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BEAVER GROUP (HOLDING) COMPANY LIMITED

永勤集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8275)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

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 of the Stock Exchange 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.*

FIRST QUARTERLY RESULTS

The board of directors (the “**Board**”) of the Company presents the unaudited condensed consolidated results of the Group for the three months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018 as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the three months ended 30 June 2019

| | Note | Three months ended 30 June | |
|----------------------------------------------------------------------------------------|------|---------------------------------|---------------------------------|
| | | 2019 HK\$'000 (unaudited) | 2018 HK\$'000 (unaudited) |
| Revenue | 4 | 25,648 | 39,547 |
| Cost of sales | | <u>(21,450)</u> | <u>(32,588)</u> |
| Gross profit | | 4,198 | 6,959 |
| Other income | | 14 | 23 |
| Administrative expenses | | <u>(3,264)</u> | <u>(2,936)</u> |
| Profit from operations | | 948 | 4,046 |
| Finance costs | 6 | <u>(473)</u> | <u>(158)</u> |
| Profit before tax | | 475 | 3,888 |
| Income tax expense | 7 | <u>(143)</u> | <u>(462)</u> |
| Profit for the period attributable to owners of the Company | | <u>332</u> | <u>3,426</u> |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences arising on translating foreign operations | | <u>*</u> | <u>36</u> |
| Other comprehensive income for the period, net of tax | | <u>*</u> | <u>36</u> |
| Total comprehensive income for the period attributable to owners of the Company | | <u>332</u> | <u>3,462</u> |
| Earnings per share | | | |
| Basic and diluted (HK cents) | 9 | <u>0.06</u> | <u>0.57</u> |

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

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 June 2019

| | Share capital | Share premium | Merger reserve | Foreign currency translation reserve | Retained earnings | Total equity |
|-------------------------------------------------------|---------------|---------------|----------------|--------------------------------------|-------------------|---------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (note 10b(i)) | (note 10b(ii)) | (note 10b(iii)) | | |
| For the three months ended 30 June 2018 | | | | | | |
| As at 1 April 2018 (audited) | 6,000 | 36,581 | 22 | 118 | 40,953 | 83,674 |
| Effect on adoption of HKFRS 9 | – | – | – | – | (1,410) | (1,410) |
| Effect on adoption of HKFRS 15 | – | – | – | – | (4,771) | (4,771) |
| | <u>6,000</u> | <u>36,581</u> | <u>22</u> | <u>118</u> | <u>34,772</u> | <u>77,493</u> |
| Restated balances as of 1 April 2018 | 6,000 | 36,581 | 22 | 118 | 34,772 | 77,493 |
| Total comprehensive income for the period (unaudited) | – | – | – | 36 | 3,426 | 3,462 |
| | <u>6,000</u> | <u>36,581</u> | <u>22</u> | <u>154</u> | <u>38,198</u> | <u>80,955</u> |
| For the three months ended 30 June 2019 | | | | | | |
| As at 1 April 2019 (audited) | 6,000 | 36,581 | 22 | 254 | 32,366 | 75,223 |
| Total comprehensive income for the period (unaudited) | – | – | – | * | 332 | 332 |
| | <u>6,000</u> | <u>36,581</u> | <u>22</u> | <u>254</u> | <u>32,698</u> | <u>75,555</u> |

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

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 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 were 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 June 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 three months ended 30 June 2019 have been prepared in accordance with all Hong Kong Financial Reporting Standards ("**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 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 auditor, 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 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.

The Group has initially adopted HKFRS 16 *Leases* and HK(IFRIC) 23 *Uncertainty over Income Tax Treatments* 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 replaces HKAS 17 *Leases* and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

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

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

The Group's future minimum lease payments under non-cancellable operating leases for its office and warehouse amounted to approximately HK\$390,000 as at 30 June 2019. These leases are recognised as lease liabilities, with corresponding right-of-use assets when HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

HK(IFRIC) 23 *Uncertainty over Income Tax Treatments*

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

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

4. REVENUE

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

| | Three months ended 30 June | |
|------------------------------|----------------------------|---------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Construction contract income | 20,308 | 35,101 |
| Ancillary service income | – | 1,819 |
| Rental income from machinery | 5,340 | 2,627 |
| | <u>25,648</u> | <u>39,547</u> |

5. SEGMENT INFORMATION

Operating segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the 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 profit before tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8 "Operating Segments".

Geographical information

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

| | Three months ended 30 June | |
|-----------|----------------------------|---------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Hong Kong | 25,648 | 35,084 |
| Macau | – | 4,463 |
| | <u>25,648</u> | <u>39,547</u> |

Revenue from major customers

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

| | Three months ended 30 June | |
|------------|----------------------------|------------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Customer 1 | 6,092 | 4,360 |
| Customer 2 | 3,975 | N/A ¹ |
| Customer 3 | 3,476 | N/A ¹ |
| Customer 4 | 2,593 | N/A ¹ |
| | <u>6,092</u> | <u>4,360</u> |

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

6. FINANCE COSTS

| | Three months ended 30 June | |
|-----------------------------|----------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Interest on: | | |
| – bank and other borrowings | 445 | 142 |
| – bank overdraft | * | – |
| – finance lease | 28 | 16 |
| | <u>473</u> | <u>158</u> |

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

7. INCOME TAX EXPENSE

| | Three months ended 30 June | |
|-------------------------------------|----------------------------|-------------|
| | 2019 | 2018 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Current tax – Hong Kong Profits Tax | | |
| – Provision for the period | 32 | 303 |
| Current tax – Macau Profits Tax | | |
| – Provision for the period | – | 41 |
| Deferred tax | 111 | 118 |
| | <u>143</u> | <u>462</u> |

Hong Kong Profits Tax has been provided at a rate of 8.25% (2018: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK\$2 million will continue to be subject to the tax rate of 16.5%.

No provision was made for Macau Profits Tax for the three months ended 30 June 2019 since the Group has no assessable profit.

Pursuant to the relevant laws and regulations in Macau, the Macau subsidiary is subject to Macau complementary tax at a maximum rate of 12% on the estimated assessable profit for the three months ended 30 June 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 three months ended 30 June 2019 (for the three months ended 30 June 2018: HK\$ Nil).

9. EARNINGS PER SHARE

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

| | Three months ended 30 June | |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------|
| | 2019 | 2018 |
| | (unaudited) | (unaudited) |
| Profit for the period attributable to owners of the Company (HK\$'000) | 332 | 3,426 |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share ('000) | 600,000 | 600,000 |
| Earnings per share | | |
| Basic and diluted (HK cents) | <u>0.06</u> | <u>0.57</u> |

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

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

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

(ii) *Merger reserve*

The merger reserve represented the aggregate of paid-in capital of Triangular Force Construction Engineering Limited, TMP Machinery Engineering Limited and Longson Enterprise Development Company Limited, which are the 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.

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

For the three months ended 30 June 2019, the Group recorded net profit of approximately HK\$0.3 million as compared to net profit of approximately HK\$3.4 million for the same period in 2018. The decrease in net profit earned by the Group during the three months ended 30 June 2019 as compared with profit for the same period in 2018 was primarily due to the progress delay of the Studio City Phase 2 project in Macau that has a contract sum of approximately HK\$27.0 million as the project did not receive the necessary design approval and work permit from the government authority in time.

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 its shareholders, such as machinery rental to improve the utilisation of the machinery owned by the Group. 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, bored piling works.

FINANCIAL REVIEW

Revenue

The Group's revenue for the three months ended 30 June 2019 was approximately HK\$25.6 million, representing a decrease of approximately 35.2% from approximately HK\$39.5 million for the three months ended 30 June 2018, which was primarily due to the delays in handing over the construction sites of certain projects to the Group by its customers.

Cost of Sales

The Group's cost of sales for the three months ended 30 June 2019 was approximately HK\$21.5 million, representing a decrease of approximately 34.0% from approximately HK\$32.6 million for the three months ended 30 June 2018, which was primarily due to decrease in direct costs, such as costs of construction materials and transportation expenses as a result of the decreasing construction activities of the projects undertaken during the reporting period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the three months ended 30 June 2019 was approximately HK\$4.2 million, representing a decrease of approximately 40.0% from approximately HK\$7.0 million for the three months ended 30 June 2018. The Group's gross profit margin decreased from approximately 17.6% to 16.4% for the period of comparison. Such decrease was primarily due to the unexpected construction costs overrun such as labour cost and cost of construction materials incurred in projects located in Kowloon.

Administrative Expenses

The Group's administrative expenses for the three months ended 30 June 2019 were approximately HK\$3.3 million, representing an increase of approximately 13.8% from approximately HK\$2.9 million for the three months ended 30 June 2018. The increase was mainly attributable to the increase in legal and professional fees and staff costs.

Profit for the Period

For the three months ended 30 June 2019, the Group recorded profit attributed to owners of the Company of approximately HK\$0.3 million as compared to profit attributed to owners for the three months ended 30 June 2018 of approximately HK\$3.4 million. The decrease was mainly attributable to decrease in gross profit during the period.

Dividend

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2019 (for the three months ended 30 June 2018: HK\$ Nil).

OTHER INFORMATION

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

As at 30 June 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares and underlying shares of the Company

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

Notes:

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

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executives of the Company had 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 are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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 June 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 Division 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 of shareholder | 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 (<i>Note 1</i>) | Interest of spouse | 187,000,000 | 31.17% |
| Hunter Corporate | Beneficial owner | 183,000,000 | 30.50% |
| Ms. Wong Kit Chun (<i>Note 2</i>) | 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 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 June 2019, there was no person or corporation, 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 Division 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.

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 three months ended 30 June 2019.

Competition and Conflict of Interest

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates as defined in the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interest with the Group during the three months ended 30 June 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 of the Company dated 29 September 2017 (the “**Prospectus**”).

Directors’ Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the “**Required Standard of Dealing**”). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and the code of conduct for securities transactions by the Directors during the three months ended 30 June 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 out in the section headed “Statutory and General Information — D. Share Option Scheme” in appendix IV to the Prospectus.

For the three months ended 30 June 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 three months ended 30 June 2019 and up to date of this announcement.

Audit Committee

The Audit Committee was established on 22 September 2017. The chairman of the Audit Committee is Mr. Leung Wai Hung, an independent non-executive Director, and other members include Mr. Cheung Chung Chuen George and Mr. Law Ching Ning Paschal, both an independent non-executive Director. 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 three months ended 30 June 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 three months ended 30 June 2019 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 9 August 2019

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