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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 2022**

#### **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 2022, together with the comparative figures for the year ended 31 March 2021.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>146,737</b>	141,791
Cost of sales		<u>(170,134)</u>	<u>(126,628)</u>
<b>Gross (loss)/profit</b>		<b>(23,397)</b>	15,163
Other income, gains/(losses)	6	<b>917</b>	3,278
Administrative expenses		<b>(14,212)</b>	(15,270)
Allowance for impairment loss of financial assets, net		<b>(5,088)</b>	(16,410)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		<u><b>143</b></u>	<u>191</u>
<b>Loss from operations</b>		<b>(41,637)</b>	(13,048)
Finance costs	7	<u><b>(694)</b></u>	<u>(1,418)</u>
<b>Loss before tax</b>		<b>(42,331)</b>	(14,466)
Income tax credit/(expense)	8	<u><b>4,535</b></u>	<u>(248)</u>
<b>Loss for the year attributable to owners of the Company</b>	9	<u><u><b>(37,796)</b></u></u>	<u><u>(14,714)</u></u>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		–	(2)
Release of translation reserve upon deregistration of a subsidiary		<u><b>(249)</b></u>	<u>–</u>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>(249)</b></u>	<u>(2)</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><u><b>(38,045)</b></u></u>	<u><u>(14,716)</u></u>
<b>Loss per share</b>			<i>(Restated)</i>
Basic and diluted (cents)	11	<u><u><b>(68.59)</b></u></u>	<u><u>(47.18)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>40,410</b>	38,401
Right-of-use assets		<b>6,884</b>	8,993
Financial assets at FVTPL		<b>8,761</b>	8,618
<b>Total non-current assets</b>		<b>56,055</b>	56,012
<b>Current assets</b>			
Trade and retention receivables	12	<b>25,878</b>	36,532
Contract assets		<b>23,561</b>	28,718
Deposits, prepayments and other receivables		<b>2,726</b>	3,773
Income tax recoverable		<b>33</b>	127
Bank and cash balances		<b>4,340</b>	7,532
<b>Total current assets</b>		<b>56,538</b>	76,682
<b>Current liabilities</b>			
Trade and retention payables	13	<b>36,026</b>	26,170
Accruals and other payables		<b>9,699</b>	11,290
Bank and other borrowings		<b>5,225</b>	25,678
Promissory note payable		<b>3,000</b>	–
Lease liabilities		<b>2,436</b>	2,346
Current tax liabilities		<b>41</b>	32
Due to a director		<b>–</b>	281
<b>Total current liabilities</b>		<b>56,427</b>	65,797
<b>Net current assets</b>		<b>111</b>	10,885
<b>Total assets less current liabilities</b>		<b>56,166</b>	66,897
<b>Non-current liabilities</b>			
Lease liabilities		<b>5,284</b>	7,137
Deferred tax liabilities		<b>356</b>	4,994
<b>Total non-current liabilities</b>		<b>5,640</b>	12,131
<b>NET ASSETS</b>		<b>50,526</b>	54,766
<b>Capital and reserves</b>			
Share capital		<b>27,000</b>	9,000
Reserves		<b>23,526</b>	45,766
<b>TOTAL EQUITY</b>		<b>50,526</b>	54,766

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2022*

## 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 P.O. Box 1350, Windward 3, Regatta Office Park, 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 of Hong Kong Limited (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.

## 2. BASIS OF PREPARATION

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

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

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

### (a) Application of new and revised HKFRSs

The Group has applied 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phrase 2

Except as described below, the application of 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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phrase 2***

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on these financial statements as the group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

**(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 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 3 Business Combination – 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
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Construction contract income	146,737	139,675
Rental income from machinery	–	2,116
	<u>146,737</u>	<u>141,791</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	
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Primary geographical markets</b>						
– Hong Kong	146,737	139,675	–	2,116	146,737	141,791
Segment Revenue	<u>146,737</u>	<u>139,675</u>	<u>–</u>	<u>2,116</u>	<u>146,737</u>	<u>141,791</u>
<b>Timing of revenue recognition</b>						
– Over time	<u>146,737</u>	<u>139,675</u>	<u>–</u>	<u>2,116</u>	<u>146,737</u>	<u>141,791</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 2022 and the expected timing of recognising revenue as follows:

	<b>Construction contracts</b>	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	<u>112,926</u>	<u>95,988</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, 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

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the year.

### Revenue from major customers

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer 1	43,879	25,804
Customer 2	40,019	22,757
Customer 3	24,449	N/A <sup>1</sup>
Customer 4	N/A <sup>1</sup>	44,928

<sup>1</sup> The corresponding revenue did not contribute over 10% of total revenue of the Group.

## 6. OTHER INCOME, GAINS/(LOSSES)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on disposals of right-of-use assets	480	–
Loss on disposals/write-off of property, plant and equipment	(93)	(932)
Gain on deregistration of a subsidiary	249	–
Gain on bargain purchase of property, plant and equipment	31	–
Government grants ( <i>note</i> )	–	4,002
Insurance claims	79	82
Others	171	126
	<u>917</u>	<u>3,278</u>

*Note:* During the year ended 31 March 2021, the Group recognised government grants of HK\$4,002,000 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on:		
– bank and other borrowings	363	1,216
– bank overdraft	1	1
– lease liabilities	330	201
	<u>694</u>	<u>1,418</u>

## 8. INCOME TAX (CREDIT)/EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	41	–
Under/(over)-provision in prior years	62	(24)
	<u>103</u>	<u>(24)</u>
Deferred tax	<u>(4,638)</u>	<u>272</u>
	<u>(4,535)</u>	<u>248</u>



Hong Kong Profits Tax has been provided at a rate of 16.5% (2021: 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 Profits 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 2022 and 2021 is required 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 (credit)/expense and the product of loss before tax multiplied by respective applicable tax rates is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax	<u>(42,331)</u>	<u>(14,466)</u>
Tax at the respective applicable tax rates	(6,563)	(1,466)
Tax effect of expenses that are not deductible	1,122	2,633
Tax effect of income that is not taxable	(336)	(961)
Tax effect of tax losses not recognised	299	141
Tax effect of utilisation of tax losses previously not recognised	(15)	–
Tax effect of temporary differences previously not recognised	906	86
Tax effect of temporary differences not recognised	–	(161)
Under/(over)-provision in prior years	62	(24)
Tax reduction	<u>(10)</u>	<u>–</u>
Income tax (credit)/expense	<u><u>(4,535)</u></u>	<u><u>248</u></u>

## 9. LOSS FOR THE YEAR

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

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
(Reversal of allowance for)/allowance for impairment loss of trade and retention receivables, net		<b>(1,624)</b>	11,225
Allowance for impairment loss of contract assets		<b>6,712</b>	5,185
Auditor's remuneration			
– Audit services		<b>620</b>	620
– Non-audit services		<b>315</b>	500
		<b>935</b>	1,120
Costs of construction materials	(a)	<b>60,803</b>	47,408
Depreciation on property, plant and equipment		<b>8,848</b>	9,255
Depreciation on right-of-use assets		<b>2,785</b>	2,175
	(b)	<b>11,633</b>	11,430
Gain on disposals of right-of-use assets		<b>(480)</b>	–
Loss on disposals/write-off of property, plant and equipment		<b>93</b>	932
Operating lease charges			
– Land and buildings	(c)	<b>260</b>	249
Addition of provision for annual leave		<b>35</b>	134
Staff costs including directors' emoluments			
– Salaries, bonuses, allowances and other benefits		<b>47,809</b>	45,574
– Retirement benefits scheme contributions		<b>1,299</b>	1,390
	(d)	<b>49,108</b>	46,964

*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 2022 and 2021 amounted to HK\$11,445,000 and HK\$10,736,000 respectively.

The amounts included in contract assets as at 31 March 2022 and 2021 amounted to HK\$Nil and HK\$1,179,000 respectively.

(c) The amounts included in cost of sales for the year ended 31 March 2022 and 2021 amounted to HK\$90,000 and HK\$81,000 respectively.

The amounts included in contract assets as at 31 March 2022 and 2021 amounted to HK\$85,000 and HK\$44,000 respectively.

(d) The amounts included in cost of sales for the year ended 31 March 2022 and 2021 amounted to HK\$41,084,000 and HK\$38,056,000 respectively.

The amounts included in contract assets as at 31 March 2022 and 2021 amounted to HK\$4,852,000 and HK\$5,250,000 respectively.

## 10. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 March 2022 (2021: 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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u><u>(37,796)</u></u>	<u><u>(14,714)</u></u>
<b>Number of shares</b>	<b>'000</b>	<b>'000</b> (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><u>55,101</u></u>	<u><u>31,186</u></u>

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares after adjusting the effect of the share consolidation and rights issue.

The corresponding weighted average number of ordinary shares for the year ended 31 March 2021 has been retrospectively adjusted to reflect the share consolidation and rights issue.

The effect of all potential ordinary shares is anti-dilutive for the year ended 31 March 2022 and 31 March 2021 due to loss making for the year ended 31 March 2022 and 2021.

## 12. TRADE AND RETENTION RECEIVABLES

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	(a)	39,946	52,986
Allowance for impairment loss		<u>(15,631)</u>	<u>(18,108)</u>
		24,315	34,878
Retention receivables ( <i>Note</i> )	(b)	5,816	5,054
Allowance for impairment loss		<u>(4,253)</u>	<u>(3,400)</u>
		1,563	1,654
		<u><b>25,878</b></u>	<u><b>36,532</b></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 directors.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	5,811	11,052
31 to 60 days	5,681	5,334
61 to 90 days	–	60
Over 90 days	<u>12,823</u>	<u>18,432</u>
	<u><b>24,315</b></u>	<u><b>34,878</b></u>

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

	<i>HK\$'000</i>
At 1 April 2020	7,301
Allowance for the year	<u>10,807</u>
At 31 March 2021 and 1 April 2021	18,108
Reversal of allowance for the year	<u>(2,477)</u>
At 31 March 2022	<u><u>15,631</u></u>

The carrying amounts of the Group's trade receivables are denominated in HK\$.

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

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	<b>975</b>	766
Between 1 to 2 years	<b>12</b>	105
Between 2 to 5 years	<b>576</b>	783
	<u><b>1,563</b></u>	<u>1,654</u>

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

	<i>HK\$'000</i>
At 1 April 2020	2,982
Allowance for the year	<u>418</u>
At 31 March 2021 and 1 April 2021	3,400
Allowance for the year	<u>853</u>
At 31 March 2022	<u><u>4,253</u></u>

The carrying amounts of the Group's retention receivables are denominated in HK\$.

### 13. TRADE AND RETENTION PAYABLES

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	(a)	35,235	26,029
Retention payables ( <i>Note</i> )	(b)	791	141
		<u>36,026</u>	<u>26,170</u>

*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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	5,328	4,442
31 to 60 days	5,073	4,793
61 to 90 days	3,195	4,116
Over 90 days	21,639	12,678
	<u>35,235</u>	<u>26,029</u>

The carrying amounts of the Group's trade payables are denominated in HK\$.

(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 HK\$.

## **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 2022, the Group recorded a net loss of approximately HK\$37.8 million as compared to a net loss of approximately HK\$14.7 million for the same period in 2021. The Directors are of the view that the net loss was primarily due to (i) the decrease in gross profit as a result of cost overrun in the Group's bored piling projects, mainly the project located in Hung Hom which experienced delay in work progress; (ii) loss arising from the increase of an allowance for impairment loss of financial assets of approximately HK\$5.1 million; and (iii) the decrease in other income of approximately HK\$3.9 million as a result of absence of subsidies of the employment support scheme under the anti-epidemic fund, set up by the government of Hong Kong.

### **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 in 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 Directors believe that the finance and fintech industry has a promising prospect and the development of finance and fintech will enable the Group to benefit from diversified revenue streams, as well as market deployment and preparation in advance for its entry into the Hong Kong financial services market which offers growth potential and better capital return. 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.

## **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 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 its 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 its 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 will be paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

## **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 2022, 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.

## **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 business and operation would be at risk.



## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the year ended 31 March 2022 was approximately HK\$146.7 million, representing an increase by approximately 3.5% from approximately HK\$141.8 million for the year ended 31 March 2021, which was primarily attributable to increase of contracts awarded during the year ended 31 March 2022.

### **Cost of sales**

The Group's cost of sales for the year ended 31 March 2022 was approximately HK\$170.1 million, representing an increase of approximately 34.4% from approximately HK\$126.6 million for the year ended 31 March 2021, which was primarily due to the increase in subcontracting charges, material costs and labour costs because of delay in progress of certain projects during the year ended 31 March 2022.

### **Gross profit and gross profit margin**

Due to the increase in the Group's cost of sales, the Group's gross loss for the year ended 31 March 2022 was approximately HK\$23.4 million, representing a decrease of approximately 253.9% from gross profit of approximately HK\$15.2 million for the year ended 31 March 2021.

The Group's gross profit margin decreased from approximately 10.7% to gross loss margin of approximately 15.9% for the year of comparison. Such decrease was primarily contributed by the increase in subcontracting charges, material costs and labour costs because of delay in progress of certain projects during the year ended 31 March 2022.

### **Administrative expenses**

The Group's administrative expenses for the year ended 31 March 2022 were approximately HK\$14.2 million, representing a decrease of approximately 7.2% from approximately HK\$15.3 million for the year ended 31 March 2021. Administrative expenses primarily consisted of staff costs, advisory fees, legal and professional fee and other administrative expenses. The decrease was mainly attributable to a decrease in legal and professional fees incurred during the year ended 31 March 2022.

## **Loss for the year**

For the year ended 31 March 2022, the Group recorded a loss attributable to owners of the Company of approximately HK\$37.8 million as compared to loss attributable to owners of the Company for the year ended 31 March 2021 of approximately HK\$14.7 million. The loss attributable to owners of the Company was mainly due to (i) the decrease in gross profit due to cost overrun in the Group's bored piling projects, mainly the project located in Hung Hom which experienced delay in work progress; (ii) loss arising from the increase of an allowance for impairment loss of financial assets of approximately HK\$5.1 million; and (iii) the decrease in other income of approximately HK\$3.9 million as a result of absence of subsidies of the employment support scheme under the anti-epidemic fund, set up by the government of Hong Kong.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2021, the Company's issued share capital was HK\$9 million divided into 90,000,000 ordinary shares of HK\$0.1 each.

Movements of the issued capital of the Company during the year ended 31 March 2022, resulting from the completion of the 2021 Rights Issue, 2021 Placing of New Shares and Share Consolidation (all as defined below), are detailed under this section below.

As at 31 March 2022, the Company's issued share capital was HK\$27 million divided into 54,000,000 ordinary shares of HK\$0.5 each.

During the year ended 31 March 2022, the Group financed its liquidity and capital requirements primarily through cash generated from operations, bank and other borrowings, promissory note payable, equity contribution from shareholders and proceeds raised from the 2021 Rights Issue and 2021 Placing of New Shares.

As at 31 March 2022, the Group had bank and cash balances of approximately HK\$4.3 million (2021: approximately HK\$7.5 million).

As at 31 March 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$50.5 million (2021: approximately HK\$54.8 million). As of the same date, the Group's total debts, comprising bank and other borrowings, promissory note payable and lease liabilities, amounted to approximately HK\$15.9 million (2021: approximately HK\$35.2 million).

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

## 2021 Rights Issue

On 25 January 2021, the Company announced a proposed rights issue on the basis of 3 new shares (each a “**Rights Share**”) for every 2 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 qualifying shareholders. The Company was of the view that it will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs in contrary to other fund-raising alternatives available to the Group.

On 3 May 2021, the Company completed the 2021 Rights Issue and issued 135,000,000 Rights Shares with par value of HK\$0.1 each at a subscription price of HK\$0.21 per Rights Shares determined with reference to, among others, the market price of the shares under the prevailing market conditions. The closing price per Share as quoted on the Stock Exchange on 25 January 2021, being the last trading day, was HK\$0.32 per share. The net proceeds from the 2021 Rights Issue (after deducting the estimated expenses) were approximately HK\$26.4 million, representing a net price of approximately HK\$0.196 per Rights Share, which were used as to (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 completion of the 2021 Rights Issue in May 2021, the number of shares in issue became 225,000,000 of par value HK\$0.1 each thereafter. Details of the 2021 Rights Issue are set out in the Company’s announcements 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.

All net proceeds raised from the 2021 Rights Issue have been fully utilised in the manner consistent with the proposed allocations as set out in the prospectus dated 30 March 2021, details of which are set out in the interim report of the Company dated 9 November 2021.

## 2021 Placing of New Shares

On 1 September 2021 (after trading hours of the Stock Exchange), the Company entered into the placing agreement with Tiger Faith Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent conditionally agreed, as agent of the Company, to procure on a best effort basis then expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 45,000,000 Placing Shares at the placing price of HK\$0.175 per new share to be placed (the “**Placing Share**”) (the “**2021 Placing of New Shares**”). The Company was of the view that the 2021 Placing of New Shares represented an opportunity to strengthen the Group’s financial position, reduce the high gearing ratio of the Group and enlarge the shareholder base of the Company which may in turn enhance the liquidity of its shares, and provide working capital to the Group to meet any financial obligations of the Group.

On 21 September 2021, the 2021 Placing of New Shares was completed and a total of 45,000,000 Placing Shares were placed by the Placing Agent to not less than six placees at the placing price of HK\$0.175 per Placing Share, representing (i) 20% of the issued share capital of the Company immediately before completion of the 2021 Placing of New Shares;

and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the 2021 Placing of New Shares, determined with reference to the prevailing market price. The closing price per share of the Company as quoted on the Stock Exchange on 1 September 2021, being the date of the placing agreement, was HK\$0.215 per share. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the places is independent of and not connected with the Company, its connected persons and their respective associates, who and whose ultimate beneficial owner(s) (where applicable) are all independent third parties. The net proceeds from the 2021 Placing of New Shares (after deducting the estimated expenses) were approximately HK\$7.3 million, representing a net issue price of approximately HK\$0.162 per Placing Share, which were used as to (i) approximately HK\$4.3 million for the repayment of accounts payable which were overdue for more than 180 days; and (ii) approximately HK\$3 million for general working capital of the Group. Details of the 2021 Placing of New Shares are set out in the Company's announcements dated 1 September 2021 and 21 September 2021.

As at 31 March 2022, the actual use of the net proceeds of the 2021 Placing of New Shares was as follows:

	<b>Planned use of net proceeds as stated in the announcement dated 1 September 2021 (HK\$ million)</b>	<b>Actual use of proceeds up to 31 March 2022 (HK\$ million)</b>	<b>Unutilised net proceeds up to 31 March 2022 (HK\$ million)</b>
Repayment of accounts payable which are overdue for more than 180 days	4.3	2.8	1.5
General working capital	3.0	3.0	–
<b>Total</b>	<b>7.3</b>	<b>5.8</b>	<b>1.5</b>

As at 31 March 2022, the net proceeds in the amount of approximately HK\$2.8 million have been utilised for repayment of accounts payables which are overdue for more than 180 days and HK\$3 million have been utilised for general working capital of the Group and the remaining balance of approximately HK\$1.5 million will be utilised as intended for repayment of overdue accounts payables.

## Share Consolidation

On 14 January 2022, the Company announced a proposed share consolidation on the basis that every 5 existing shares in the issued and unissued share capital of the Company be consolidated into 1 consolidated share (the “**Share Consolidation**”). On 17 March 2022, the Share Consolidation became effective and every 5 issued and unissued existing shares of HK\$0.1 each in the share capital of the Company was consolidated into 1 consolidated share of HK\$0.5 each.

Details of the Share Consolidation are set out in the Company’s announcements dated 14 January 2022, 27 January 2022 and 15 March 2022 and circular dated 25 February 2022.

## 2022 Rights Issue

On 14 January 2022, 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\$0.55 per Rights Share (the “**2022 Rights Issue**”) to raise approximately HK\$44.55 million by issuing 81,000,000 Rights Shares to the qualifying shareholders.

On 3 May 2022, the Company completed the 2022 Rights Issue and issued 81,000,000 Rights Shares with par value of HK\$0.5 each at a subscription price of HK\$0.55 per Rights Shares determined with reference to, among others, the market price of the shares under the prevailing market conditions. The theoretical closing price per Share was HK\$0.725 per share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on 14 January 2022, being the last trading day). The net proceeds from the 2022 Rights Issue (after deducting the estimated expenses) were approximately HK\$42.6 million, representing a net price of approximately HK\$0.53 per Rights Share, which were used as to (i) approximately HK\$3.1 million for repayment of the principal amount and interest accrued thereon of the Promissory Note to be due six months after the date of issue of the Promissory Note (i.e. 13 June 2022); (ii) approximately HK\$20 million for the acquisition of a new office premise and the relevant renovation cost; (iii) approximately HK\$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group’s operational capacity and efficiency in foundation and site formation works and bored piling works, as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income; (iv) approximately HK\$3 million for business development and marketing expenses in order to expand the Group’s customer base and acquire more projects; and (v) the remaining balance of approximately HK\$9.5 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic 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.

Upon the completion of the 2022 Rights Issue in May 2022, the number of shares in issue became 135,000,000 of par value HK\$0.5 each thereafter. Details of the 2022 Rights Issue are set out in the Company's announcement dated 14 January 2022, 27 January 2022, 19 April 2022, 29 April 2022, 3 May 2022, circular dated 25 February 2022 and prospectus dated 29 March 2022.

## **BORROWINGS AND GEARING RATIO**

As at 31 March 2022, the Group had total debts (summation of bank and other borrowings, promissory note payable and lease liabilities) of approximately HK\$15.9 million (2021: bank and other borrowings and lease liabilities approximately HK\$35.2 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2022, the gearing ratio of the Group, which was defined as the total debts divided by the total equity, was approximately 31.5% (2021: approximately 64.2%).

## **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 2022, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK\$11.0 million (2021: approximately HK\$12.4 million).

## **CONTINGENT LIABILITIES**

As at 31 March 2022 and 2021, 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 2022, the Group had no material capital commitments (2021: Nil) contracted but not provided for property, plant and equipment.

## **SEGMENT INFORMATION**

Segmental information is presented for the Group as disclosed in note 5 to 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 2022, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. As at 31 March 2022, the Group has a plan to acquire a new office premise with relevant renovation cost amounting to approximately HK\$20 million by using the proceeds from 2022 Rights Issue.

## **INFORMATION ON EMPLOYEES**

As at 31 March 2022, the Group had 87 full-time employees working in Hong Kong (2021: 102). The total staff costs, including Directors' emoluments and mandatory provident fund contributions, of the Group were approximately HK\$49.1 million for the year ended 31 March 2022 (2021: approximately HK\$47.0 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 2022.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 March 2022 (2021: HK\$Nil).

## CHANGE OF COMPANY NAME

On 16 May 2022, the Company announced the proposed change of its English name to “State Innovation Holdings Limited” and its dual foreign name in Chinese to “國科控股有限公司”. The relevant special resolution was duly passed by the Shareholders by way of poll at the extraordinary general meeting of the Company held on 20 June 2022.

For further details, please refer to the Company’s announcements dated 16 May 2022 and 20 June 2022 and circular dated 30 May 2022.

## 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 2022, 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) On 3 May 2022, the Company issued 81,000,000 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 28 March 2022 at the subscription price of HK\$0.55 per rights share. The gross proceeds from the rights issue were approximately HK\$44.55 million. The net proceeds after deducting related expenses of approximately HK\$42.6 million.
- (b) A court writ was served to Triangular Force Construction Engineering Limited, 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. A court order was issued on 24 May 2022 that the court granted a stay of proceedings in favour of arbitration on the ground that all parties have agreed that the dispute shall be exclusively adjudicated by arbitration, by virtue of an arbitration clause in the agreement.



- (c) On 23 May 2022, Longson Enterprise Development Company Limited, a company incorporated in Hong Kong with limited liability and indirect wholly-owned subsidiary of the Company, entered into an agreement with Alpha Rich Limited, a company incorporated in Hong Kong with limited liability, in relation to the acquisition of a property at a consideration of HK\$15,500,000. Details of the acquisition were disclosed in the announcements of the Company dated 23 May 2022 and 26 May 2022.
- (d) On 23 May 2022, the Company entered into an acquisition agreement with Ms. Yip Nga Wan (“**Ms. Yip**”) and Mr. Wong Hoi Cheung in relation to the proposed acquisition of the 100% equity interest of Tiger Faith Holdings Limited, a company incorporated in the BVI with limited liability, at a consideration of HK\$20,000,000, of which HK\$10,000,000 shall be satisfied by the issue of convertible bond which carries the right to convert into conversion shares at HK\$0.8 per conversion share to Ms. Yip. Tiger Faith Holdings Limited and its subsidiaries are principally engaged in finance and fintech business. Details of the proposed acquisition were disclosed in the announcements of the Company dated 23 May 2022 and 13 June 2022.
- (e) On 23 May 2022, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent has conditionally agreed to procure not less than six places, on a best effort basis to subscribe for the convertible bond of an aggregate principal amount of up to HK\$30,000,000 at the initial conversion price of HK\$0.8. Details of the placing were disclosed in the announcements of the Company dated 23 May 2022 and 13 June 2022.

## **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 2022.

## **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 2022 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 2022 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, 23 June 2022

*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](http://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](http://www.beavergroup.com.hk).*