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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.*

INTERIM RESULTS

The board of directors (the "**Board**") of the Company presents the unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2018, together with the unaudited comparative figures of the corresponding periods in 2017, are as follows:

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the three months and six months ended 30 September 2018

		Three months ended 30 September		**Six months ended 30 September**	
		2018	2017	**2018**	2017
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Note	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*5*	**42,713**	26,816	**82,260**	66,851
Cost of sales		**(38,213)**	(21,437)	**(70,801)**	(54,908)
Gross profit		**4,500**	5,379	**11,459**	11,943
Other income		**59**	2	**82**	2
Administrative expenses		**(3,159)**	(3,583)	**(6,095)**	(10,108)
Loss on write off of property, plant and equipment		**(27)**	—	**(27)**	—
Allowance for impairment of retention receivables		**(434)**	—	**(434)**	—
Profit from operations		**939**	1,798	**4,985**	1,837
Finance costs	*7*	**(292)**	(122)	**(450)**	(256)
Profit before tax		**647**	1,676	**4,535**	1,581
Income tax expenses	*8*	**(229)**	(186)	**(691)**	(515)
Profit for the period attributable to owners of the Company		**418**	1,490	**3,844**	1,066
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences arising on translating foreign operations		*****	(36)	**36**	103
Other comprehensive income for the period, net of tax		*****	(36)	**36**	103
Total comprehensive income for the period attributable to owners of the Company		**418**	1,454	**3,880**	1,169
Earnings per share					
Basic and diluted (HK cents)	*10*	**0.07**	0.33	**0.64**	0.24

* Represents amount less than HK$1,000.

Unaudited Condensed Consolidated Statements of Financial Position

As at 30 September 2018

	Note	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*11*	**62,306**	57,808
Current assets			
Trade and retention receivables	*12*	**40,296**	32,886
Contract assets		**29,969**	—
Gross amounts due from customers for contract work		**—**	24,525
Deposits, prepayments and other receivables		**7,690**	12,068
Income tax recoverable		**442**	442
Restricted bank deposits		**—**	3,000
Bank and cash balances		**13,393**	17,082
		91,790	90,003
Current liabilities			
Trade and retention payables	*13*	**25,383**	18,619
Gross amounts due to customers for contract work		**—**	199
Accruals and other payables		**7,698**	10,785
Bank and other borrowings		**30,436**	26,153
Finance lease payables		**509**	535
Current tax liabilities		**457**	450
		64,483	56,741
Net current assets		**27,307**	33,262
Total assets less current liabilities		**89,613**	91,070

	Note	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
Non-current liabilities			
Finance lease payables		**609**	848
Deferred tax liabilities		**6,221**	6,548
		6,830	7,396
NET ASSETS		**82,783**	83,674
Capital and reserves			
Share capital	*14*	**6,000**	6,000
Reserves	*15*	**76,783**	77,674
TOTAL EQUITY		**82,783**	83,674

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital *HK$'000* *(note 14)*	Share premium *HK$'000* *(note 15b(i))*	Merger reserve *HK$'000* *(note 15b(ii))*	Foreign currency translation reserve *HK$'000* *(note 15b(iii))*	Retained profits *HK$'000*	Total equity *HK$'000*
For the six months ended 30 September 2017						
At 1 April 2017 (audited)	*	—	22	—	55,415	55,437
Total comprehensive income for the period (unaudited)	—	—	—	103	1,066	1,169
At 30 September 2017 (unaudited)	*	—	22	103	56,481	56,606
For the six months ended 30 September 2018						
At 1 April 2018 (audited)	**6,000**	**36,581**	**22**	**118**	**40,953**	**83,674**
Impact of initial application of Hong Kong Financial Reporting Standard ("**HKFRS**") 15 *(note 4)*	**—**	**—**	**—**	**—**	**(4,771)**	**(4,771)**
At 1 April 2018 (restated)	**6,000**	**36,581**	**22**	**118**	**36,182**	**78,903**
Total comprehensive income for the period (unaudited)	**—**	**—**	**—**	**36**	**3,844**	**3,880**
At 30 September 2018 (unaudited)	**6,000**	**36,581**	**22**	**154**	**40,026**	**82,783**

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

Unaudited Condensed Consolidated Statements of Cash Flows

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from operating activities	**1,282**	3,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(12,025)**	(524)
Net cash used in investing activities	**(12,025)**	(524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank and other borrowings raised	**36,973**	10,000
Repayment of finance lease payables	**(265)**	(427)
Repayment of bank and other borrowings	**(32,690)**	(2,326)
Decrease in due to directors	**—**	(8,570)
Increase in due from directors	**—**	(1,806)
Decrease in restricted bank deposits	**3,000**	—
Net cash generated from/(used in) financing activities	**7,018**	(3,129)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(3,725)**	100
Cash and cash equivalents at the beginning of the period	**17,082**	2,629
Effect on foreign exchange rate changes, net	**36**	104
Cash and cash equivalents at the end of the period	**13,393**	2,833

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

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

The Company is an investment holding company. The Group principally engages in provision of foundation works, ancillary services and machinery leasing.

In the opinion of the directors of the Company, as at 30 September 2018, Hunter Corporate Limited ("**Hunter Corporate**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability, and C3J Development Limited ("**C3J Development**"), 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**"), being the sole shareholder of Hunter Corporate and C3J Development respectively, are the ultimate controlling parties of the Company (collectively known as the "**Controlling Shareholders**").

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 have been prepared HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2018. The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2018.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("**HK$**"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("**HK$'000**"), unless otherwise indicated.

The preparation of the unaudited condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee (the "**Audit Committee**").

3. BASIS OF PRESENTATION

This announcement has been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The unaudited condensed consolidated statements of profit or loss and other comprehensive income and unaudited condensed statements of cash flow include the results of the companies now comprising the Group pursuant to the Group Reorganisation as if the Group structure had been in existence throughout the period or since their respective dates of incorporation or establishment where this is a shorter period.

The unaudited condensed consolidated statements of financial position of the Group as at 30 September 2017 have been prepared in accordance with the principles of merger accounting to present the assets and liabilities of the companies now comprising the Group as if the Group current structure had been in existence as at those dates.

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2018. HKFRSs comprise HKFRS, Hong Kong Accounting Standards ("**HKAS**") and Interpretations.

The Group has initially adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers from 1 April 2018. A number of other new standards are effective from 1 April 2018 but they do not have a material effect on the Group's unaudited condensed consolidated financial statements.

HKFRS 9 Financial Instruments

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

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As permitted by the transitional provisions of HKFRS 9, the Group was elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings of the current period.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) ***Classification of financial assets and financial liabilities***

Under HKFRS 9, the classification for all the Group's financial assets and financial liabilities measured at amortised cost remain the same.

(ii) ***Impairment***

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the follow items:

— Financial assets measured at amortised cost (including trade and retention receivables, deposit, prepayments and other receivables)

— Contract assets as defined in HKFRS 15

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— Trade and retention receivables, deposits, prepayments and other receivables and contracts assets: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12 month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and retention receivables, deposits, prepayments and other receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

HKFRS 9 does not have significant financial impact on this unaudited interim financial information.

HKFRS 15 Revenue from Contracts with Customers

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

The Group has adopted HKFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been restated, i.e. it is presented, as previously reported, under HKAS 18, HKAS 11 and related interpretations.

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

(i) ***Timing of revenue recognition***

Previously, revenue arising from construction contracts was recognised over time, and revenue arising from ancillary services was 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 the following three 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 is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts.

(ii) ***Timing of recognition of contract costs***

Under HKFRS 15, if the costs incurred in fulfilling a contract with a customer are not within the scope of another standard, assets shall only be recognised if the costs incurred:

(i) relate directly to a contract or an anticipated contract that can be specifically identified;

(ii) generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and

(iii) are expected to be recovered.

Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contracts and costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations shall be expensed as incurred under HKFRS 15.

Previously, contract costs of the Group were recognised by reference to the stage of completion of the contract, which was measured with reference to the progress certificates issued by the customers or the progress payment applications submitted to the customers. Contract costs were deferred or accrued to report a consistent margin percentage over the term of a contract. Under HKFRS 15, contract costs that related to satisfied performance obligations are expensed as incurred.

(iii) ***Presentation of contract assets and liabilities***

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under "gross amounts due from customers for contract work" or "gross amounts due to customers for contract work" respectively. Receivables for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of the retention period were presented in the statement of financial position as "retentions receivable" under "trade and other receivables".

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

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

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18, HKAS 11 and related interpretations that was previously in effect before the adoption of HKFRS 15 is as follows:

Condensed consolidated statement of financial position (extract)	**Previously stated as at 31 March 2018**	**Reclassification under HKFRS 15**	**Adjustments under HKFRS 15**	**Restated as at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(unaudited)	(unaudited)	(unaudited)
Gross amounts due from customers for contract work	24,525	(18,585)	(5,940)	—
Contract assets	—	18,585	—	18,585
Gross amounts due to customers for contract work	(199)	—	199	—
Deferred tax liabilities	(6,548)	—	970	(5,578)
Retained earnings	40,953	—	(4,771)	36,182

5. REVENUE

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

	Three months ended 30 September		**Six months ended 30 September**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Construction contract income	**36,760**	26,816	**71,861**	66,851
Ancillary service income	**900**	—	**2,719**	—
Rental income from machinery	**5,053**	—	**7,680**	—
	42,713	26,816	**82,260**	66,851

6. 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 respective segments and to assess its performance. As the Group principally engages in the provision of foundation work, ancillary services and machinery leasing, 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 is only one operating segment under the requirements of HKFRS 8 "Operating Segments".

Geographical information

Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong and Macau. The following table provides an analysis of the Group's revenue by geographical location:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong	**77,797**	27,627
Macau	**4,463**	39,224
	82,260	66,851

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of the Group's total revenue during the periods was set out as below:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Customer 1	**12,059**	N/A[1]
Customer 2	**10,653**	—
Customer 3	**10,125**	—
Customer 4	**8,606**	—
Customer 5	**8,269**	—
Customer 6	**N/A[1]**	42,537
Customer 7	**N/A[1]**	7,007

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

7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on:				
— bank and other borrowings	**278**	97	**420**	203
— finance leases	**14**	25	**30**	53
	292	122	**450**	256

8. INCOME TAX EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current taxation — Hong Kong Profits Tax				
— Provision for the period	**—**	211	**150**	389
— Over-provision for the period	**(153)**	—	**—**	—
Current tax — Macau Corporate Income Tax				
— Provision for the period	**—**	315	**—**	842
— Over-provision for the period	**(41)**	—	**—**	—
Deferred taxation	**423**	(340)	**541**	(716)
	229	186	**691**	515

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK$2 million will continue to be taxed at 16.5%.

For the six months ended 30 September 2018, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5% based on the assessable profits less allowable losses brought forward.

For the six months ended 30 September 2017, Hong Kong Profits Tax was calculated at a rate of 16.5% based on the assessable profit 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: 12%) on the estimated assessable profit during the periods.

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. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 September 2018 (2017: Nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company are based on the followings:

	Three months ended 30 September		**Six months ended 30 September**	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period attributable to owners of the Company (HK$'000)	**418**	1,490	**3,844**	1,066
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share ('000)	**600,000**	450,000	**600,000**	450,000
Basic earnings per share (HK cents)	**0.07**	0.33	**0.64**	0.24

The weighted average number of ordinary shares in issue during the period ended 30 September 2018 was derived from 600,000,000 ordinary shares in issue.

The weighted average number of ordinary shares in issue during the period ended 30 September 2017 is based on the assumption that 450,000,000 shares of the Company were in issue, comprising 16,000 shares being issued pursuant to the Group Reorganisation and 449,984,000 shares being issued pursuant to the capitalisation issue, and as if these shares were outstanding throughout the period.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue for the periods ended 30 September 2018 and 2017.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Casing and equipment *HK$'000*	Motor vehicles *HK$'000*	Furniture, fixture and office equipment *HK$'000*	Total *HK$'000*
Opening net book amount as at 1 April 2017 (audited)	57	32,188	29,551	2,011	70	63,877
Additions	—	—	514	200	10	724
Depreciation	(13)	(3,256)	(3,966)	(452)	(17)	(7,704)
Closing net book amount as at 30 September 2017 (unaudited)	44	28,932	26,099	1,759	63	56,897
Opening net book amount as at 1 April 2018 (audited)	**32**	**31,869**	**24,565**	**1,267**	**75**	**57,808**
Additions	**—**	**9,212**	**2,813**	**—**	**—**	**12,025**
Depreciation	**(5)**	**(3,246)**	**(3,814)**	**(413)**	**(22)**	**(7,500)**
Written off	**(27)**	**—**	**—**	**—**	**—**	**(27)**
Closing net book amount as at 30 September 2018 (unaudited)	**—**	**37,835**	**23,564**	**854**	**53**	**62,306**

12. TRADE AND RETENTION RECEIVABLES

	Note	**30 September 2018** ***HK$'000*** **(unaudited)**	31 March 2018 *HK$'000* (audited)
Trade receivables	*(a)*	**29,350**	22,446
Retention receivables *(Note)*	*(b)*	**11,380**	10,440
Allowance for impairment of retention receivables		**(434)**	—
		10,946	10,440
		40,296	32,886

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

(a) The Group receives progress billings from contract customers. The credit terms generally range from 7 to 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:

	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
0 to 30 days	**12,294**	9,468
31 to 60 days	**3,196**	491
61 to 90 days	**1,039**	4,050
Over 90 days	**12,821**	8,437
	29,350	22,446

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

	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
Hong Kong Dollars ("**HK$**")	**25,719**	19,766
Macau Pataca ("**MOP**")	**3,631**	2,680
	29,350	22,446

(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 at 30 September 2018, an allowance was made for estimated irrecoverable retention receivables of approximately HK$434,000 (unaudited) (2017: Nil (unaudited)).

Reconciliation of allowance for retention receivables:

	2018 HK$'000	2017 HK$'000
At 1 April (audited)	**—**	—
Allowance for the period (unaudited)	**434**	—
At 30 September (unaudited)	**434**	—

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

	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
HK$	**8,458**	7,952
MOP	**2,488**	2,488
	10,946	10,440

13. TRADE AND RETENTION PAYABLES

	Note	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
Trade payables	*(a)*	**24,556**	18,370
Retention payables *(Note)*	*(b)*	**827**	249
		25,383	18,619

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

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

	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
0 to 30 days	**7,907**	3,038
31 to 60 days	**1,163**	5,553
61 to 90 days	**3,832**	5,132
Over 90 days	**11,654**	4,647
	24,556	18,370

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

	30 September 2018 *HK$'000* **(unaudited)**	31 March 2018 *HK$'000* (audited)
HK$	**24,556**	18,041
MOP	**—**	329
	24,556	18,370

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

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

14. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 March 2018 and 30 September 2018	1,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 31 March 2018 and 30 September 2018	600,000,000	6,000

15. RESERVES

(a) Reserves of the Group

The amounts of the Group's reserves and the movements therein are presented in the unaudited condensed consolidated statements of changes in equity.

(b) Nature and purpose of reserves

(i) ***Share premium***

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

(ii) *Merger reserve*

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

(iii) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

16. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management during the periods was as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short term employee benefits	**2,172**	2,424
Pension scheme contributions	**45**	54
	2,217	2,478

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 metre to 3 metres of various pile lengths. The Group has invested considerably in reinforcing the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles. The Group also engaged in leasing of machinery.

For the six months ended 30 September 2018, the Group recorded net profit of approximately HK$3.8 million as compared to net profit of approximately HK$1.1 million for the same period in 2017. Set aside the listing expenses of approximately HK$3.7 million, the Group's net profit for the six months ended 30 September 2017 would be approximately HK$4.8 million. Such decrease in adjusted net profit was mainly attributable to a slight decrease in gross profit of approximately HK$0.4 million and an allowance for impairment of retention receivables of approximately HK$0.4 million made during the reporting period. In view that the Group having used exerted efforts to diversify the Group's income source and pursued more profitable foundation works projects, including newly engaged projects in Happy Valley, Tai Kok Tsui and Kowloon Bay, and that the net proceeds from the share 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 profitability of its business. The Group will also proactively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders, such as leasing of machinery to improve the machinery utilisation. 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 opportunities and strategies which will further strengthen the Group's market position in foundation and site formation works and bored piling works.

Financial Review

Revenue

The Group's revenue for the six months ended 30 September 2018 was approximately HK$82.3 million, representing an increase of approximately 23.0% from approximately HK$66.9 million for the six months ended 30 September 2017, which was primarily due to new projects commenced and the rental income from machinery leasing amounted to approximately HK$7.7 million during the six months ended 30 September 2018.

Costs of Sales

The Group's cost of sales for the six months ended 30 September 2018 was approximately HK$70.8 million, representing an increase of approximately 29.0% from approximately HK$54.9 million for the six months ended 30 September 2017, which was primarily due to increase in direct costs, such as direct labour cost and costs of construction materials 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 six months ended 30 September 2018 was approximately HK$11.5 million, representing a decrease of approximately 3.4% from approximately HK$11.9 million for the six months ended 30 September 2017. The Group's gross profit margin decreased from approximately 17.9% to 13.9% for the period of comparison. Such decrease was primarily due to the unexpected construction costs overrun such as labour costs and cost of construction materials incurred in projects located in Tuen Mun and Hong Kong International Airport.

Administrative Expenses

The Group's administrative expenses for the six months ended 30 September 2018 were approximately HK$6.1 million, representing a decrease of approximately 39.6% from approximately HK$10.1 million for the six months ended 30 September 2017. The decrease was mainly attributable to the recognition of non-recurring listing expenses of approximately HK$3.7 million during the six months ended 30 September 2017.

Profit for the Period

For the six months ended 30 September 2018, the Group recorded profit attributed to owners of the Company of approximately HK$3.8 million as compared to profit for the six months ended 30 September 2017 of approximately HK$1.1 million. Set aside the listing expenses of approximately HK$3.7 million, the Group's net profit for the six months ended 30 September 2017 would be approximately HK$4.8 million. Such decrease in adjusted net profit was mainly attributable to a slight decrease in gross profit of approximately HK$0.4 million and an allowance for impairment of retention receivables of approximately HK$0.4 million made during the reporting period respectively.

Comparison Between Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the prospectus dated 29 September 2017 (the "**Prospectus**") and the announcement dated 10 September 2018 in relation to the change in use of proceeds (the "**Announcement**") with the Group's actual business progress for the period from the Listing Date to 30 September 2018 is set out below:

Business Strategies as stated in the Prospectus and the Announcement	Business objectives up to 30 September 2018	Actual business progress up to 30 September 2018
Expansion of the Group's scope of services	Recruit 1 site agent, 1 quantity surveyor and 1 account manager, 2 site engineers and 2 assistant engineers to support the Group's increasing foundation project works and business growth, as well as to support the Group's quarterly reporting after the Listing	The Group has recruited 1 site agent, 1 quantity surveyor, 1 account manager, 2 site engineers and 2 assistant engineers to cope with the business development *(note)*
Expansion of the Group's capacity	Acquire 1 set of oscillator, 1 set of RCD rig and 1 set of piling machine with accessories respectively	The Group has purchased 1 set of RCD rig, 1 set of oscillator and 1 set of piling machine with accessories *(note)*

Note: The Group refers to the announcement of the Company dated 10 September 2018 regarding a change in use of proceeds. Save as disclosed in the Company's announcement, in view of the trend of private development programs and supported by the recently awarded contracts of the Group, the Directors anticipate that the demand for construction of small diameter pre-bored piles will increase in the coming future. Further, with the expansion of the Company's capacity and with the increasing numbers of job sites, the Directors consider that technical staff including site engineers and quantity surveyors became more essential to the Company's operational management team. Hence, in order to utilise the net proceeds from Listing effectively, the Directors consider that it would be more suitable and practical for the Group to acquire one full set of piling machine with accessories which are used for construction of small diameter pre-bored piles and recruit additional technical staffs instead of acquiring one crawler crane to implement the expansion plans of the Company.

Use of Proceeds from Share Offer and Change in Use of Proceeds

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

As at 30 September 2018, the net proceeds from Listing has been applied and utilised as follows:

	Planned use of net proceeds as stated in the Prospectus and the Announcement up to 30 September 2018 *(HK$ million)*	Actual use of proceeds up to 30 September 2018 *(HK$ million)*
Expansion of the Group's scope of services	2.3	2.3
Expansion of the Group's capacity	13.8	13.8
General working capital	2.7	2.7
Total	18.8	18.8

Capital Structure, Liquidity and Financial Resources

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

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

As at 30 September 2018, the Group had bank and cash balances of approximately HK$13.4 million (31 March 2018: approximately HK$20.1 million).

As at 30 September 2018, the Group's total equity attributable to owners of the Company amounted to approximately HK$82.8 million (31 March 2018: approximately HK$83.7 million). As of the same date, the Group's total debt, comprising bank borrowings and liability of the finance lease obligations, amounted to approximately HK$31.6 million (31 March 2018: approximately HK$27.5 million).

On the Listing Date, the Company was listed on the 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. 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 30 September 2018, the Group had borrowings of approximately HK$31.6 million which was denominated in Hong Kong Dollars (31 March 2018: approximately HK$27.5 million). The Group's bank borrowing were primarily used in financing the working capital requirement of its operations.

As at 30 September 2018, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 38.2% (31 March 2018: approximately 32.9%).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Plans for Material Investments or Capital Assets

During the six months ended 30 September 2018, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the Group Reorganisation (as detailed in the Prospectus). There is no other plan for material investments or capital assets as at 30 September 2018.

Foreign Exchange Exposure

The revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong Dollars which is the presentation currency of the Group.

The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor closely the exchange rate between Macau Patacas 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 Policy

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 30 September 2018, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK$22.3 million (31 March 2018: HK$4.0 million) and did not have a restricted bank deposits (31 March 2018: HK$3.0 million).

Contingent Liabilities

As at 30 September 2018, the Group did not have any material contingent liabilities (31 March 2018: Nil).

Commitments

The Group is the lessee in respect of office premises, warehouses and site offices under operating leases. As at 30 September 2018, the Group's total future minimum lease payment under non-cancellable operating leases were approximately HK$8.9 million (31 March 2018: approximately HK$1.8 million).

Segment Information

The Group principally engages in the provision of foundation work, ancillary services and leasing of machinery in Hong Kong and Macau, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group.

Information on Employees

As at 30 September 2018, the Group had 95 full-time employees working in Hong Kong (31 March 2018: 63). Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30 September 2018 amounted to approximately HK$18.2 million (for the six months ended 30 September 2017: approximately HK$12.9 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.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: Nil).

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
Mr. Tang *(Note 1)*	Interest of a controlled corporation	187,000,000	31.17%
Mr. Chui *(Note 2)*	Interest of a controlled corporation	183,000,000	30.50%

Notes:

1. Mr. Tang legally and beneficially owns the entire issued share capital of C3J Development. Therefore, Mr. Tang is deemed, or taken to be, interested in all the shares held by C3J Development for the purpose of the SFO. Mr. Tang is the sole director of C3J Development.

2. Mr. Chui legally and beneficially owns the entire issued share capital of Hunter Corporate. Therefore, Mr. Chui is deemed, or taken to be, interested in all the shares held by Hunter Corporate for the purpose of the SFO. Mr. Chui is the sole director of Hunter Corporate.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executives of the Company has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO , or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial and Other Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as known to the Directors or chief executives of the Company, as at 30 September 2018, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
C3J Development *(Note 1)*	Beneficial owner	187,000,000	31.17%
Ms. Lam Ka Yi *(Note 1)*	Interest of spouse	187,000,000	31.17%
Hunter Corporate *(Note 2)*	Beneficial owner	183,000,000	30.50%
Ms. Wong Kit Chun *(Note 2)*	Interest of spouse	183,000,000	30.50%

Notes:

1. Ms. Lam Ka Yi is the spouse of Mr. Tang. Mr. Tang legally and beneficially owns the entire issued share capital of C3J Development. Therefore, Ms. Lam Ka Yi is deemed, or taken to be, interested in all the shares held by C3J Development for the purpose of the SFO.

2. Ms. Wong Kit Chun is the spouse of Mr. Chui. Mr. Chui legally and beneficially owns the entire issued share capital of Hunter Corporate. Therefore, Ms. Wong Kit Chun is deemed, or taken to be, interested in all the shares held by Hunter Corporate for the purpose of the SFO.

Save as disclosed above, as at 30 September 2018, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings or the Company or any other member of the Group.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

Competition and Conflict of Interest

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective closed associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the six months ended 30 September 2018.

Non-Competition Undertakings

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

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

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

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

Directors' Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "**Required Standard of Dealing**"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and the code of conduct for securities transactions by the Directors during the six months ended 30 September 2018.

Share Option Scheme

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

For the six months ended 30 September 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Interests of the Compliance Adviser

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

Corporate Governance Practice

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. To the best knowledge of the Board, the Company has complied with all applicable code provisions set out in the CG code during the six months ended 30 September 2018 and up to the date of this announcement.

Audit Committee

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

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

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

The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2018 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 9 November 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 the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.beavergroup.com.hk.