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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.*

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest 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.

THIRD QUARTERLY RESULTS

The board of directors (the “**Board**”) of the Company presents the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2017, together with the unaudited comparative figures for the corresponding periods in 2016, are as follows:

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income For the three months and nine months ended 31 December 2017

	Note	Three months ended 31 December		Nine months ended 31 December	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	26,646	28,255	93,497	82,169
Cost of sales		<u>(24,342)</u>	<u>(22,257)</u>	<u>(79,250)</u>	<u>(67,224)</u>
Gross profit		2,304	5,998	14,247	14,945
Other income		50	—	52	2
Administrative expenses		(9,785)	(3,681)	(19,893)	(10,035)
Other operating expenses		<u>—</u>	<u>—</u>	<u>—</u>	<u>(29)</u>
(Loss)/profit from operations		(7,431)	2,317	(5,594)	4,883
Finance costs	6	<u>(116)</u>	<u>(28)</u>	<u>(372)</u>	<u>(118)</u>
(Loss)/profit before tax		(7,547)	2,289	(5,966)	4,765
Income tax credit/(expense)	7	<u>182</u>	<u>(481)</u>	<u>(333)</u>	<u>(1,359)</u>
(Loss)/profit for the period attributable to owners of the Company		<u>(7,365)</u>	<u>1,808</u>	<u>(6,299)</u>	<u>3,406</u>
Other comprehensive income: <i>Items that may be reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<u>172</u>	<u>—</u>	<u>275</u>	<u>—</u>
Other comprehensive income for the period, net of tax		<u>172</u>	<u>—</u>	<u>275</u>	<u>—</u>
Total comprehensive (expense)/ income for the period attributable to owners of the Company		<u>(7,193)</u>	<u>1,808</u>	<u>(6,024)</u>	<u>3,406</u>
(Loss)/earnings per share Basic and diluted (HK cents per share)	9	<u>(1.28)</u>	<u>0.40</u>	<u>(1.28)</u>	<u>0.76</u>

Unaudited Condensed Consolidated Statements of Changes in Equity

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i> <i>(Note</i> <i>10b(i))</i>	Merger reserve <i>HK\$'000</i> <i>(Note</i> <i>10b(ii))</i>	Exchange reserve <i>HK\$'000</i> <i>(Note</i> <i>10b(iii))</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
For the nine months ended						
31 December 2016						
As at 1 April 2016 (audited)	22	—	—	—	50,135	50,157
Total comprehensive income for the period (unaudited)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,406</u>	<u>3,406</u>
As at 31 December 2016 (unaudited)	<u><u>22</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>53,541</u></u>	<u><u>53,563</u></u>
For the nine months ended						
31 December 2017						
As at 1 April 2017 (audited)	*	*	22	—	55,415	55,437
Capitalisation issue	4,500	(4,500)	—	—	—	—
Issue of shares	1,500	49,500	—	—	—	51,000
Share issuing expenses	—	(8,419)	—	—	—	(8,419)
Total comprehensive income/ (expense) for the period (unaudited)	<u>—</u>	<u>—</u>	<u>—</u>	<u>275</u>	<u>(6,299)</u>	<u>(6,024)</u>
As at 31 December 2017 (unaudited)	<u><u>6,000</u></u>	<u><u>36,581</u></u>	<u><u>22</u></u>	<u><u>275</u></u>	<u><u>49,116</u></u>	<u><u>91,994</u></u>

* The balance represents 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 on 3 January 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108 Cayman Islands. The address of its principal place of business is Unit 1503, 15/F, Peninsula Square, No.18 Sung On Street, Hung Hom, Kowloon, Hong Kong.

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

In the opinion of the directors of the Company, as at 31 December 2017, each of Mr. Chui Koon Yau (“**Mr. Chui**”) and Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”) is the ultimate controlling party of the Company (collectively known as the “**Controlling Shareholders**”).

The Company’s shares are listed on the GEM of the Stock Exchange on 16 October 2017 (the “**Listing Date**”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2017 have been prepared in accordance with 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 2017 included in the prospectus of the Company dated 29 September 2017 (the “**Prospectus**”). 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 2017.

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 2017. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the unaudited condensed consolidated financial statements.

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**”), except 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.

3. BASIS OF PRESENTATION

In the preparation for the proposed listing of its shares on the GEM of the Stock Exchange (“**Listing**”), the Group has undergone the group reorganisation (the “**Group Reorganisation**”), as more fully explained in the section headed “History, Reorganisation and Group Structure” in the Prospectus. Pursuant to the Group Reorganisation, the Company became the holding company of the companies now comprising the Group on 23 March 2017.

As the Group Reorganisation is undertaken to incorporate the Company as an ultimate holding company, the Group is a continuation of the existing group. The companies now comprising the Group were under common control of the Controlling Shareholders before and after the Group Reorganisation.

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

The unaudited condensed consolidated statements of financial position of the Group as at 31 December 2016 and consolidated statements of financial position of the Group as at 31 March 2017 have been prepared in accordance with the principles of merger accounting to present the assets and liabilities of the companies now comprising the Group as if the Group current structure had been in existence as at those dates.

4. REVENUE

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

	Three months ended		Nine months ended	
	31 December 2017	2016	31 December 2017	2016
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Construction contract income	26,646	28,255	93,497	81,258
Ancillary service income	—	—	—	911
	<u>26,646</u>	<u>28,255</u>	<u>93,497</u>	<u>82,169</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 segment and to assess its performance.

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

5. SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

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

	Nine months ended	
	31 December	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	39,905	82,169
Macau	<u>53,592</u>	<u>—</u>
	<u>93,497</u>	<u>82,169</u>

(b) Non-current assets

The non-current assets information below is based on the locations of the assets and excluded deferred tax assets.

	31 December	31 March
	2017	2017
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Hong Kong	43,628	52,515
Macau	<u>15,497</u>	<u>11,362</u>
	<u>59,125</u>	<u>63,877</u>

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of its revenue during the period is set out as below:

	Nine months ended	
	31 December	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer 1	42,534	N/A ¹
Customer 2	14,371	N/A ¹
Customer 3	N/A ¹	20,433
Customer 4	<u>N/A¹</u>	<u>10,784</u>

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

6. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Interest on:				
— bank borrowings	90	—	293	20
— bank overdrafts	1	—	1	2
— finance lease	25	28	78	96
	<u>116</u>	<u>28</u>	<u>372</u>	<u>118</u>

7. INCOME TAX CREDIT/(EXPENSE)

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Current taxation				
Hong Kong profits tax				
— current period	(100)	(192)	(489)	(754)
Macau profit tax				
— current period	18	—	(824)	—
Deferred taxation	264	(289)	980	(605)
	<u>182</u>	<u>(481)</u>	<u>(333)</u>	<u>(1,359)</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit during the three months and nine months ended 31 December 2017.

Macau Profits Tax has been provided at a rate of 12% on the estimated assessable profit during the three months and nine months ended 31 December 2017.

8. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2017 (unaudited) (2016: Nil (unaudited)).

9. (LOSS)/EARNINGS PER SHARE

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the period attributable to owners of the Company (HK\$'000)	(7,365)	1,808	(6,299)	3,406
Weighted average number of ordinary shares ('000)	<u>575,543</u>	<u>450,000</u>	<u>492,000</u>	<u>450,000</u>
Basic (loss)/earnings per share (HK cents per share)	<u>(1.28)</u>	<u>0.40</u>	<u>(1.28)</u>	<u>0.76</u>

The weighted average number of shares in issue during the three months and nine months ended 31 December 2017 is based on the assumption that 450,000,000 shares of the Company were in issue, comprising 160 shares issued pursuant to the Group Reorganisation and 449,999,840 shares issued pursuant to the capitalisation issue, as if these shares were outstanding throughout the period from 1 April 2016 to the Listing Date, and 150,000,000 shares issued under the Share Offer included in the Prospectus.

The weighted average number of shares in issue during the three months and nine months ended 31 December 2016 is based on the assumption that 450,000,000 shares of the Company were in issue, comprising 160 shares issued pursuant to the Group Reorganisation and 449,999,840 shares issued pursuant to the capitalisation issue, and as if these shares were outstanding throughout the periods.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue for the three months and nine months ended 31 December 2017 and 2016.

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) The share premium account of the Group includes (i) the premium arising from the new issue; (ii) the premium arising from the capitalisation issue and (iii) the expense incurred in connection with issuance of new share.
- (ii) The merger reserve as at 31 March 2017 (audited) and 31 December 2017 (unaudited) represented the aggregate of paid-in capital of Triangular Force Construction Engineering Limited, TMP Machinery Engineering Limited and Longson Enterprise Development Company Limited, subsidiaries of the Company, of 10,000, 10,000 and 2,000 ordinary shares of HK\$1 each respectively.
- (iii) The exchange 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 the machinery and the Group possesses all standard plant and machinery and equipment necessary for the construction of bored piles.

For the nine months ended 31 December 2017, the Group recorded net loss of approximately HK\$6.0 million as compared to net profit of approximately HK\$3.4 million for the same period in 2016. The Directors are of the view that the net loss incurred by the Group during the nine months ended 31 December 2017 was primarily due to the non-recurring listing expenses recognised of approximately HK\$10.3 million during the period. Set aside the listing expenses, the Group's net profit for the nine months ended 31 December 2017 would be approximately HK\$4.3 million. In view that the Group has used efforts to diversify the Group's income source and pursue more profitable foundation works projects, such efforts included exploring business opportunities in Macau, 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 its shareholders. 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 nine months ended 31 December 2017 was approximately HK\$93.5 million, representing an increase of approximately 13.8% from approximately HK\$82.2 million for the nine months ended 31 December 2016, which was primarily due to the commencement of bored piling projects in Macau which have in aggregate, an initial contract sum of approximately MOP73.7 million and contributed approximately HK\$53.6 million revenue during the period.

Costs of sales

The Group's cost of sales for the nine months ended 31 December 2017 was approximately HK\$79.3 million, representing an increase of approximately 17.9% from approximately HK\$67.2 million for the nine months ended 31 December 2016, which was primarily due to increase in direct costs, such as direct labour costs, costs of construction materials, subcontracting charges and transportation expenses as a result of the increasing construction activities of the projects undertaken for the period of comparison.

Gross Profit and Gross Profit Margin

The Group's gross profit for the nine months ended 31 December 2017 was approximately HK\$14.2 million, representing a decrease of approximately 4.7% from approximately HK\$14.9 million for the nine months ended 31 December 2016. The Group's gross profit margin decreased from approximately 18.2% to 15.2% for the period of comparison. Such decrease was primarily due to (i) the cost overrun incurred in a project in Macau awarded after the Listing of the Company mainly due to the increase in material costs, machinery costs and labour costs; and (ii) the decrease in gross profit by the Group mainly due to delays in work progress of the project located in Kwun Tong District (Project code 61 as disclosed in the Prospectus with total initial contract sum of approximately HK\$24.8 million) being attributable to the variations instructed by the employer of the project; however, the Group will negotiate with the employer of the project to seek compensation for additional time and cost of the said delay.

Administrative and Other Operating Expenses

The Group's administrative expenses for the nine months ended 31 December 2017 were approximately HK\$19.9 million, representing an increase of approximately 97.7% from approximately HK\$10.1 million for the nine months ended 31 December 2016. Administrative expenses consist primarily of staff costs, advisory fees, listing expenses and other administrative expenses. The increase was mainly attributable to (i) the non-recurring listing expenses of approximately HK\$10.3 million; (ii) increase in advisory fees, such as safety consultation fees; and (iii) increase in staff costs due to the addition of administration staff.

(Loss)/Profit for the Period

For the nine months ended 31 December 2017, the Group recorded loss attributed to owners of the Company of approximately HK\$6.0 million as compared to profit for the nine months ended 31 December 2016 of approximately HK\$3.4 million. The loss was mainly attributable to the non-recurring listing expenses of approximately HK\$10.3 million.

Set aside the listing expense, the Group's net profit for the nine months ended 31 December 2017 would be approximately HK\$4.3 million.

Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 December 2017.

OTHER INFORMATION

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

As at 31 December 2017, 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) (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which 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 position in ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares of the Company held/interested	Percentage of shareholding
Mr. Tang (<i>Note 1</i>)	Interest of a controlled corporation	225,000,000	37.5%
Mr. Chui (<i>Note 2</i>)	Interest of a controlled corporation	225,000,000	37.5%

Notes:

1. Mr. Tang beneficially owns the entire issued share capital of C3J Development Limited (“**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 beneficially owns the entire issued share capital of Hunter Corporate Limited (“**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 31 December 2017, 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 would have 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 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

As at 31 December 2017, 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 required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares of the Company held/interested	Percentage of shareholding
C3J Development (<i>Note 1</i>)	Beneficial owner	225,000,000	37.5%
Ms. Lam Ka Yi (<i>Note 1</i>)	Interest of spouse	225,000,000	37.5%
Hunter Corporate (<i>Note 2</i>)	Beneficial owner	225,000,000	37.5%
Ms. Wong Kit Chun (<i>Note 2</i>)	Interest of spouse	225,000,000	37.5%

Notes:

1. Ms. Lam Ka Yi is the spouse of Mr. Tang. Mr. Tang 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 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 31 December 2017, no person or corporation, other than the Directors and chief executives of the Company, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 nine months ended 31 December 2017.

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 interest with the Group during the nine months ended 31 December 2017.

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 nine months ended 31 December 2017.

Share Option Scheme

The purpose of 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 a 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 nine months ended 31 December 2017, 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 as 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. Throughout the reporting period, to the best knowledge of the Board, the Company has complied with all applicable code provisions set out in the CG Code.

Audit Committee

Pursuant to Rule 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code, the Company established an audit committee (the “**Audit Committee**”) with written terms of reference aligned with the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this announcement, the Audit Committee comprises Mr. Leung Wai Hung (the chairman of the Audit Committee), Mr. Law Ching Ning Paschal and Mr. Cheung Chung Chuen George, all of whom are independent non-executive Directors.

The Audit Committee has reviewed with the management of the Company on the accounting principles and practices adopted by the Group, this announcement and the third quarterly report of the Group for the nine months ended 31 December 2017, and is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, 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, 8 February 2018

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