALS AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Accruals	5,582	5,718
Other payables	5,203	11,526
	10,785	17,244

24. DUE TO DIRECTORS

Amounts due to directors disclosed are as follows:

	2018 HK$'000	2017 HK$'000
Mr. Chui	–	2,400
Mr. Tang	–	6,170
	–	8,570

The amounts due were denominated in Hong Kong dollars and were unsecured, interest free and repayable on demand.

25. BANK AND OTHER BORROWINGS

	2018 HK$'000	2017 HK$'000
Bank borrowings — secured (note a)	9,985	—
Bank borrowings — unsecured (note b)	12,432	4,920
Other borrowings — secured (note c)	3,736	—
	26,153	4,920

In the consolidated statement of financial position, bank and other borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities. Based on the scheduled repayment set out in the banking facility agreements, the maturity of obligations under bank and other borrowings was as follows:

	2018 HK$'000	2017 HK$'000
On demand or within one year	23,402	2,435
More than one year, but not exceeding two years	1,030	2,485
More than two years, but not exceeding five years	1,721	—
	26,153	4,920
Less: Amount due for settlement within 12 months	(23,402)	(2,435)
	2,751	2,485
Represented by:		
Amount due for settlement after 12 months	—	—
Portion of bank and other borrowings that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	2,751	2,485

25. BANK AND OTHER BORROWINGS (Continued)

All of the bank and other borrowings are guaranteed by the Company.

Note (a): The bank borrowing of HK$ 9,985,000 (2017: HK$Nil) is secured by a restricted bank deposit of the Group (Note 21).

Note (b): As at 31 March 2017, the bank borrowing of HK$4,920,000 was guaranteed by Mr. Chui and Mr. Tang, directors of the Company and subsidiaries. The personal guarantee was released in October 2017.

Note (c): As at 31 March 2018, the other borrowing of approximately of HK$3,736,000 (2017: HK$Nil) is secured by a charge over the property, plant and equipment of the Group with a carrying amount of HK$4,037,000.

The average interest rates per annum at 31 March were as follows:

	2018	2017
Bank and other borrowings	2.98%	2.0%

All of the bank and other borrowings are denominated in Hong Kong dollars and are arranged at floating rates and expose the Group to cash flow interest rate risk.

26. FINANCE LEASE PAYABLES

In the consolidated statement of financial position, obligations under finance leases due for repayment after one year which contain repayment on demand clause were classified as current liabilities. The maturity of obligations under finance leases are as follows:

	Minimum lease payments At 31 March		Present value of minimum lease payments At 31 March	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Within one year	**589**	885	**535**	791
In the second year	**466**	708	**437**	651
In the third to fifth years, inclusive	**422**	908	**411**	868
	1,477	2,501	**1,383**	2,310
Less: Future finance charges	**(94)**	(191)	**—**	—
Present value of lease obligations	**1,383**	2,310	**1,383**	2,310
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(535)**	(791)
Amount due for settlement after 12 months			**848**	1,519

All finance lease payables are denominated in Hong Kong dollars.

At 31 March 2018, none of the Group's finance lease payables (2017: HK$1,445,000) were guaranteed by Mr. Chui and Mr. Tang, directors of the Group.

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 5 years and 4 years for the year ended 31 March 2018 and 2017 respectively. At 31 March 2018 and 2017, the average effective borrowing rate was 5.08% and 4.97% respectively. As at 31 March 2018 and 2017, finance lease payables of HK$1,383,000 and HK$2,243,000 bear fixed interest rate at the contract date and thus expose the Group to fair value interest rate risk. The remaining finance lease payables are arranged at floating rates and expose the Group to cash flow interest rate risk. At the end of each lease term, the Group has the option to purchase the property, plant and equipment at nominal prices.

None of the portion of finance lease payables due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

27. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group.

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
As at 1 April 2016	(7,003)	1,027	(5,976)
Charge for the year (note 11)	(998)	(235)	(1,233)
As at 31 March 2017 and 1 April 2017	(8,001)	792	(7,209)
(Charge)/credit for the year (note 11)	735	(74)	661
As at 31 March 2018	(7,266)	718	(6,548)

The following is the analysis of the deferred tax balances for consolidated statement of financial position purposes:

	2018 HK$'000	2017 HK$'000
Deferred tax assets	**718**	792
Deferred tax liabilities	**(7,266)**	(8,001)
	(6,548)	(7,209)

At the end of the reporting period, the Group has unused tax losses of approximately HK$4,357,000 (2017: HK$4,805,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$718,000 (2017: HK$792,000) of such losses. Unused tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

	Note	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 3 January 2017 (date of incorporation) and 1 April 2017	(a)	38,000,000	380
Increase on 22 September 2017	(c)	962,000,000	9,620
At 31 March 2018		1,000,000,000	10,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
Upon incorporation on 3 January 2017	(a)	10,000	*
Effect of the Group Reorganisation	(b)	6,000	*
Capitalisation issue	(d)	449,984,000	4,500
Issuance of shares under share offer	(e)	150,000,000	1,500
At 31 March 2018		600,000,000	6,000

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

(a) On 3 January 2017, the Company was incorporated as an exempted company in the Cayman Islands with limited liability and one nil-paid share was allotted and issued to the initial subscriber at par value of HK$0.01 each, which was transferred to C3J which is wholly-owned by Mr. Tang, at par value of HK$0.01 each on the same day.

Pursuant to the Reorganisation Agreement, the Company issued and allotted 4,999 and 5,000 nil-paid shares to C3J and Hunter which is wholly-owned by Mr. Chui at par value of HK$0.01 on 3 January 2017.

(b) The Company further issued and allotted 3,000 and 3,000 shares to C3J and Hunter respectively at par value of HK$0.01 each on 27 January 2017 that Everest Enterprise acquired 10,000, 10,000 and 2,000 ordinary shares of Triangular Force, TMP Machinery and Longson from the Controlling Shareholders.

(c) Pursuant to the written resolution passed on 22 September 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by creation of an additional 962,000,000 ordinary shares of HK$0.01 each.

(d) Pursuant to the written resolutions passed by the shareholders on 22 September 2017, the directors of the Company were authorised to allot and issue a total of 449,984,000 shares credited as fully paid at par by way of capitalisation of the sum of HK$4,499,840 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").

(e) On 16 October 2017, 150,000,000 shares under share offer were issued at HK$0.34 per share for a total consideration of HK$51,000,000.

28. SHARE CAPITAL (Continued)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by total equity. Total debt comprises finance lease payables, bank and other borrowings and amount due to directors. Adjusted capital comprises all components of equity, retained profits and other reserves except for non-controlling interests.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 March 2018 and 2017.

The debt-to-adjusted capital ratios at 31 March 2018 and at 31 March 2017 were as follows:

	2018 HK$'000	2017 HK$'000
Due to directors	—	8,570
Finance lease payables	1,383	2,310
Bank and other borrowings	26,153	4,920
Less: bank and cash equivalents (excluding restricted bank deposit)	(17,082)	(2,629)
Net debts	10,454	13,171
Adjusted capital	83,674	55,437
Debt-to-adjusted capital ratio	12.5%	23.8%

The decrease in the debt-to-adjusted capital ratio during 2018 resulted primarily from increase of bank and cash equivalents.

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	As at 31 March 2018 HK$'000	2017 HK$'000
Non-current assets			
Investment in a subsidiary		**1**	1
Current assets			
Due from subsidiaries		**42,100**	—
Bank and cash balances		**79**	*
		42,179	*
Current liabilities			
Due to a subsidiary		**1**	1
Net current assets		**42,178**	*
NET ASSETS		**42,179**	*
Capital and reserves			
Share capital	28	**6,000**	*
Reserves	29(b)	**36,179**	—
TOTAL EQUITY		**42,179**	*

* The balance represents amount less than HK$1,000.

Approved by the Board of Directors on 25 June 2018 and are signed on its behalf by:

Mr. Tang Kwai Leung Stanley
Director

Mr. Chui Koon Yau
Director

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium HK$'000 (note 30(b)(i))	Accumulated losses HK$'000	Total HK$'000
On 3 January 2017 (Date of incorporation)	—	—	—
Total comprehensive income for the year	—	—	—
As at 31 March 2017 and 1 April 2017	—	—	—
Capitalisation issue (note 28)	(4,500)	—	(4,500)
Issuance of shares under share offer (note 28)	49,500	—	49,500
Share issuing expenses (note 28)	(8,419)	—	(8,419)
Total comprehensive income for the year	—	(402)	(402)
As at 31 March 2018	36,581	(402)	36,179

30. RESERVES

(a) Reserves of the Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve represented the aggregate of paid-in capital of Triangular Force, TMP Machinery and Longson, subsidiaries of the Company, of 10,000, 10,000 and 2,000 ordinary shares of HK$1 each respectively.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(b) to the consolidated financial statements.

31. SHARE-BASE PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 22 September 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

No share option was granted during the year ended 31 March 2018.

32. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 March 2018, the Group disposed the property, plant and equipment, sales proceeds of approximately HK$3,100,000 have not been received at the reporting period and have been recorded in other receivables (note 20).

Additions to property, plant and equipment for the year ended 31 March 2018 and 2017 amounted to HK$200,000 and HK$1,338,000 respectively were financed by finance leases.

During the year ended 31 March 2017, the amounts of HK$2,430,000 and HK$2,430,000 due to creditors were assigned by the Group to Mr. Chui and Mr. Tang respectively, directors of the Company and its subsidiaries.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2017 HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Non-cash flows HK$'000	31 March 2018 HK$'000
Due to directors (note 24)	8,570	(8,570)	—	—	—
Bank and other borrowings (note 25)	4,920	21,680	(447)	—	26,153
Finance lease payables (note 26)	2,310	(1,010)	(117)	200	1,383
	15,800	12,100	(564)	200	27,536

33. LEASE COMMITMENTS

The Group as lessee

At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 HK$'000	2017 HK$'000
Within one year	1,655	2,670
In the second to fifth years inclusive	127	1,766
	1,782	4,436

Operating lease payments mainly represent rentals payable by the Group for certain of its offices and warehouses. Leases are negotiated for terms ranging from one to three years (2017: ranging from one to three years) and rentals are fixed over the lease terms and do not include contingent rentals.

34. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere to the consolidated financial statements, the Group had the following transactions with the related parties during the year:

Related party	Nature of transaction	2018 HK$'000	2017 HK$'000
Ms. Lam Ka Yi (Note i)	Office rental expenses charged by a related party	–	31
Master Top Limited (Note ii)	Rental expenses charged by a related company	–	834

Notes:

(i) Ms. Lam Ka Yi is the spouse of Mr. Tang, director of the Group and its subsidiaries.

(ii) Mr. Chui and Mr. Tang, directors of the Group, have beneficial interest in a related company. On 29 December 2016, Mr. Chui and Mr. Tang transferred their entire interest of Master Top Limited to an independent third party.

34. RELATED PARTY TRANSACTIONS (Continued)

(b) The details of the major non-cash transaction related to the assignment of debts between directors, creditors and the Group were mentioned in note 32(a).

(c) The remuneration of directors and other members of key management during the year was as follow:

	2018 HK$'000	2017 HK$'000
Short term benefits	4,960	4,391
Retirements benefit scheme contribution	107	88
	5,067	4,479

35. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed elsewhere in these consolidated financial statements, up to the date of this report, there is no significant event identified by the management subsequent to the reporting period.

36. CONTINGENT LIABILITIES

As at 31 March 2018 and 2017, the Group exposed to the liabilities under the Employees' Compensation Ordinance 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 contractor's insurance taken out by the main contractor for the entire construction projects. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction site and the works performed by the employee of the Group in the relevant construction site. Other than that, the Group had no significant contingent liabilities.

FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for the last three financial years, as extracted from the published audited financial statements are summarised below.

	2018 HK$'000	2017 HK$'000	2016 HK$'000
RESULTS			
REVENUE	**123,019**	116,563	86,604
(LOSS)/PROFIT BEFORE TAX	**(14,498)**	6,839	20,651
INCOME TAX CREDIT/(EXPENSE)	**36**	(1,559)	(3,370)
(LOSS)/PROFIT FOR THE YEAR	**(14,462)**	5,280	17,281
ASSETS AND LIABILITIES			
PROPERTY, PLANT AND EQUIPMENT	**57,808**	63,877	59,363
NET CURRENT ASSETS/(LIABILITIES)	**33,262**	288	(1,472)
NON-CURRENT LIABILITIES	**(7,396)**	(8,728)	(7,734)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**83,674**	55,437	50,157