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 2018

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

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

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

This 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 2018, together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	4	**123,019**	116,563
Cost of sales		**(116,935)**	(96,363)
Gross profit		**6,084**	20,200
Other income	6	**5,265**	1,052
Administrative expenses		**(25,280)**	(14,119)
Other operating expenses		**—**	(128)
(Loss)/profit from operations		**(13,931)**	7,005
Finance costs	7	**(567)**	(166)
(Loss)/profit before tax		**(14,498)**	6,839
Income tax credit/(expense)	8	**36**	(1,559)
(Loss)/profit for the year attributable to owners of the Company	9	**(14,462)**	5,280
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		**118**	—
Other comprehensive income for the year, net of tax		**118**	—
Total comprehensive income for the year attributable to owners of the Company		**(14,344)**	5,280
(Loss)/earnings per share			
Basic and diluted (cents)	11	**(2.79)**	1.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**57,808**	63,877
Current assets			
Trade and retention receivables	*12*	**32,886**	42,784
Gross amounts due from customers for contract work		**24,525**	4,613
Deposits, prepayments and other receivables		**12,068**	2,576
Income tax recoverable		**442**	1,294
Restricted bank deposits		**3,000**	—
Bank and cash balances		**17,082**	2,629
Total current assets		**90,003**	53,896
Current liabilities			
Trade and retention payables	*13*	**18,619**	19,173
Gross amounts due to customers for contract work		**199**	2,893
Accruals and other payables		**10,785**	17,244
Due to directors		**—**	8,570
Bank and other borrowings		**26,153**	4,920
Finance lease payables		**535**	791
Current tax liabilities		**450**	17
Total current liabilities		**56,741**	53,608
Net current assets		**33,262**	288
Total assets less current liabilities		**91,070**	64,165
Non-current liabilities			
Finance lease payables		**848**	1,519
Deferred tax liabilities		**6,548**	7,209
Total non-current liabilities		**7,396**	8,728
NET ASSETS		**83,674**	55,437
Capital and reserves			
Share capital		**6,000**	*
Reserves		**77,674**	55,437
TOTAL EQUITY		**83,674**	55,437

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its operating subsidiaries are mainly engaged in provision of foundation works and ancillary services.

In the opinion of the directors of the Company, as at 31 March 2018, Hunter Corporate Limited ("**Hunter**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and C3J Development Limited ("**C3J**"), a company incorporated in the BVI with limited liability, are the ultimate holding companies and Mr. Chui Koon Yau ("**Mr. Chui**") and Mr. Tang Kwai Leung Stanley, ("**Mr. Tang**") are the ultimate controlling parties of the Company (collectively known as the "**Controlling Shareholders**").

2. GROUP REORGANISATION AND BASIS OF PREPARATION

Group reorganisation

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

Basis of preparation

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

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

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's quarter financial report for the three months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that quarter financial report.

HKFRS 9 Financial Instruments

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

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

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

Impairment

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

HKFRS 15 Revenue from Contracts with Customers

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

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

Timing of revenue recognition

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

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

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

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

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

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

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

HKFRS 16 Leases

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

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

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

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately HK$1,782,000 as at 31 March 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

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

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

4. REVENUE

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

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

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 ancillary services in Hong Kong and Macau, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the profit before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of Hong Kong Financial Reporting Standard 8 "Operating Segments".

Geographical information

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

	Revenue		**Non-current assets**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**64,296**	116,563	**57,808**	52,515
Macau	**58,723**	—	**—**	11,362
	123,019	116,563	**57,808**	63,877

Revenue from major customers

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

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

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

6. OTHER INCOME

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

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

7. FINANCE COSTS

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

8. INCOME TAX (CREDIT)/EXPENSE

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

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

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

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

9. (LOSS)/PROFIT FOR THE YEAR

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

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

Notes:

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

(b) The amounts included in cost of sales for the year ended 31 March 2018 and 2017 amounted to HK$12,374,000 and HK$13,112,000 respectively.

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

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

10. DIVIDENDS

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

11. (LOSS)/EARNINGS PER SHARE

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

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

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

The weighted average number of shares in issue during the year ended 31 March 2017 is based on the assumption that 450,000,000 shares of the Company were in issue, comprising 16,000 shares issued pursuant to the Group Reorganisation and 449,984,000 shares issued pursuant to the capitalisation issue, and as if these shares were outstanding throughout the year.

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

12. TRADE AND RETENTION RECEIVABLES

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

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

(a) The Group receives progress billings from contract customers. The credit terms generally range from 7 to 46 days. Application for progress payment of contract works is made on a regular basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by directors.

The ageing analysis of trade receivables, based on the progress payment, is as follows:

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

As of 31 March 2018, trade receivables of HK$13,797,000 (2017: HK$10,926,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follow:

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

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

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

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

As of 31 March 2018, retention receivables of HK$2,224,000 (2017: HK$403,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these retention receivables is as follows:

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

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

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

13. TRADE AND RETENTION PAYABLES

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

Outlook

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

Financial Review

Revenue

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

Costs of sales

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

Gross Profit and Gross Profit Margin

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

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

Administrative Expenses

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

Loss/Profit for the year

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares of the Company were successfully listed on GEM of the Stock Exchange on 16 October 2017 (the "**Listing Date**"). There has been no change in the capital structure of the Group since then. The capital of the Company only comprises ordinary shares.

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

As at 31 March 2018, the Group had bank and cash balances of approximately HK$20.1 million (2017: HK$2.6 million).

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

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

BORROWINGS AND GEARING RATIO

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

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

FOREIGN EXCHANGE EXPOSURE

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

In February 2017 and November 2017, the Group has been awarded with three foundation contracts in Macau with an initial contract sum denominated in Macau Patacas ("**MOP**") of approximately MOP73.7 million in total. Although it is currently permitted, the Group cannot assure that MOP will continue to be freely exchangeable into Hong Kong dollars. Also, as the currency market for MOP is relatively small and undeveloped, the Group's ability to convert large amounts of MOP into Hong Kong dollars over a relatively short period may be limited. As a result, the Group may experience difficulty in converting MOP into Hong Kong dollars for the revenue of the Group generated from those foundation contracts in Macau.

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

TREASURY POLICIES

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

CHARGE ON GROUP ASSETS

As at 31 March 2018, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK$4.0 million (2017: Nil) and a restricted bank deposits of approximately HK$3.0 million (2017: Nil).

CONTINGENT LIABILITIES

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

COMMITMENTS

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

DIVIDEND

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

USE OF PROCEEDS

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

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

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2018 *(HK$'million)*	**Actual use of proceeds up to 31 March 2018** *(HK$'million)*
Expansion of the Group's scope of services	**1.2**	**1.2**
Expansion of the Group's capacity	**9.6**	**4.5**
General working capital	**2.7**	**2.7**
Total	**13.5**	**8.4**

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

CORPORATE GOVERNANCE PRACTICE

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "**Required Standard of Dealing**"). Following specific enquiries to all the Directors, each of them has confirmed that he or she has complied with Required Standard of Dealing during the year.

EVENTS AFTER THE REPORTING PERIOD

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

AUDIT COMMITTEE

The audit committee of the Company comprising three independent non-executive Directors (the "**Audit Committee**") was established on 22 September 2017. The chairman of the Audit Committee is Mr. Leung Wai Hung and other members included Mr. Cheung Chung Chuen George and Mr. Law Ching Ning Paschal. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange 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 statements for the year ended 31 March 2018.

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, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2018 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 2018 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, 25 June 2018

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

This announcement will remain on the website of Stock Exchange at www.hkexnews.hk on the "Latest 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.