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BEAVER GROUP (HOLDING) COMPANY LIMITED

永勤集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8275)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

FINAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	141,791	86,999
Cost of sales		<u>(126,628)</u>	<u>(76,606)</u>
Gross profit		15,163	10,393
Other income, gains/(losses)	6	3,278	1,222
Administrative expenses		(15,270)	(14,895)
Allowance for impairment loss of financial assets, net		(16,410)	(6,750)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		<u>191</u>	<u>(1,573)</u>
Loss from operations		(13,048)	(11,603)
Finance costs	7	<u>(1,418)</u>	<u>(2,305)</u>
Loss before tax		(14,466)	(13,908)
Income tax (expense)/credit	8	<u>(248)</u>	<u>1,304</u>
Loss for the year attributable to owners of the Company	9	<u>(14,714)</u>	<u>(12,604)</u>
Other comprehensive income: <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>(2)</u>	<u>(3)</u>
Other comprehensive income for the year, net of tax		<u>(2)</u>	<u>(3)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>(14,716)</u>	<u>(12,607)</u>
Loss per share			<i>(Restated)</i>
Basic and diluted (cents)	11	<u>(20.21)</u>	<u>(21.01)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		38,401	51,898
Right-of-use assets		8,993	8,683
Financial assets at FVTPL		8,618	8,427
Total non-current assets		56,012	69,008
Current assets			
Trade and retention receivables	12	36,532	48,432
Contract assets		28,718	18,807
Deposits, prepayments and other receivables		3,773	2,073
Income tax recoverable		127	159
Bank and cash balances		7,532	5,454
Total current assets		76,682	74,925
Current liabilities			
Trade and retention payables	13	26,170	21,067
Accruals and other payables		11,290	8,002
Bank and other borrowings		25,678	38,350
Lease liabilities		2,346	2,113
Current tax liabilities		32	32
Due to a director		281	–
Total current liabilities		65,797	69,564
Net current assets		10,885	5,361
Total assets less current liabilities		66,897	74,369
Non-current liabilities			
Lease liabilities		7,137	7,031
Deferred tax liabilities		4,994	4,722
Total non-current liabilities		12,131	11,753
NET ASSETS		54,766	62,616
Capital and reserves			
Share capital		9,000	6,000
Reserves		45,766	56,616
TOTAL EQUITY		54,766	62,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange on 16 October 2017.

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 its machinery and the Group possesses all necessary standard plant and machinery and equipment for its construction of bored piles. The Group is also engaged in leasing of machinery.

In the opinion of the Directors, as at 31 March 2021, Hunter Corporate Limited (“**Hunter**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and C3J Development Limited (“**C3J**”), a company incorporated in the BVI with limited liability, are the ultimate holding companies and Mr. Chui Koon Yau (“**Mr. Chui**”) and Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”) are the ultimate controlling parties of the Company (collectively known as the “**Controlling Shareholders**”).

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules 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 Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

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

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform Phase 2	1 January 2021
Amendment to HKFRS 16, COVID-19-Related Rent Concessions	30 June 2020
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Construction contract income	139,675	75,611
Rental income from machinery	<u>2,116</u>	<u>11,388</u>
	<u>141,791</u>	<u>86,999</u>

The Group derives revenue from the construction contract and machinery rental over time in the following major service lines and geographical regions:

For the year ended 31 March	Construction contract income		Rental income from machinery		Total	
	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Primary geographical markets						
– Hong Kong	139,675	73,504	2,116	11,388	141,791	84,892
– Macau	<u>–</u>	<u>2,107</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,107</u>
Segment Revenue	<u>139,675</u>	<u>75,611</u>	<u>2,116</u>	<u>11,388</u>	<u>141,791</u>	<u>86,999</u>
Timing of revenue recognition						
– Over time	<u>139,675</u>	<u>75,611</u>	<u>2,116</u>	<u>11,388</u>	<u>141,791</u>	<u>86,999</u>

- (b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 and the expected timing of recognising revenue as follows:

	Construction contracts		Rental of machinery	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>95,988</u>	<u>87,480</u>	<u>–</u>	<u>–</u>

5. SEGMENT INFORMATION

Operating segment information

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

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

Geographical information

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

	Revenue		Non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	141,791	84,892	47,394	60,581
Macau	–	2,107	–	–
Consolidated total	<u>141,791</u>	<u>86,999</u>	<u>47,394</u>	<u>60,581</u>

Revenue from major customers

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

	2021 HK\$'000	2020 HK\$'000
Customer 1	44,928	N/A ¹
Customer 2	25,804	N/A ¹
Customer 3	22,757	–
Customer 4	N/A ¹	24,481
Customer 5	N/A ¹	10,272
Customer 6	–	8,845

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

6. OTHER INCOME, GAINS/(LOSSES)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income	–	2
Loss on disposals of property, plant and equipment	(932)	–
Gain on early termination of lease	–	1
Government grants (<i>note</i>)	4,002	50
Insurance claims	82	1,051
Others	126	118
	<u>3,278</u>	<u>1,222</u>

Note: During the year ended 31 March 2021, the Group recognised government grants of HK\$4,002,000 (2020: HK\$50,000) in respect of COVID-19 related subsidies, of which HK\$3,932,000 relates to Employment Support Scheme provided by the Hong Kong government.

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on:		
– bank and other borrowings	1,216	2,160
– bank overdraft	1	–
– lease liabilities	201	145
	<u>1,418</u>	<u>2,305</u>

8. INCOME TAX EXPENSE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	36
Over-provision in prior years	(24)	(23)
	(24)	13
Deferred tax	272	(1,317)
	<u>248</u>	<u>(1,304)</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2020: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

No provision for Macau Profits Tax for the year ended 31 March 2021 and 2020 since the Group has no assessable profit.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before tax	<u>(14,466)</u>	<u>(13,908)</u>
Tax at the respective applicable tax rates	(1,466)	(2,278)
Tax effect of expenses that are not deductible	2,633	1,578
Tax effect of income that is not taxable	(961)	–
Tax effect of tax losses not recognised	141	–
Tax effect of temporary differences previously not recognised	86	(986)
Tax effect of temporary differences not recognised	(161)	482
Over-provision in prior years	(24)	(23)
Tax reduction	<u>–</u>	<u>(77)</u>
Income tax expense/(credit)	<u><u>248</u></u>	<u><u>(1,304)</u></u>

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Allowance for impairment loss of trade and retention receivables, net		11,225	4,622
Allowance for impairment loss of contract assets		5,185	2,128
Auditor's remuneration			
– Audit services		620	650
– Non-audit services		500	160
		1,120	810
Costs of construction materials	(a)	47,408	34,124
Depreciation on property, plant and equipment		9,255	12,459
Depreciation on right-of-use assets		2,175	2,375
	(b)	11,430	14,834
Loss on disposals of property, plant and equipment		932	–
Operating lease charges			
– Land and buildings	(c)	249	283
Addition of provision for annual leave		134	292
Staff costs including Directors' emoluments			
– Salaries, bonuses, allowances and other benefits		45,574	33,086
– Retirement benefits scheme contributions		1,390	1,046
	(d)	46,964	34,132

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 2021 and 2020 amounted to HK\$10,736,000 and HK\$12,268,000 respectively.

The amounts included in contract assets as at 31 March 2021 and 2020 amounted to HK\$1,179,000 and HK\$1,296,000 respectively.

(c) The amounts included in cost of sales for the year ended 31 March 2021 and 2020 amounted to HK\$81,000 and HK\$143,000 respectively.

The amounts included in contract assets as at 31 March 2021 amounted to HK\$44,000.

(d) The amounts included in cost of sales for the year ended 31 March 2021 and 2020 amounted to HK\$38,056,000 and HK\$21,848,000 respectively.

The amounts included in contract assets as at 31 March 2021 and 2020 amounted to HK\$5,250,000 and HK\$3,664,000 respectively.

10. DIVIDENDS

The Directors did not recommend payment of any final dividend for the year ended 31 March 2021 (2020: HK\$Nil).

11. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u><u>(14,714)</u></u>	<u><u>(12,604)</u></u>
Number of shares	'000	'000 (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><u>72,822</u></u>	<u><u>60,000</u></u>

The corresponding weighted average number of ordinary shares for the year ended 31 March 2020 has been retrospectively adjusted to reflect the said share consolidation.

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same.

The effect of all potential ordinary shares is anti-dilutive for the year ended 31 March 2021 and 31 March 2020 due to loss making for the year ended 31 March 2021 and 2020.

12. TRADE AND RETENTION RECEIVABLES

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	(a)	52,986	54,123
Allowance for impairment loss		<u>(18,108)</u>	<u>(7,301)</u>
		34,878	46,822
Retention receivables (<i>Note</i>)	(b)	5,054	4,592
Allowance for impairment loss		<u>(3,400)</u>	<u>(2,982)</u>
		1,654	1,610
		<u>36,532</u>	<u>48,432</u>

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

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	11,052	12,755
31 to 60 days	5,334	10,305
61 to 90 days	60	34
Over 90 days	<u>18,432</u>	<u>23,728</u>
	<u>34,878</u>	<u>46,822</u>

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

	<i>HK\$'000</i>
At 1 April 2019	2,198
Allowance for the year	<u>5,103</u>
At 31 March 2020 and 1 April 2020	7,301
Allowance for the year	<u>10,807</u>
At 31 March 2021	<u><u>18,108</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
HK\$	34,878	45,908
MOP	<u>–</u>	<u>914</u>
	<u>34,878</u>	<u><u>46,822</u></u>

- (b) The ageing analysis of retention receivables based on invoice date, and net of allowance for impairment loss is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 year	766	184
Between 1 to 2 years	105	1,362
Between 2 to 5 years	<u>783</u>	<u>64</u>
	<u>1,654</u>	<u><u>1,610</u></u>

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

	<i>HK\$'000</i>
At 1 April 2019	3,463
Reversal for the year	<u>(481)</u>
At 31 March 2020 and 1 April 2020	2,982
Allowance for the year	<u>418</u>
At 31 March 2021	<u><u>3,400</u></u>

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

13. TRADE AND RETENTION PAYABLES

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<i>(a)</i>	26,029	20,028
Retention payables (<i>Note</i>)	<i>(b)</i>	141	1,039
		26,170	21,067

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	4,442	1,456
31 to 60 days	4,793	1,844
61 to 90 days	4,116	463
Over 90 days	12,678	16,265
	26,029	20,028

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the year ended 31 March 2021, the Group recorded a net loss of approximately HK\$14.7 million as compared to a net loss of approximately HK\$12.6 million for the same period in 2020. The Directors are of the view that the net loss were primarily due to (i) delay in progress of certain projects as a result of the outbreak of the novel coronavirus (COVID-19) epidemic; and (ii) loss arising from the increase of an allowance for impairment loss of financial assets of approximately HK\$9.7 million during the year ended 31 March 2021.

OUTLOOK

The Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. The outbreak of the COVID-19 throughout the year has created economic uncertainty to Hong Kong and imposed negative impacts on the foundation industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government. Looking ahead, the Group will continue to strive to improve its operational efficiency and the profitability of its business. The Group will also proactively seek potential business opportunities that will broaden the sources of income and increase the return of shareholders. The Group will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2021 was approximately HK\$141.8 million, representing an increase by approximately 63.0% from approximately HK\$87.0 million for the year ended 31 March 2020, which was primarily attributable to an increase of contracts awarded during the year.

Cost of sales

The Group's cost of sales for the year ended 31 March 2021 was approximately HK\$126.6 million, representing an increase of approximately 65.3% from approximately HK\$76.6 million for the year ended 31 March 2020, which was primarily due to (i) an increase in costs of construction materials and labour costs as a result of the increasing construction activities undertaken by the Group and (ii) increase in overtime payment to staff to avoid further delay in progress of certain projects during the year ended 31 March 2021.

Gross profit and gross profit margin

Due to the increase in the Group's revenue, the Group's gross profit for the year ended 31 March 2021 were approximately HK\$15.2 million, representing an increase of approximately 46.2% from approximately HK\$10.4 million for the year ended 31 March 2020.

The gross profit margin decreased from approximately 11.9% to 10.7% for the year of comparison. Such decrease was primarily contributed by increase in overtime payment to staff to avoid further delay in progress of certain projects during the year ended 31 March 2021.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2021 were approximately HK\$15.3 million, representing an increase of approximately 2.7% from approximately HK\$14.9 million for the year ended 31 March 2020. Administrative expenses primarily consisted of staff costs, advisory fees, legal and professional fee and other administrative expenses. The increase was mainly attributable to legal and professional fee incurred for the rights issues during the year ended 31 March 2021.

Loss for the year

For the year ended 31 March 2021, the Group recorded a loss attributable to owners of the Company of approximately HK\$14.7 million as compared to loss attributable to owners of the Company for the year ended 31 March 2020 of approximately HK\$12.6 million. The loss attributable to owners of the Company was mainly due to (i) delay in progress of certain projects as a result of the outbreak of the novel coronavirus (COVID-19) epidemic; and (ii) loss arising from an increase of an allowance for impairment loss of financial assets of approximately HK\$9.7 million during the year ended 31 March 2021.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2021, 300,000,000 rights shares were allotted and issued and the capital of the Company only comprises ordinary shares.

During the year ended 31 March 2021, the Group finances its liquidity and capital requirements primarily through cash generated from operations, bank and other borrowings, equity contribution from shareholders and proceeds raised from the 2020 Rights Issue (as defined below).

As at 31 March 2021, the Group had bank and cash balances of approximately HK\$7.5 million (2020: approximately HK\$5.5 million).

As at 31 March 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$54.8 million (2020: approximately HK\$62.6 million). As of the same date, the Group's total debts, comprising bank and other borrowings and lease liabilities, amounted to approximately HK\$35.2 million (2020: approximately HK\$47.5 million).

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

2020 Rights Issue

On 10 August 2020, the Company announced a proposed rights issue on the basis of 1 rights share for every 2 existing shares (the “**2020 Rights Issue**”) held on the record date at a subscription price of HK\$0.027 per share (each, a “**Rights Share**”) to raise HK\$8.1 million by issuing 300,000,000 Rights Shares to the qualifying shareholders.

On 23 October 2020, the Company completed the 2020 Rights Issue and issued 300,000,000 Rights Shares with par value HK\$0.01 each at a subscription price of HK\$0.027 per Rights Share, which represented a discount of approximately 22.86% to the theoretical closing price of HK\$0.035 per share of the Company, based on the closing price of HK\$0.035 per share of the Company immediately prior to the completion date of the 2020 Rights Issue on the basis of one (1) Rights Share for every two (2) existing shares held, and the net proceeds of the 2020 Rights Issue, after deducting the related expenses, were approximately HK\$6.9 million, which were mainly used for (i) as to HK\$4.2 million for repayment of outstanding principal and interest amount of loans; and (ii) the remaining balance of HK\$2.7 million for repayment of debts owing by the Group to its suppliers. Upon the completion of the 2020 Rights Issue in October 2020, the number of shares in issue became 900,000,000 of par value HK\$0.01 each thereafter. Details of the 2020 Rights Issue are set out in the Company's announcement dated 10 August 2020, 18 August 2020, 16 September 2020 and 22 October 2020 and prospectus dated 29 September 2020.

As at 31 March 2021, the actual use of the net proceeds of the 2020 Rights Issue was as follows:

	Planned use of net proceeds as stated in the prospectus dated 29 September 2020 (HK\$ million)	Actual use of proceeds up to 31 March 2021 (HK\$ million)	Unutilised net proceeds up to 31 March 2021 (HK\$ million)
Repayment of outstanding principal, interest amount and relevant administrative expenses of loans	4.2	4.2	–
Repayment of debts owing by the Group to its suppliers	2.7	2.7	–
Total	<u>6.9</u>	<u>6.9</u>	<u>–</u>

As at 31 March 2021, all net proceeds raised from the 2020 Rights Issue had been fully utilised in the manner consistent with the proposed allocations as set out in the prospectus dated 29 September 2020.

Share Consolidation and Increase in Authorised Share Capital

On 25 January 2021, the Company announced a proposed that every 10 existing shares of HK\$0.01 each in the share capital of the Company be consolidated into 1 consolidated share (“**Consolidated Share**”) of HK\$0.1 each in the share capital of the Company (the “**Share Consolidation**”) and increase in authorised share capital from HK\$10,000,000 divided into 100,000,000 Consolidated Shares to HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares by creating an additional 900,000,000 unissued Consolidated Shares (the “**Increase in Authorised Share Capital**”). Upon the Share Consolidation and the Increase in Authorised Share Capital becoming effective by shareholders’ resolution passed at an extraordinary general meeting on 16 March 2021, the authorised share capital of the Company became HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares of par value of HK\$0.1 each, and the number of shares in issue became 90,000,000 thereafter. Details of the Share Consolidation and Increase in Authorised Share Capital are set out in the Company’s announcement dated 25 January 2021, 19 February 2021, 27 February 2021, 16 March 2021 and circular dated 27 February 2021.

2021 Rights Issue

On 25 January 2021, the Company announced a proposed rights issue on the basis of 3 Rights Shares for every 2 Consolidated Shares in issue at a subscription price of HK\$0.21 per Rights Share (the “**2021 Rights Issue**”) to raise HK\$28.35 million by issuing 135,000,000 Rights Shares to the qualifying shareholders. The maximum net proceeds from the 2021 Rights Issue (after deducting the estimated expenses) were approximately HK\$25 million, which was used for (i) approximately HK\$8 million for the repayment of overdue accounts payable; and (ii) approximately HK\$17 million for the repayment of bank loans.

Upon the 2021 Rights Issue was approved by shareholders’ resolution passed at an extraordinary general meeting on 16 March 2021 and completion of the 2021 Rights Issue on 3 May 2021, the number of shares in issue of the Company was increased by 135,000,000.

As at the date of this announcement, there are a total of 225,000,000 issued shares of the Company of par value of HK\$0.1 each.

Details of the 2021 Rights Issue are set out in the Company’s announcement dated 25 January 2021, 19 February 2021, 16 March 2021, 20 April 2021, 30 April 2021, circular dated 27 February 2021 and prospectus dated 30 March 2021.

BORROWINGS AND GEARING RATIO

As at 31 March 2021, the Group had total debts (summation of bank and other borrowings and lease liabilities) of approximately HK\$35.2 million (2020: bank and other borrowings and lease liabilities approximately HK\$47.5 million). The Group’s bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2021, the gearing ratio of the Group, which was defined as the total debts divided by the total equity, was approximately 64.2% (2020: approximately 75.9%).

FOREIGN EXCHANGE EXPOSURE

The revenue generating from operations and borrowings raised of the Group was mainly transacted in Hong Kong Dollars which are the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant disclosure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

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 2021, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK\$12.4 million (2020: approximately HK\$21.4 million).

CONTINGENT LIABILITIES

Subsequent to the reporting period, a court writ was served to Triangular Force Construction Engineering Limited (“**Triangular Force**”), an indirect wholly owned subsidiary of the Company, in relation to a claim by a third party for share dispute of approximately HK\$6.5 million. In the opinion of the Directors, as Triangular Force did not enter into any form of agreement with the plaintiff, it does not have obligation to the claim so no provision has been made accordingly in the financial statements for the year ended 31 March 2021. According to the advice from the legal advisor of the Group, it is premature to determine the final outcome of the legal case, however the plaintiff has no legal merit based on the currently available information unless the plaintiff can substantiate and provide further details and supporting evidence on the case.

As at 31 March 2021 and 2020, the Group were exposed to the liabilities under the Employees’ Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the year, all the construction projects were covered by the employees’ compensation insurance and contractors’ all risks insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites. Other than that, the Group had no significant contingent liabilities.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no material capital commitments (2020: Nil) contracted but not provided for property, plant and equipment.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 5 of the consolidated financial statements.

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 2021, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. There is no other plan for material investments or capital assets as at 31 March 2021.

INFORMATION ON EMPLOYEES

As at 31 March 2021, the Group had 102 full-time employees working in Hong Kong (2020: 98). The total staff costs, including Directors' emoluments and mandatory provident fund contributions, of the Group were approximately HK\$47.0 million for the year ended 31 March 2021 (2020: approximately HK\$34.1 million).

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

PURCHASE, SALE OR REDEMPTION OR LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2021 (2020: HK\$Nil).

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 applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 15 of the GEM Listing Rules. During the year ended 31 March 2021, 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 5.68 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company (the "**Required Standard of Dealings**"). Following specific enquiries to all the Directors, each of them has confirmed that he has complied with the Required Standard of Dealing and there was no event of non-compliance throughout the year.

EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of shares upon rights issue

On 3 May 2021, the Company issued 135,000,000 ordinary shares upon completion of the rights issue on the basis of 3 rights shares for every 2 consolidated shares held by shareholders of the Company on 29 March 2021 at the subscription price of HK\$0.21 per rights share. The gross proceeds from the rights issue were approximately HK\$28.35 million. The net proceeds after deducting related expenses of approximately HK\$25 million.

(b) Deregistration of a subsidiary

Pursuant to an approval of deregistration issued by the local authority, 濠傑建築工程一人有限公司 (“**Ho Kit Construction**”), the subsidiary in Macau was deregistered on 22 April 2021.

AUDIT COMMITTEE

The audit committee of the Company comprising three independent non-executive Directors (the “**Audit Committee**”) was established on 22 September 2017. The chairman of the Audit Committee is Mr. He Dingding the independent non-executive Director, and other members included Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statement for the year ended 31 March 2021.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on this preliminary announcement.

The Group's annual results for the year ended 31 March 2021 has been reviewed by the Audit Committee.

APPRECIATION

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

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

Hong Kong, 22 June 2021

As at the date of this announcement, the Board comprises Mr. Tang Kwai Leung Stanley and Mr. Chui Koon Yau as executive Directors; and Mr. He Dingding, Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man as independent non-executive Directors.

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