

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 Report 2019



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*This report, 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 report 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 report misleading.*

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Tang Kwai Leung Stanley (*Chairman*)
Mr. Chui Koon Yau

Independent Non-executive Directors

Mr. Cheung Chung Chuen George
Mr. Law Ching Ning Paschal
Mr. Leung Wai Hung

Board Committees

Audit Committee

Mr. Leung Wai Hung (*Chairman*)
Mr. Cheung Chung Chuen George
Mr. Law Ching Ning Paschal

Remuneration Committee

Mr. Law Ching Ning Paschal (*Chairman*)
Mr. Cheung Chung Chuen George
Mr. Leung Wai Hung

Nomination Committee

Mr. Cheung Chung Chuen George (*Chairman*)
Mr. Law Ching Ning Paschal
Mr. Leung Wai Hung

Independent Auditor

RSM Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Company Secretary

Ms. Yim Sau Ping (*FCPA*)

Authorised Representatives

Mr. Tang Kwai Leung Stanley
Ms. Yim Sau Ping (*FCPA*)

Compliance Officer

Mr. Tang Kwai Leung Stanley

Compliance Adviser

Frontpage Capital Limited
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188 Lockhart Road
Wan Chai
Hong Kong

Legal Adviser as to Hong Kong Laws

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Cayman Islands

Head Office and Principal Place of Business in Hong Kong

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Tsuen Wan
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Banks

Nanyang Commercial Bank, Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Stock Code

8275

Company's Website

www.beavergroup.com.hk

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 2019, together with the unaudited comparative figures of the corresponding periods in 2018, 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 2019

	Note	Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	22,502	42,713	48,150	82,260
Cost of sales		(18,510)	(38,213)	(39,960)	(70,801)
Gross profit		3,992	4,500	8,190	11,459
Other income		14	59	28	82
Administrative expenses		(3,373)	(3,159)	(6,637)	(6,095)
Loss on write off of property, plant and equipment		-	(27)	-	(27)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		(1,667)	-	(1,667)	-
Allowance for impairment loss of financial assets, net		(824)	(434)	(824)	(434)
(Loss)/profit from operations		(1,858)	939	(910)	4,985
Finance costs	6	(682)	(292)	(1,155)	(450)
(Loss)/profit before tax		(2,540)	647	(2,065)	4,535
Income tax expense	7	(36)	(229)	(179)	(691)
(Loss)/profit for the period attributable to owners of the Company		(2,576)	418	(2,244)	3,844
Other comprehensive income: <i>Items that may be reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		(3)	*	(3)	36
Other comprehensive income for the period, net of tax		(3)	*	(3)	36
Total comprehensive income for the period attributable to owners of the Company		(2,579)	418	(2,247)	3,880
(Losses)/earnings per share					
Basic and diluted (HK cents)	9	(0.43)	0.07	(0.37)	0.64

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

Unaudited Condensed Consolidated Statements of Financial Position

As at 30 September 2019

	Note	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	57,914	60,489
Right-of-use asset	11	8,206	–
Financial assets at FVTPL	12	8,333	–
Total non-current assets		74,453	60,489
Current assets			
Trade and retention receivables	13	62,253	51,229
Contract assets		13,021	14,208
Deposits, prepayments and other receivables		2,715	4,336
Income tax recoverable		442	442
Bank and cash balances		12,817	15,250
Total current assets		91,248	85,465
Current liabilities			
Trade and retention payables	14	23,996	28,561
Accruals and other payables		4,964	7,408
Bank and other borrowings		47,265	25,907
Finance lease payables		725	765
Lease liability		1,480	–
Current tax liabilities		74	301
Total current liabilities		78,504	62,942
Net current assets		12,744	22,523
Total assets less current liabilities		87,197	83,012
Non-current liabilities			
Finance lease payables		1,389	1,750
Lease liability		6,687	–
Deferred tax liabilities		6,145	6,039
Total non-current liabilities		14,221	7,789
NET ASSETS		72,976	75,223
Capital and reserves			
Share capital	15	6,000	6,000
Reserves	16	66,976	69,223
TOTAL EQUITY		72,976	75,223

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019

	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 15)	(note 16b(i))	(note 16b(ii))	(note 16b(iii))		
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	–	–	–	–	(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
For the six months ended 30 September 2019						
At 1 April 2019 (audited)	6,000	36,581	22	254	32,366	75,223
Total comprehensive income for the period (unaudited)	–	–	–	(3)	(2,244)	(2,247)
At 30 September 2019 (unaudited)	6,000	36,581	22	251	30,122	72,976

Unaudited Condensed Consolidated Statements of Cash Flows

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash (used in)/generated from operating activities	(8,729)	1,282
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(4,253)	(12,025)
Purchases of financial assets at FVTPL	(10,000)	–
Net cash used in investing activities	(14,253)	(12,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank and other borrowings raised	32,277	36,973
Repayment of lease liability	(405)	–
Repayment of finance lease payables	(401)	(265)
Repayment of bank and other borrowings	(10,919)	(32,690)
Decrease in restricted bank deposits	–	3,000
Net cash generated from financing activities	20,552	7,018
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,430)	(3,725)
Cash and cash equivalents at the beginning of the period	15,250	17,082
Effect on foreign exchange rate changes, net	(3)	36
Cash and cash equivalents at the end of the period	12,817	13,393

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 rental in Hong Kong and Macau.

In the opinion of the Directors, as at 30 September 2019, 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 2019 have been prepared in accordance with 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 2019. 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 2019.

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. 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 2019. HKFRSs comprise HKFRS, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by HKICPA. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 Leases from 1 April 2019. A number of other new standards are effective from 1 April 2019 but they do not have a material effect on the Group’s unaudited condensed consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use asset representing its rights to use the underlying asset and lease liability representing its obligation to make lease payments.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained profits at 1 April 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 16 Leases *(continued)*

(b) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use asset and lease liability for most leases.

However, the Group has elected not to recognise right-of-use asset and lease liability for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use asset relate to the following type of asset:

	Balance as at	
	30 September 2019 HK\$'000 (unaudited)	1 April 2019 HK\$'000 (audited)
Warehouse	8,206	–
Total right-of-use asset	8,206	–

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right-of-use asset recognised.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 16 Leases *(continued)*

(b) As a lessee *(continued)*

Transition

Previously, the Group classified property leases as operating leases under HKAS 17. These include offices premises, warehouse and site offices. Leases are negotiated for terms ranging from one to three years and rentals are fixed over the lease terms and do not include contingent rentals.

At transition, for leases classified as operating leases under HKAS 17, lease liability were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use asset are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use asset and liability for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) As a lessor

The Group leases out its machineries. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor. However, the Group has applied HKFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

The Group sub-leases some of its machineries. Under HKAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to HKFRS 16, the right-of-use asset recognised from the head leases are presented in property, plant and equipment, and measured at fair value on transition to HKFRS 16. The sub-lease contracts are classified as operating leases under HKFRS 16.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 16 Leases *(continued)*

(d) Impacts of financial statements

On transition, for leases previously accounted for as operating leases with a recruiting lease term of less than 12 months and for leases of low-value assets, the Group has applied the option exemptions to not recognise right-of-use asset but to account for the lease expense on a straight-line basis over the remaining lease term.

The Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material.

4. REVENUE

(a) 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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Construction contract income	17,381	36,760	37,689	71,861
Ancillary service income	–	900	–	2,719
Rental income from machinery	5,121	5,053	10,461	7,680
	22,502	42,713	48,150	82,260

4. REVENUE (Continued)

(a) **Disaggregation of revenue from contracts with customers by major service lines for the periods is as follows (continued):**

The Group derives revenue from the construction contract, ancillary services and machinery rental over time and at a point in time in the following major service lines and geographical regions:

For the six months ended 30 September	Construction contract income		Ancillary service income		Rental income from machinery		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Primary geographical markets								
– Hong Kong	37,689	67,398	–	2,719	10,461	7,680	48,150	77,797
– Macau	–	4,463	–	–	–	–	–	4,463
Segment revenue	37,689	71,861	–	2,719	10,461	7,680	48,150	82,260
Timing of revenue recognition								
– At a point in time	–	–	–	2,719	–	–	–	2,719
– Over time	37,689	71,861	–	–	10,461	7,680	48,150	79,541
Total	37,689	71,861	–	2,719	10,461	7,680	48,150	82,260

For the three months ended 30 September	Construction contract income		Ancillary service income		Rental income from machinery		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Primary geographical markets								
– Hong Kong	17,381	36,760	–	900	5,121	5,053	22,502	42,713
– Macau	–	–	–	–	–	–	–	–
Segment revenue	17,381	36,760	–	900	5,121	5,053	22,502	42,713
Timing of revenue recognition								
– At a point in time	–	–	–	900	–	–	–	900
– Over time	17,381	36,760	–	–	5,121	5,053	22,502	41,813
Total	17,381	36,760	–	900	5,121	5,053	22,502	42,713

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, ancillary services and machinery rental in Hong Kong and Macau, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the (loss)/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

The Group's revenue from external customers by location of operations is detailed below:

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Hong Kong	48,150	77,797
Macau	–	4,463
	48,150	82,260

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	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Customer 1	9,994	8,269
Customer 2	7,154	N/A ¹
Customer 3	7,118	N/A ¹
Customer 4	5,515	N/A ¹
Customer 5	–	12,059
Customer 6	–	10,653
Customer 7	N/A ¹	10,125
Customer 8	–	8,608

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

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest on:				
– bank and other borrowings	647	278	1,092	420
– finance leases	25	14	53	30
– lease liability	10	–	10	–
	682	292	1,155	450

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	–	–	150
– Over-provision in prior periods	(32)	(153)	–	–
Current tax – Macau Complementary Tax				
– Over-provision in prior periods	–	(41)	–	–
Deferred tax	68	423	179	541
	36	229	179	691

Hong Kong Profits Tax has been provided at a rate of 16.5% (2018: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

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. 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 2019 and 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.

No provision for Macau Complementary Tax for the six months ended 30 September 2019 since the Group has no assessable profit.

7. INCOME TAX EXPENSE (Continued)

Pursuant to the relevant laws and regulations in Macau, the Macau subsidiary is subject to Macau Complementary Tax at a maximum rate on the estimated assessable profit for the six months ended 30 September 2018.

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 2019 (for the six months ended 30 September 2018:Nil).

9. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic and diluted (losses)/earnings per share attributable to the owners of the Company is based on the followings:

	Three months ended 30 September		Six months ended 30 September	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
(Loss)/profit for the period attributable to owners of the Company (HK\$'000)	(2,576)	418	(2,244)	3,844
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (losses)/earnings per share ('000)	600,000	600,000	600,000	600,000
(Losses)/earnings per share				
Basic and diluted (HK cents)	(0.43)	0.07	(0.37)	0.64

The weighted average number of ordinary shares in issue during the periods ended 30 September 2019 and 2018 was derived from 600,000,000 ordinary shares in issue.

The diluted (losses)/earnings per share is equal to the basic (losses)/earnings per share as there were no dilutive potential ordinary shares in issue for the periods ended 30 September 2019 and 2018.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and machinery	Casing and equipment	Motor vehicles	Furniture, fixture and office equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
Opening net book amount as at 1 April 2019 (audited)	-	32,182	25,970	2,307	30	60,489
Additions	-	3,979	274	-	-	4,253
Depreciation	-	(2,999)	(3,302)	(510)	(17)	(6,828)
Closing net book amount as at 30 September 2019 (unaudited)	-	33,162	22,942	1,797	13	57,914

11. RIGHT-OF-USE ASSET

During the six months ended 30 September 2019, the Group entered into a new lease agreement for use of warehouse for 6 years. On lease commencement, the Group recognised approximately HK\$8,741,000 of right-of-use asset and lease liability.

12. FINANCIAL ASSETS AT FVTPL

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Investments in life insurance policies	8,333	-

In June 2019, the Group's subsidiary, Triangular Force Construction Engineering Limited ("Triangular Force") entered into life insurance policies with insurance company to insure Mr. Tang and Mr. Chui, Directors of the Company. 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.

12. FINANCIAL ASSETS AT FVTPL (Continued)

The life insurance policies were pledged to secure a bank borrowing of the Group.

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: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- 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: unobservable inputs for the asset or liability.

During the period ended 30 September 2019, there was no transfer between Level 2 and Level 3. The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

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 liability is also not required.

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

As at 30 September 2019

Financial assets at FVTPL

Recurring fair value measurements:

- Investments in life insurance policies

	–	–	8,333	8,333
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12. FINANCIAL ASSETS AT FVTPL (Continued)

	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	Total HK\$'000 (audited)
As at 31 March 2019				
Financial assets at FVTPL				
Recurring fair value measurements:				
– Investments in life insurance policies	–	–	–	–

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 2019 (audited)	–
Additions during the period	10,000
Change in fair value of financial assets measured at FVTPL during the period	(1,667)
At 30 September 2019 (unaudited)	8,333

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

	Note	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Trade receivables	(a)	61,491	46,526
Allowance for impairment loss, net		(3,875)	(2,198)
		57,616	44,328
Retention receivables ^{Note}	(b)	7,256	10,364
Allowance for impairment loss, net		(2,619)	(3,463)
		4,637	6,901
		62,253	51,229

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

13. TRADE AND RETENTION RECEIVABLES (Continued)

- (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 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
0 to 30 days	7,637	31,361
31 to 60 days	8,559	112
61 to 90 days	4,360	3,218
Over 90 days	37,060	9,637
	57,616	44,328

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

	HK\$'000
At 1 April 2018 under HKFRS 9 (restated)	46
Allowance for the year	2,152
At 31 March 2019 and 1 April 2019 (audited)	2,198
Allowance for the period, net	1,677
At 30 September 2019 (unaudited)	3,875

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

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
HK\$	56,879	42,674
Macau Pataca ("MOP")	737	1,654
	57,616	44,328

13. TRADE AND RETENTION RECEIVABLES (Continued)

- (b) Upon the adoption of HKFRS 15, some of the retention receivables, for which the Group's entitlement to the consideration was conditional on satisfactory completion of the retention period, were reclassified to "Contract assets".

As at 30 September 2019, retention receivables of HK\$4,348,000 (31 March 2019: HK\$4,895,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these retention receivables is as follows:

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Up to 3 months	1,448	1,995
Over 3 months and less than 6 months	75	—
Over 6 months	2,825	2,900
	4,348	4,895

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

	HK\$'000
At 1 April 2018 under HKFRS 9 (restated)	1,297
Allowance for the year	2,166
At 31 March 2019 and 1 April 2019 (audited)	3,463
Reversal for allowance for the period, net	(844)
At 30 September 2019 (unaudited)	2,619

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

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
HK\$	3,524	4,967
MOP	1,113	1,934
	4,637	6,901

14. TRADE AND RETENTION PAYABLES

	Note	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Trade payables	(a)	22,918	27,299
Retention payables ^{Note}	(b)	1,078	1,262
		23,996	28,561

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 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
0 to 30 days	5,150	6,590
31 to 60 days	1,023	3,420
61 to 90 days	3,153	3,431
Over 90 days	13,592	13,858
	22,918	27,299

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\$0.01 each		
At 31 March 2019 and 30 September 2019	1,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2019 and 30 September 2019	600,000,000	6,000

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

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

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Short term employee benefits	1,732	2,172
Pension scheme contributions	32	45
	1,764	2,217

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

For the six months ended 30 September 2019, the Group recorded net loss of approximately HK\$2.6 million as compared to net profit of approximately HK\$3.8 million for the same period in 2018. The Board considers that the net loss was mainly attributable to change in fair value of the financial assets at FVTPL and the allowance for impairment loss of trade and retention receivables. In view that the Group having used exerted efforts to diversify the Group's income source and pursued more profitable foundation works projects, 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 machinery rental 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 2019 was approximately HK\$48.2 million, representing a decrease of approximately 41.4% from approximately HK\$82.3 million for the six months ended 30 September 2018, which was primarily due to the delayed commencement of the foundation project in Macau that has a contract sum of approximately HK\$27.0 million which has not received the necessary design approval and the work permit from the Macau governmental authority in time, causing significant decrease in revenue during the six months ended 30 September 2019.

Costs of Sales

The Group's cost of sales for the six months ended 30 September 2019 was approximately HK\$40.0 million, representing a decrease of approximately 43.5% from approximately HK\$70.8 million for the six months ended 30 September 2018, which was primarily due to decrease in direct costs, such as costs of construction from materials and transportation expenses as a result of the decreasing construction activities of the projects undertaken during the six months ended 30 September 2019.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 September 2019 was approximately HK\$8.2 million, representing a decrease of approximately 28.7% from approximately HK\$11.5 million for the six months ended 30 September 2018. The Group's gross profit margin increased from approximately 13.9% to 17.0% for the period of comparison. Such increase was primarily due to the increase in contribution from machinery leasing during the six months ended 30 September 2019.

Administrative Expenses

The Group's administrative expenses for the six months ended 30 September 2019 were approximately HK\$6.6 million, representing an increase of approximately 8.2% from approximately HK\$6.1 million for the six months ended 30 September 2018. The increase was mainly attributable to the increase in legal and professional fees during the six months ended 30 September 2019.

(Loss)/profit for the Period

For the six months ended 30 September 2019, the Group recorded loss attributed to owners of the Company of approximately HK\$2.2 million as compared to profit for the six months ended 30 September 2018 of approximately HK\$3.8 million. The Board considers that the net loss was mainly attributable to change in fair value of the financial assets at FVTPL and the allowance for impairment loss of trade and retention receivables during the six months ended 30 September 2019.

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 2019 is set out below:

Business Strategies as stated in the Prospectus and the Announcement	Business objectives up to 30 September 2019	Actual business progress up to 30 September 2019
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 and retain talents	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 and repayment of finance lease liability related to the abovementioned machinery acquisition	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 2019, 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 2019 (HK\$ million)	Actual use of proceeds up to 30 September 2019 (HK\$ million)	Unutilised net proceeds up to 30 September 2019 (HK\$ million)
Expansion of the Group's scope of services	6.2	6.2	–
Expansion of the Group's capacity	17.3	16.5	0.8
General working capital	2.7	2.7	–
Total	26.2	25.4	0.8

As at 30 September 2019, approximately HK\$25.4 million out of the net proceeds from the Listing had been used. The remaining unutilised net proceeds were deposited in licensed banks in Hong Kong. The Company intends to apply the net proceeds in the manner as stated in the Prospectus and the Announcement. However, the Directors will constantly evaluate the Group's business objectives and may change or modify the Group's plans against the changing market conditions to attain sustainable business growth of the Group.

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 and other borrowings and equity contribution from shareholders.

As at 30 September 2019, the Group had bank and cash balances of approximately HK\$12.8 million (31 March 2019: approximately HK\$15.3 million).

As at 30 September 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK\$73.0 million (31 March 2019: approximately HK\$75.2 million). As of the same date, the Group's total debt, comprising bank and other borrowings, financial lease payables and lease liability, amounted to approximately HK\$57.5 million (31 March 2019: 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 2019, the Group had total debt (summation of bank and other borrowings, financial lease payables and lease liability) of approximately HK\$57.5 million which was denominated in Hong Kong Dollars (31 March 2019: approximately HK\$28.4 million). The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 September 2019, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 78.8% (31 March 2019: approximately 37.8%).

As at 30 September 2019, the Group's subsidiary, Triangular Force has breached the covenants requirements under the bank facilities with certain banks, as Triangular Force's tangible net worth was less than that required by the banks. The covenant imposed by the banks on the bank borrowings of approximately HK\$19.7 million which was classified as current liabilities. The banks acknowledged such deviation from the covenants requirements and has not taken any adverse action against the Group and are in the process of granting waiver or supplemental loan agreement to the Group. (31 March 2019: Nil).

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 2019, 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 2019.

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 2019, the Group has pledged its plant and machinery with an aggregate net book value of approximately HK\$22.7 million (31 March 2019: approximately HK\$20.2 million).

Contingent Liabilities

As at 30 September 2019, the Group did not have any material contingent liabilities (31 March 2019: Nil).

Commitments

The Group did not have any material capital commitment as at 30 September 2019 (31 March 2019: Nil).

The Group is the lessee in respect of office premises and site offices under operating leases. As at 30 September 2019, the Group's total future minimum lease payment under non-cancellable operating leases were approximately HK\$0.3 million (31 March 2019: approximately HK\$0.9 million).

Segment Information

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

Information on Employees

As at 30 September 2019, the Group had 72 full-time employees working in Hong Kong (30 September 2018: 95). Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30 September 2019 amounted to approximately HK\$14.8 million (for the six months ended 30 September 2018: approximately HK\$18.2 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 2019 (for the six months ended 30 September 2018: Nil).

OTHER INFORMATION

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

As at 30 September 2019, 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 ^{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:

- 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.
- 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 2019, 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 2019, 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	187,000,000	31.17%
Ms. Lam Ka Yi ^{Note 1}	Interest of spouse	187,000,000	31.17%
Hunter Corporate	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 2019, 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 2019.

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 2019.

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.

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 5.68 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 2019.

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 2019, 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 2019 and up to the date of this report.

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 2019 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 2019 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Events After Reporting Period

Save as disclosed in this report, there is no other important event affecting the Group since 30 September 2019 and up to date of this report.

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.bevergroup.com.hk. The interim report of the Company for the six months ended 30 September 2019 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 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, 8 November 2019

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