

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

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 2021, together with the unaudited comparative figures of the corresponding periods in 2020, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2021

	Note	Three months ended 30 September		Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	44,988	24,773	72,131	57,474
Cost of sales		(43,546)	(19,418)	(67,362)	(49,440)
Gross profit		1,442	5,355	4,769	8,034
Other income and other loss	4	99	1,259	348	2,032
Administrative expenses		(4,703)	(4,987)	(7,912)	(7,637)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		44	114	44	114
Allowance for impairment loss of financial assets, net		(7,640)	(3,958)	(7,640)	(3,958)
Loss from operations		(10,758)	(2,217)	(10,391)	(1,415)
Finance costs	6	(128)	(410)	(379)	(814)
Loss before tax		(10,886)	(2,627)	(10,770)	(2,229)
Income tax (expense)/credit	7	(59)	(117)	51	(181)
Loss for the period attributable to owners of the Company		(10,945)	(2,744)	(10,719)	(2,410)
Other comprehensive loss:					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		-	-	-	(3)
Release of translation reserve upon deregistration of a subsidiary		-	-	(249)	-
Other comprehensive loss for the period, net of tax		-	-	(249)	(3)
Total comprehensive loss for the period attributable to owners of the Company		(10,945)	(2,744)	(10,968)	(2,413)
			(Restated)		(Restated)
Loss per share					
Basic and diluted (HK cents)	9	(4.8)	(4.6)	(5.3)	(4.0)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	10	40,412	38,401
Right-of-use assets	11	7,626	8,993
Financial assets at FVTPL	12	8,662	8,618
		<hr/>	<hr/>
Total non-current assets		56,700	56,012
		<hr/>	<hr/>
Current assets			
Trade and retention receivables	13	28,621	36,532
Contract assets		35,697	28,718
Deposits, prepayments and other receivables		1,042	3,773
Income tax recoverable		127	127
Bank and cash balances		12,283	7,532
		<hr/>	<hr/>
Total current assets		77,770	76,682
		<hr/>	<hr/>
Current liabilities			
Trade and retention payables	14	26,805	26,170
Accruals and other payables		8,937	11,290
Bank and other borrowings		6,659	25,678
Lease liabilities	11	2,291	2,346
Current tax liabilities		118	32
Due to a director		180	281
		<hr/>	<hr/>
Total current liabilities		44,990	65,797
		<hr/>	<hr/>
Net current assets		32,780	10,885
		<hr/>	<hr/>
Total assets less current liabilities		89,480	66,897
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities	11	6,002	7,137
Deferred tax liabilities		4,857	4,994
		<hr/>	<hr/>
Total non-current liabilities		10,859	12,131
		<hr/>	<hr/>
NET ASSETS		78,621	54,766
		<hr/>	<hr/>
Capital and reserves			
Share capital	15	27,000	9,000
Reserves	16	51,621	45,766
		<hr/>	<hr/>
TOTAL EQUITY		78,621	54,766
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000 (Note 15)	Share premium HK\$'000 (Note 16b(i))	Merger reserve HK\$'000 (Note 16b(ii))	Foreign currency translation reserve HK\$'000 (Note 16b(iii))	Retained earnings/ (accumulated losses) HK\$'000	Total equity HK\$'000
For the six months ended						
30 September 2020						
At 1 April 2020 (audited)	6,000	36,581	22	251	19,762	62,616
Total comprehensive loss for the period (unaudited)	—	—	—	(3)	(2,410)	(2,413)
At 30 September 2020 (unaudited)	6,000	36,581	22	248	17,352	60,203
For the six months ended						
30 September 2021						
At 1 April 2021 (audited)	9,000	40,447	22	249	5,048	54,766
Issuance of shares upon rights issue	13,500	14,850	—	—	—	28,350
Transaction costs on issuance of shares upon rights issue	—	(946)	—	—	—	(946)
Placing of new shares	4,500	3,375	—	—	—	7,875
Transaction costs on issuance of shares on placement	—	(456)	—	—	—	(456)
Release of translation reserve upon deregistration of a subsidiary	—	—	—	(249)	—	(249)
Total comprehensive loss for the period (unaudited)	—	—	—	—	(10,719)	(10,719)
At 30 September 2021 (unaudited)	27,000	57,270	22	—	(5,671)	78,621

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash (used in)/generated from operating activities	<u>(3,648)</u>	<u>6,937</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	<u>(6,114)</u>	<u>(1,754)</u>
Net cash used in investing activities	<u>(6,114)</u>	<u>(1,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank and other borrowings raised	–	3,601
Repayment of lease liabilities	(1,190)	(1,069)
Repayment of bank and other borrowings	(19,019)	(6,742)
Decrease in amount due to a director	(101)	–
Issuance of shares	<u>34,823</u>	<u>–</u>
Net cash generated from/(used in) financing activities	<u>14,513</u>	<u>(4,210)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	4,751	973
Cash and cash equivalents at the beginning of the period	7,532	5,454
Effect on foreign exchange rate changes, net	<u>–</u>	<u>(3)</u>
Cash and cash equivalents at the end of the period	<u><u>12,283</u></u>	<u><u>6,424</u></u>

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

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

In the opinion of the Directors, as at 30 September 2021, 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**”), 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 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), the applicable disclosure requirements of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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 2021. 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 2021.

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**”).

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 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations issued by the HKICPA. The adoption of these new and revised HKFRSs did not have any significant effect on the unaudited condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers by major service lines for the periods is as follows:

Revenue from contracts with customers within the scope of HKFRS 15	Three months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Construction contract income	44,988	23,960	72,131	56,142
Rental income from machinery	–	813	–	1,332
	<u>44,988</u>	<u>24,773</u>	<u>72,131</u>	<u>57,474</u>

The Group derives revenue over time from the following major service lines:

For the six months ended 30 September	Construction contract income		Rental income from machinery		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Timing of revenue recognition						
– Over time	72,131	56,142	–	1,332	72,131	57,474
Total	<u>72,131</u>	<u>56,142</u>	<u>–</u>	<u>1,332</u>	<u>72,131</u>	<u>57,474</u>

For the three months ended 30 September	Construction contract income		Rental income from machinery		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Timing of revenue recognition						
– Over time	44,988	23,960	–	813	44,988	24,773
Total	<u>44,988</u>	<u>23,960</u>	<u>–</u>	<u>813</u>	<u>44,988</u>	<u>24,773</u>

4. OTHER INCOME, AND OTHER LOSS

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain on deregistration of a subsidiary (Note i)	–	–	249	–
Government grants (Note ii)	–	1,221	–	1,985
Loss on foreign exchange differences	–	–	–	(126)
Others	99	38	99	173
	<u>99</u>	<u>38</u>	<u>99</u>	<u>173</u>
Total	<u>99</u>	<u>1,259</u>	<u>348</u>	<u>2,032</u>

Notes:

- (i) Upon the deregistration of 濠傑建築工程一人有限公司 (“**Ho Kit Construction**”), the subsidiary in Macau, which did not have any material assets and liabilities at the time of deregistration, the corresponding foreign currency translation reserve in relation to this subsidiary of approximately HK\$249,000 was released and recognised in profit or loss for the six months ended 30 September 2021.
- (ii) For the six months ended 30 September 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government amounted to approximately HK\$1,985,000. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

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 respective segments and to assess its performance.

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

Geographical information

All of the group’s revenue, loss before taxation, assets and liabilities were derived from or located in Hong Kong, and therefore no geographical information is presented.

Revenue from major customers

Customer base for whom transactions have exceeded 10% of the Group's revenue is as below:

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Customer 1	12,348	27,036
Customer 2	34,140	12,769
Customer 3	–	5,468
Customer 4	8,972	–
	<u>8,972</u>	<u>–</u>

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Interest on:				
– bank and other borrowings	82	326	219	718
– lease liabilities	46	84	160	96
	<u>128</u>	<u>410</u>	<u>379</u>	<u>814</u>

7. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 September		Six months ended 30 September	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	175	–	175
Deferred tax	59	(58)	(51)	6
	<u>59</u>	<u>117</u>	<u>(51)</u>	<u>181</u>

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

For the six months ended 30 September 2021 and 2020, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. 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 a flat rate of 16.5%.

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.

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.

8. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021 (for the six months ended 30 September 2020: Nil).

9. LOSS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited) (restated)	2021 (unaudited)	2020 (unaudited) (restated)
Loss for the period attributable to owners of the Company (HK\$'000)	(10,945)	(2,744)	(10,719)	(2,410)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share ('000)	229,891	60,000	203,115	60,000
Loss per share				
Basic and diluted (HK cents)	<u>(4.8)</u>	<u>(4.6)</u>	<u>(5.3)</u>	<u>(4.0)</u>

The corresponding weighted average number of ordinary shares for the six months ended 30 September 2020 and three months ended 30 September 2020 has been retrospectively adjusted to reflect the share consolidation.

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

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue for the periods ended 30 September 2021 and 2020.

10. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Casing and equipment	Motor vehicles	Furniture, fixture and office equipment	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Opening net book amount as at 1 April 2020 (audited)	30,500	21,289	103	6	51,898
Additions	–	1,731	–	23	1,754
Depreciation	<u>(2,257)</u>	<u>(2,836)</u>	<u>(30)</u>	<u>(10)</u>	<u>(5,133)</u>
Closing net book amount as at 30 September 2020 (unaudited)	<u>28,243</u>	<u>20,184</u>	<u>73</u>	<u>19</u>	<u>48,519</u>
Opening net book amount as at 1 April 2021 (audited)	17,498	20,834	54	15	38,401
Additions	–	6,114	–	–	6,114
Disposal	(20)	–	–	–	(20)
Depreciation	<u>(1,075)</u>	<u>(3,004)</u>	<u>–</u>	<u>(4)</u>	<u>(4,083)</u>
Closing net book amount as at 30 September 2021 (unaudited)	<u>16,403</u>	<u>23,944</u>	<u>54</u>	<u>11</u>	<u>40,412</u>

11. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

As at 30 September 2021, the carrying amounts of the Group's right-of-use assets and lease liabilities are approximately HK\$7,626,000 (31 March 2021: approximately HK\$8,993,000) and approximately HK\$8,293,000 (31 March 2021: approximately HK\$9,483,000) respectively.

12. FINANCIAL ASSETS AT FVTPL

	As at 30 September 2021	As at 31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Investments in life insurance policies	<u>8,662</u>	<u>8,618</u>

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with HKFRS 9.

The investments included above represent life insurance policies entered by Triangular Force Construction Engineering Limited (“**Triangular Force**”) to insure Mr. Tang and Mr. Chui. Under the policies, the beneficiary and the policy holder is Triangular Force and the total insured sum are approximately US\$3,456,000 (equivalent to approximately HK\$27,128,000). The Group was required to pay a one-off premium payment of approximately US\$1,274,000 (equivalent to approximately HK\$10,000,000) and can terminate the policy at any time and receive cash back based on the cash value.

The carrying amounts of the Group's financial assets at FVTPL are denominated in US\$.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can assess at the measurement date.
- Level 2 inputs: other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value. Further, for the current period the fair value disclosure of lease liabilities is also not required.

	Level 3 <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
As at 30 September 2021		
Financial assets at FVTPL		
Recurring fair value measurements:		
– Investments in life insurance policies	8,662	8,662
	<i>Level 3</i> <i>HK\$'000</i> (audited)	<i>Total</i> <i>HK\$'000</i> (audited)
As at 31 March 2021		
Financial assets at FVTPL		
Recurring fair value measurements:		
– Investments in life insurance policies	8,618	8,618

Reconciliation of financial assets measured at FVTPL based on level 3:

HK\$'000

Financial assets at FVTPL

– Investments in life insurance policies

At 1 April 2021 (audited)	8,618
Change in fair value of financial assets measured at FVTPL during the period	<u>44</u>
At 30 September 2021 (unaudited)	<u><u>8,662</u></u>

The fair value of investments in life insurance policies is determined by reference to the cash surrender value of the insurance policies, which is not an observable input.

13. TRADE AND RETENTION RECEIVABLES

	<i>Note</i>	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Trade receivables	(a)	51,379	52,986
Allowance for impairment loss		<u>(24,646)</u>	<u>(18,108)</u>
		<u>26,733</u>	<u>34,878</u>
Retention receivables (<i>Note</i>)	(b)	5,817	5,054
Allowance for impairment loss		<u>(3,929)</u>	<u>(3,400)</u>
		<u>1,888</u>	<u>1,654</u>
		<u>28,621</u>	<u><u>36,532</u></u>

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

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

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
0 to 30 days	7,141	11,052
31 to 60 days	–	5,334
61 to 90 days	4,302	60
Over 90 days	<u>15,290</u>	<u>18,432</u>
	<u>26,733</u>	<u>34,878</u>

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

	<i>HK\$'000</i>
At 1 April 2020 (audited)	7,301
Allowance for the year	<u>10,807</u>
At 31 March 2021 and 1 April 2021 (audited)	18,108
Allowance for the period	<u>6,538</u>
At 30 September 2021 (unaudited)	<u>24,646</u>

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

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 1 year	1,679	766
Between 1 to 2 years	–	105
Between 2 to 5 years	209	783
	<u>1,888</u>	<u>1,654</u>

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

	<i>HK\$'000</i>
At 1 April 2020 (audited)	2,982
Allowance for the year	<u>418</u>
At 31 March 2021 and 1 April 2021 (audited)	3,400
Allowance for the period	<u>529</u>
At 30 September 2021 (unaudited)	<u>3,929</u>

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

14. TRADE AND RETENTION PAYABLES

	<i>Note</i>	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Trade payables	(a)	26,014	26,029
Retention payables (<i>Note</i>)	(b)	<u>791</u>	<u>141</u>
		<u>26,805</u>	<u>26,170</u>

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

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
0 to 30 days	5,094	4,442
31 to 60 days	1,513	4,793
61 to 90 days	3,047	4,116
Over 90 days	16,360	12,678
	<u>26,014</u>	<u>26,029</u>

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

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

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

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each		
At 31 March 2021 and 30 September 2021	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
At 31 March 2021	90,000,000	9,000
Shares issued on rights issue	(i) 135,000,000	13,500
Shares issued on placement	(ii) 45,000,000	4,500
At 30 September 2021	<u>270,000,000</u>	<u>27,000</u>

Notes:

- (i) On 25 January 2021, the Company announced a proposed rights issue (the "2021 Rights Issue") on the basis of three rights shares (each, a "Rights Share") for every two existing shares in issue at a subscription price of HK\$0.21 per Rights Share to raise HK\$28.35 million before related expenses by issuing 135,000,000 Rights Shares to the qualifying shareholders. Upon the 2021 Rights Issue was approved by shareholders' resolution passed at an extraordinary general meeting on 16 March 2021 and completion of the 2021 Rights Issue on 3 May 2021, the number of shares in issue of the Company was increased by 135,000,000.
- (ii) On 21 September 2021, a total of 45,000,000 ordinary shares were placed at a price of HK\$0.175 per share (the "Placing Shares") for a total cash consideration, before the related issue expense, of approximately HK\$7.88 million.

16. 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, 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.

17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the interim report, the Group had the following transactions with its related parties during the periods:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rent paid to Mr. Tang's spouse	<u>36</u>	<u>–</u>

- (b) Outstanding balances with related parties during the periods:

	As at	As at
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Rent deposits held by Mr. Tang's spouse	<u>12</u>	<u>12</u>

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

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short term employee benefits	1,042	1,434
Pension scheme contributions	24	36
	<hr/>	<hr/>
	1,066	1,470
	<hr/> <hr/>	<hr/> <hr/>

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 necessary for its construction of bored piles.

For the six months ended 30 September 2021, the Group recorded net loss of approximately HK\$10.7 million as compared to net loss of approximately HK\$2.4 million for the same period in 2020. The Board considers that the net loss was mainly attributable to (i) the provision for impairment of trade and retention receivables; and (ii) a decrease in gross profit due to increase in subcontractor costs; and (iii) the decrease in other income as a result of absence of subsidies of the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government.

Outlook

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

Financial Review

Revenue

The Group's revenue for the six months ended 30 September 2021 was approximately HK\$72.1 million, representing an increase of approximately 25.4% from approximately HK\$57.5 million for the six months ended 30 September 2020, which was primarily due to the increase of construction contract income with increasing number of projects being awarded.

Costs of Sales

The Group's cost of sales for the six months ended 30 September 2021 was approximately HK\$67.3 million, representing an increase of approximately 36.2% from approximately HK\$49.4 million for the six months ended 30 September 2020, which was primarily due to the increases of subcontractor charge for the projects being awarded.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 September 2021 was approximately HK\$4.8 million, representing a decrease of approximately 40.0% from approximately HK\$8.0 million for the six months ended 30 September 2020. The Group's gross profit margin decreased from approximately 14.0% to 6.6% for the period of comparison. Such decrease was primarily due to (i) no rental income from machinery being recognised, which relatively carried a higher gross profit margin; and (ii) higher subcontractor charges for the projects being awarded.

Administrative Expenses

The Group's administrative expenses for the six months ended 30 September 2021 were approximately HK\$7.9 million, representing an increase of approximately 3.9% from approximately HK\$7.6 million for the six months ended 30 September 2020. The increase was mainly attributable to the increase in legal and professional fee.

Loss for the Period

For the six months ended 30 September 2021, the Group recorded loss attributed to owners of the Company of approximately HK\$10.7 million as compared to loss for the six months ended 30 September 2020 of approximately HK\$2.4 million. The Board considers that the net loss was mainly attributable to (i) the provision for impairment of trade and retention receivables; and (ii) a decrease in gross profit due to increase in subcontractor costs; and (iii) the decrease in other income as a result of absence of subsidies of the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government.

Capital Structure, Liquidity and Financial Resources

As at 30 September 2021, there are a total of 270,000,000 issued shares of the Company of par value of HK\$0.1 each and the capital of the Company only comprises ordinary shares.

For the six months ended 30 September 2021, the Group finances its liquidity and capital requirements primarily through bank and other borrowings, equity contribution from shareholders and proceeds raised from the 2021 Rights Issue and 2021 Placing of New Shares (as defined below).

As at 30 September 2021, the Group had bank and cash balances of approximately HK\$12.3 million (31 March 2021: approximately HK\$7.5 million).

As at 30 September 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$78.6 million (31 March 2021: approximately HK\$54.8 million). As of the same date, the Group's total debts, comprising bank and other borrowings and lease liabilities, amounted to approximately HK\$15.0 million (31 March 2021: approximately HK\$35.2 million).

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

2021 Rights Issue

On 25 January 2021, the Company announced a proposed rights issue on the basis of 3 Rights Shares for every 2 shares in issue at a subscription price of HK\$0.21 per Rights Share (the “**2021 Rights Issue**”) to raise HK\$28.35 million by issuing 135,000,000 Rights Shares to the qualifying shareholders. The Company was of the view that it will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs in contrary to other fund-raising alternatives available to the Group.

On 3 May 2021, the Company completed the 2021 Rights Issue and issued 135,000,000 Rights Shares with par value of HK\$0.1 each at a subscription price of HK\$0.21 per Rights Shares determined with reference to, among others, the market price of the shares under the prevailing market conditions. The closing price per Share as quoted on the Stock Exchange on 25 January 2021, being the last trading day, was HK\$0.32 per share. The net proceeds from the 2021 Rights Issue (after deducting the estimated expenses) were approximately HK\$25 million, representing a net price of approximately HK\$0.19 per Rights Share, which was used for (i) approximately HK\$8 million for the repayment of overdue accounts payable; and (ii) approximately HK\$17 million for the repayment of bank loans. Upon the completion of the 2021 Rights Issue in May 2021, the number of shares in issue became 225,000,000 of par value HK\$0.1 each thereafter. Details of the 2021 Rights Issue are set out in the Company's announcement dated 25 January 2021, 19 February 2021, 16 March 2021, 20 April 2021, 30 April 2021, circular dated 27 February 2021 and prospectus dated 30 March 2021.

As at 30 September 2021, the actual use of the net proceeds of the 2021 Rights Issue was as follows:

	Planned use of net proceeds as stated in the prospectus dated 30 September 2021 (HK\$ million)	Actual use of proceeds up to 30 September 2021 (HK\$ million)	Unutilised net proceeds up to 30 September 2021 (HK\$ million)
Repayment of overdue accounts payable	8	8	–
Repayment of bank loans	17	17	–
Total	<u>25</u>	<u>25</u>	<u>–</u>

As at 30 September 2021, all net proceeds raised from the 2021 Rights Issue had been fully utilised in the manner consistent with the proposed allocations as set out in the prospectus dated 30 March 2021.

2021 Placing of New Shares

On 1 September 2021 (after trading hours of the Stock Exchange), the Company entered into the placing agreement with Tiger Faith Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis then expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 45,000,000 Placing Shares at the placing price of HK\$0.175 per Placing Share.

On 21 September 2021, the 2021 Placing of New Shares was completed and a total of 45,000,000 Placing Shares were placed by the Placing Agent to not less than six Placees at the Placing Price of HK\$0.175 per Placing Share, representing (i) 20% of the issued share capital of the Company immediately before completion of the Placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the Placing. The net proceeds from the 2021 Placing of New Shares (after deducting the estimated expenses) were approximately HK\$7.3 million, which was used for (i) approximately HK\$4.3 million for the repayment of accounts payable which were overdue for more than 180 days; and (ii) approximately HK\$3 million for general working capital of the Group. Details of the 2021 Placing of New Shares are set out in the Company’s announcement dated 1 September 2021 and 21 September 2021.

As at 30 September 2021, the actual use of the net proceeds of the 2021 Placing of New Shares was as follows:

	Planned use of net proceeds as stated in the announcement dated 1 September 2021 (HK\$ million)	Actual use of proceeds up to 30 September 2021 (HK\$ million)	Unutilised net proceeds up to 30 September 2021 (HK\$ million)
Repayment of accounts payable which are overdue for more than 180 days	4.3	–	4.3
General working capital	3.0	–	3.0
Total	7.3	–	7.3

As at 30 September 2021, all net proceeds raised from the 2021 Placing of New Shares had not been utilised.

Borrowings and Gearing Ratio

As at 30 September 2021, the Group had total debt (summation of bank and other borrowings and lease liabilities) of approximately HK\$15.0 million which was denominated in Hong Kong Dollars (31 March 2021: approximately HK\$35.2 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 September 2021, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 19.1% (31 March 2021: approximately 64.2%).

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 2021, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. There is no other plan for material investments or capital assets as at 30 September 2021.

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. As such, the Directors are of the view that the Group did not have significant exposure to foreign risk.

The Group currently does not have a foreign currency hedging policy.

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 2021, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK\$10.4 million (31 March 2021: approximately HK\$12.4 million).

Contingent Liabilities

During the six months ended 30 September 2021, a court writ was served to Triangular Force Construction Engineering Limited ("**Triangular Force**"), an indirect wholly owned subsidiary of the Company, in relation to a claim by a third party for share dispute of approximately HK\$6.5 million. In the opinion of the Directors, as Triangular Force did not enter into any form of agreement with the plaintiff, it does not have obligation to the claim so no provision has been made for the six months ended 30 September 2021. According to the advice from the legal advisor of the Group, it is premature to determine the final outcome of the legal case, however the plaintiff has no legal merit based on the currently available information unless the plaintiff can substantiate and provide further details and supporting evidence on the case.

As at 30 September 2021 and 31 March 2021, the Group were exposed to the liabilities under the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and common law for injuries at work in respect of all their employees. During the period, all the construction projects were covered by the employees' compensation insurance and contractors' all risks insurance taken out by the main contractors of the construction projects the Group participated in. Such insurance policies covered and protected all employees of the Group of all tiers working in the relevant construction sites. Other than that, the Group had no significant contingent liabilities.

Capital Commitments

The Group did not have any material capital commitment as at 30 September 2021 (31 March 2020: Nil).

Segment Information

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

Information on Employees

As at 30 September 2021, the Group had 80 full-time employees working in Hong Kong (30 September 2020: 80). Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30 September 2021 amounted to approximately HK\$18.5 million (for the six months ended 30 September 2020: approximately HK\$17.2 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 2021 (for the six months ended 30 September 2020: Nil).

OTHER INFORMATION

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

As at 30 September 2021, 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 5.68 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 (<i>Note 1</i>)	Interest of a controlled corporation	35,350,000	13.09%
Mr. Chui (<i>Note 2</i>)	Interest of a controlled corporation	34,950,000	12.95%

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 2021, 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 5.68 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 2021, 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 5% 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	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of shareholding
C3J Development	Beneficial owner	35,350,000	13.09%
Ms. Lam Ka Yi (<i>Note 1</i>)	Interest of spouse	35,350,000	13.09%
Hunter Corporate	Beneficial owner	34,950,000	12.95%
Ms. Wong Kit Chun (<i>Note 2</i>)	Interest of spouse	34,950,000	12.95%
China New Economy Fund Limited (<i>Note 3</i>)	Beneficial owner	21,607,500	8.00%

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.
3. China New Economy Fund Limited is a company incorporated in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 80).

Save as disclosed above, as at 30 September 2021, there was no persons or corporations, 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, interested in 5% 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 members of the Group.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

Competition and Conflict of Interest

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of their 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 2021.

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 (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.

During the six months ended 30 September 2021, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group).

Directors' Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.68 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 2021.

Share Option Scheme

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

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

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

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

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

For the six months ended 30 September 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

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 2021 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. He Dingding, and other members include Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man, all being 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 2021 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 2021 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Publication of Interim Results and Interim Report

The interim results announcement and the interim report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.beavergroup.com.hk. The interim report of the Company for the six months ended 30 September 2021 will be dispatched to the shareholders of the Company. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, free of charge, at any time by writing to the Company or the Company's branch registrar, Tricor Investor Services Limited.

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

Hong Kong, 9 November 2021

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

This announcement will remain on the website of 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.