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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)**

#### **DISCLOSEABLE TRANSACTION IN RELATION TO THE WAREHOUSE LEASE AGREEMENT**

##### **THE WAREHOUSE LEASE AGREEMENT**

On 17 May 2019, Triangular Force, an indirect wholly-owned subsidiary of the Company, as tenant entered into the Warehouse Lease Agreement with Wingreat, an Independent Third Party, as landlord pursuant to which Wingreat agreed to lease the Warehouse to Triangular Force.

##### **GEM LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the Group shall recognise the value of the right-of-use asset in its consolidated financial statements in relation to the lease of the Warehouse under the Warehouse Lease Agreement. Accordingly, the transactions contemplated thereunder will be regarded as acquisition of asset by the Group according to the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Warehouse Lease Agreement is more than 5% and below 25%, the transaction contemplated under the Warehouse Lease Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements but is exempted from Shareholders' approval requirement pursuant to Chapter 19 of the GEM Listing Rules.

## INTRODUCTION

The Board would like to announce that on 17 May 2019, Triangular Force, an indirect wholly-owned subsidiary of the Company, as tenant entered into the Warehouse Lease Agreement with Wingreat, an Independent Third Party, as landlord pursuant to which Wingreat agreed to lease the Warehouse to Triangular Force.

## THE WAREHOUSE LEASE AGREEMENT

Details of the principal terms of the Warehouse Lease Agreement are set out below:

Date:	17 May 2019
Parties :	(i) Wingreat, as the landlord; and  (ii) Triangular Force, as the tenant.
Location of the Warehouse:	The Remaining Portion of Lot No. 163 in D.D. 79, North New Territories, Hong Kong.
Term:	Fixed term of three years commencing on 4 July 2019 and expiring on 3 July 2022 (both days inclusive) (the “ <b>Fixed Term</b> ”) with an option to renew for a further term of three years commencing on 4 July 2022 and expiring on 3 July 2025 (both days inclusive) (the “ <b>Option Term</b> ”).
Rent-free period:	From 20 May 2019 to 3 July 2019 (both days inclusive).
Monthly rental:	Monthly rental during the Fixed Term shall be HK\$135,000 and the monthly rental during the Option Term may be increased by not more than 10% of the monthly rental charged during the Fixed Term.
Deposits:	HK\$270,000, equivalent to two months of rent.
Basis of determining the monthly rental:	The rent under the Warehouse Lease Agreement was determined after arm’s length negotiations between the parties taking into account the prevailing market rent and lease terms of similar premises in the proximity of the Warehouse.  The monthly rental is expected to be funded through the internal resources of the Group.

## **RIGHT-OF-USE ASSETS**

Pursuant to HKFRS 16, the Warehouse leased under the Warehouse Lease Agreement will be recognised as right-of-use assets with an initial amount (unaudited) of approximately HK\$8,741,000, which represents the present value of the aggregate lease payments (net of rent-free period) and discounted by adopting a discount rate of 4.87%.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is an investment holding company. The Group principally engages in provision of foundation works, ancillary services and machinery rental services in Hong Kong and Macau. As a foundation contractor, the Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. It also specialises in removing obstructing piles as well as pre-existing foundations.

### **Triangular Force**

Triangular Force is a company incorporated in Hong Kong on 10 January 2008 with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal activities of Triangular Force are provision of foundation works, ancillary services and machinery rental services.

### **Wingreat**

Wingreat is a company incorporated in Hong Kong on 17 May 2007 with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wingreat, its ultimate beneficial owners and its respective associates are Independent Third Parties.

## **REASONS FOR AND THE BENEFITS OF THE WAREHOUSE LEASE AGREEMENT**

The Group is a foundation contractor which possesses a broad range of machinery and equipment to carry out bored piling works and other foundation works. These machinery and equipment are usually stored at the Group's warehouse when they are not used on site. As the tenure of the previous warehouse expired, the Directors have been searching for a suitable site for relocation since then. Having considered (i) the rental costs of the Warehouse; and (ii) the location of the Warehouse, which is in close proximity to the previous warehouse for minimising the relocation costs and time, the Directors decided to enter into the Warehouse Lease Agreement.

The Directors considered that the transactions contemplated under the Warehouse Lease Agreement was entered into in the ordinary and usual course of business of the Group, and the Warehouse Lease Agreement was entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Warehouse Lease Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## **REMEDIAL ACTIONS**

The Company acknowledges this announcement should have been published as soon as practicable after entering into the Warehouse Lease Agreement pursuant to the GEM Listing Rules in relation to the adoption of HKFRS 16. To prevent similar non-compliance in the future, the Company has taken the following measures and actions: (i) the Company's responsible management, with assistance from external accounting professionals and legal advisers of the Company shall continue to oversee and monitor the Company's on-going compliance with the GEM Listing Rules in relation to the Group's lease arrangements; (ii) the Company should conduct an internal training session to explain the implications of the GEM Listing Rules in relation to HKFRS 16 and the reporting procedures for notifiable transaction under the GEM Listing Rules in respect of lease arrangements prior to execution; and (iii) the Company should, as and when appropriate and necessary, seek advice from its external legal, accounting or other professional as to any action required to be taken in relation to any proposed lease transactions or events in the future. Going forward, the Company will use its best endeavours to make disclosure in a timely manner to ensure compliance with the GEM Listing Rules in this regard.

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)” has the meaning ascribed to it under the GEM Listing Rules

“Board” the board of Directors

“Company”	Beaver Group (Holding) Company Limited (永勤集團(控股)有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 3 January 2017 and the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of the nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triangular Force”	Triangular Force Construction Engineering Limited (遜傑建築工程有限公司), a company incorporated in Hong Kong on 10 January 2008 with limited liability, which is an indirect wholly-owned subsidiary of the Company

“Warehouse”	The Remaining Portion of Lot No. 163 in D.D. 79, North New Territories, Hong Kong
“Warehouse Lease Agreement”	an agreement entered into between the Wingreat as the landlord and Triangular Force as the tenant on 17 May 2019 in relation to the lease of the Warehouse
“Wingreat”	Wingreat Corporation Limited (勝韋有限公司), a company incorporated in Hong Kong on 17 May 2007 with limited liability, which is an Independent Third Party
“%”	per cent

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

Hong Kong, 9 September 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://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](http://www.beavergroup.com.hk).*