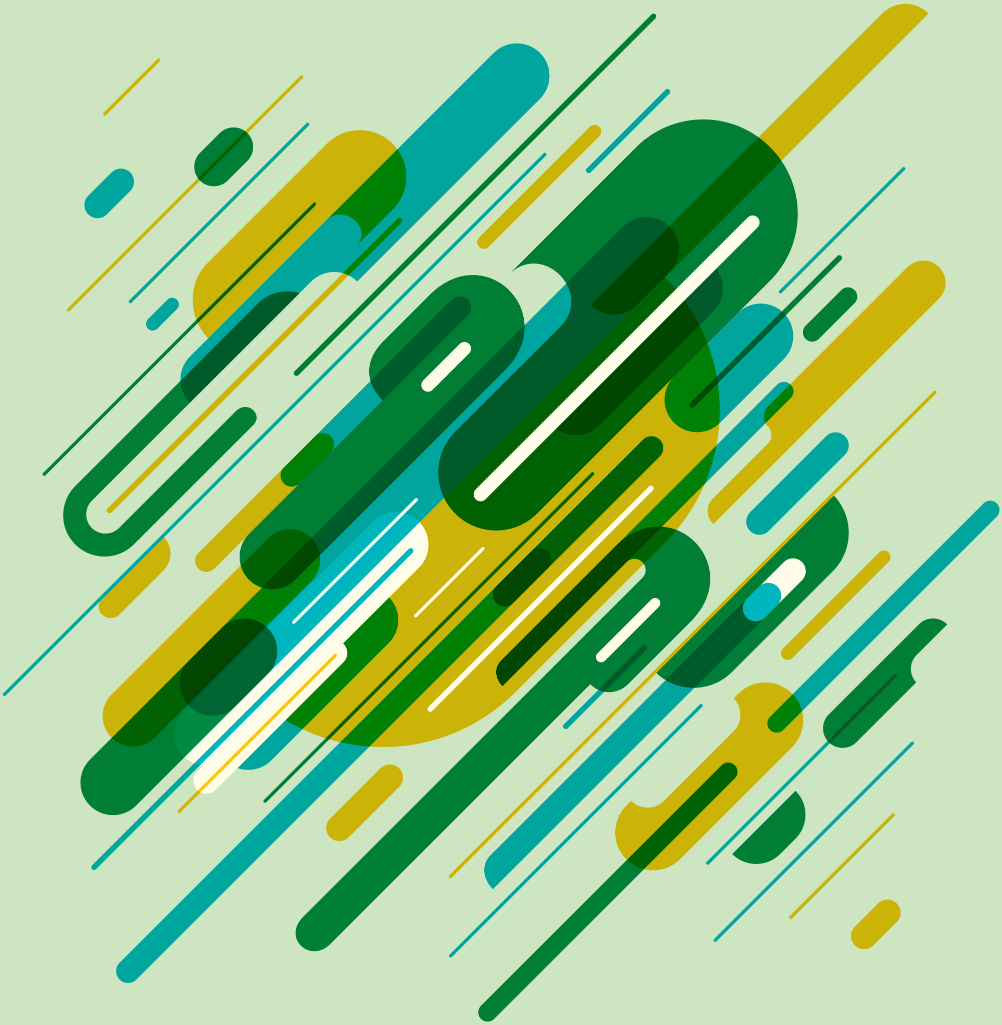
BEAVER GROUP (HOLDING) COMPANY LIMITED
永勤集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8275



2019
Third Quarterly Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

This 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.

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 2019, together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the three and nine months ended 31 December 2019

	Note	Three months ended 31 December		Nine months ended 31 December	
		2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)	**2019 HK$'000 (unaudited)**	2018 HK$'000 (unaudited)
Revenue	4	**26,548**	41,573	**74,698**	123,833
Cost of sales		**(25,809)**	(36,717)	**(65,769)**	(107,518)
				N	
Gross profit		**739**	4,856	**8,929**	16,315
Other income		**817**	344	**845**	426
Administrative expenses		**(3,842)**	(4,273)	**(10,479)**	(10,368)
Loss on write off of property, plant and equipment		**–**	–	**–**	(27)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")		**37**	–	**(1,630)**	–
Allowance for impairment loss of financial assets, net		**(1,142)**	(433)	**(1,966)**	(867)
(Loss)/profit from operations		**(3,391)**	494	**(4,301)**	5,479
Finance costs	6	**(600)**	(344)	**(1,755)**	(794)
(Loss)/profit before tax		**(3,991)**	150	**(6,056)**	4,685
Income tax expense	7	**(22)**	(98)	**(201)**	(789)
(Loss)/profit for the period attributable to owners of the Company		**(4,013)**	52	**(6,257)**	3,896
Other comprehensive (expense)/income:					
Items that may be reclassified to profit or loss:					
Exchange differences arising on translating foreign operations		**(3)**	62	**(3)**	98
Other comprehensive (expense)/income for the period, net of tax		**(3)**	62	**(3)**	98
Total comprehensive (expense)/income for the period attributable to owners of the Company		**(4,016)**	114	**(6,260)**	3,994
(Loss)/earnings per share					
Basic and diluted (HK cents)	9	**(0.67)**	0.01	**(1.04)**	0.65

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2019

	Share capital HK$'000	Share premium HK$'000 (note 10b(i))	Merger reserve HK$'000 (note 10b(ii))	Foreign currency translation reserve HK$'000 (note 10b(iii))	Retained profits HK$'000	Total equity HK$'000
For the nine months ended 31 December 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)	–	–	–	98	3,896	3,994
At 31 December 2018 (unaudited)	6,000	36,581	22	216	40,078	82,897
For the nine months ended 31 December 2019						
At 1 April 2019 (audited)	**6,000**	**36,581**	**22**	**254**	**32,366**	**75,223**
Total comprehensive income for the period (unaudited)	**-**	**-**	**-**	**(3)**	**(6,257)**	**(6,260)**
At 31 December 2019 (unaudited)	**6,000**	**36,581**	**22**	**251**	**26,109**	**68,963**

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 were listed on the 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 31 December 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 nine months ended 31 December 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.

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

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

	Three months ended 31 December		Nine months ended 31 December	
Revenue from contracts with customers within the scope of HKFRS 15	**2019 HK$'000 (unaudited)**	2018 HK$'000 (unaudited)	**2019 HK$'000 (unaudited)**	2018 HK$'000 (unaudited)
Construction contract income	**26,448**	37,729	**64,137**	109,590
Ancillary service income	**–**	—	**–**	2,719
Rental income from machinery	**100**	3,844	**10,561**	11,524
	26,548	41,573	**74,698**	123,833

4. REVENUE (CONTINUED)

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 nine months ended 31 December	Construction contract income 2019 HK$'000 (unaudited)	Construction contract income 2018 HK$'000 (unaudited)	Ancillary service income 2019 HK$'000 (unaudited)	Ancillary service income 2018 HK$'000 (unaudited)	Rental income from machinery 2019 HK$'000 (unaudited)	Rental income from machinery 2018 HK$'000 (unaudited)	Total 2019 HK$'000 (unaudited)	Total 2018 HK$'000 (unaudited)
Primary geographical markets								
– Hong Kong	62,030	105,127	-	2,719	10,561	11,524	72,591	119,370
– Macau	2,107	4,463	-	–	-	–	2,107	4,463
Segment revenue	64,137	109,590	-	2,719	10,561	11,524	74,698	123,833
Timing of revenue recognition								
– At a point in time	-	–	-	2,719	-	–	-	2,719
– Over time	64,137	109,590	-	–	10,561	11,524	74,698	121,114
Total	64,137	109,590	-	2,719	10,561	11,524	74,698	123,833

For the three months ended 31 December	Construction contract income 2019 HK$'000 (unaudited)	Construction contract income 2018 HK$'000 (unaudited)	Ancillary service income 2019 HK$'000 (unaudited)	Ancillary service income 2018 HK$'000 (unaudited)	Rental income from machinery 2019 HK$'000 (unaudited)	Rental income from machinery 2018 HK$'000 (unaudited)	Total 2019 HK$'000 (unaudited)	Total 2018 HK$'000 (unaudited)
Primary geographical markets								
– Hong Kong	24,341	37,729	-	–	100	3,844	24,441	41,573
– Macau	2,107	–	-	–	-	–	2,107	–
Segment revenue	26,448	37,729	-	–	100	3,844	26,548	41,573
Timing of revenue recognition								
– Over time	26,448	37,729	-	–	100	3,844	26,548	41,573
Total	26,448	37,729	-	–	100	3,844	26,548	41,573

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 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:

	Nine months ended 31 December	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Hong Kong	**72,591**	119,370
Macau	**2,107**	4,463
	74,698	123,833

5. SEGMENT INFORMATION (CONTINUED)

Revenue from major customers

The Group's customer base for whom transactions have exceeded 10% of the Group's total revenue during the period is as follows:

	Nine months ended 31 December	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Customer 1	**14,479**	N/A[1]
Customer 2	**11,669**	14,463
Customer 3	**10,833**	N/A[1]
Customer 4	**7,154**	N/A[1]
Customer 5	**–**	15,684
Customer 6	**–**	15,331
Customer 7	**N/A[1]**	12,709
Customer 8	**N/A[1]**	11,429

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

6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on:				
— bank and other borrowings	**564**	331	**1,656**	751
— finance leases	**24**	13	**77**	43
— lease liability	**12**	–	**22**	–
	600	344	**1,755**	794

7. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax – Hong Kong Profits Tax				
— Provision for the period	**–**	312	**–**	462
— Over-provision in prior periods	**(32)**	–	**–**	–
Deferred tax	**54**	(214)	**201**	327
	22	98	**201**	789

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 nine months ended 31 December 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.

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 nine months ended 31 December 2019 and 2018.

No provision for Macau Complementary Tax for the nine months ended 31 December 2019 and 2018 since the Group has no assessable profit.

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 dividend for the nine months ended 31 December 2019 (for the nine months ended 31 December 2018: Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2019 (unaudited)	2018 (unaudited)	**2019 (unaudited)**	2018 (unaudited)
(Loss)/profit for the period attributable to owners of the Company (HK$'000)	**(4,013)**	52	**(6,257)**	3,896
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share ('000)	**600,000**	600,000	**600,000**	600,000
(Loss)/earnings per share				
Basic and diluted (HK cents)	**(0.67)**	0.01	**(1.04)**	0.65

The weighted average number of ordinary shares in issue during the periods ended 31 December 2019 and 2018 was derived from 600,000,000 ordinary shares in issue.

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 periods ended 31 December 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.

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 nine months ended 31 December 2019, the Group recorded net loss of approximately HK$6.3 million as compared to net profit of approximately HK$4.0 million for the same period in 2018. The Board considers that the net loss was mainly attributable to (i) the decrease in revenue and increase in cost due to delay in progress of certain projects and lower value of contracts awarded to the Group; (ii) change in fair value of the financial assets at FVTPL; and (iii) the allowance for impairment loss of trade and retention receivables. In view that the Group has used exerted efforts to diversify the Group's income source and pursue 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 nine months ended 31 December 2019 was approximately HK$74.7 million, representing a decrease of approximately 39.7% from approximately HK$123.8 million for the nine months ended 31 December 2018, which was primarily due to the delay in progress of certain projects and lower value of contracts awarded to the Group during the nine months ended 31 December 2019.

Costs of sales

The Group's cost of sales for the nine months ended 31 December 2019 was approximately HK$65.8 million, representing a decrease of approximately 38.8% from approximately HK$107.5 million for the nine months ended 31 December 2018, which was primarily due to such as costs of construction from materials and costs of construction materials as a result of the decreasing 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 2019 was approximately HK$8.9 million, representing a decrease of approximately 45.4% from approximately HK$16.3 million for the nine months ended 31 December 2018. The Group's gross profit margin decreased from approximately 13.2% to 12.0% for the period of comparison. The decrease was mainly attributable to the unexpected construction costs overrun such as labour costs and cost of construction materials incurred in projects during the nine months ended 31 December 2019.

Administrative Expenses

The Group's administrative expenses for the nine months ended 31 December 2019 were approximately HK$10.5 million, representing an increase of approximately 1.0% from approximately HK$10.4 million for the nine months ended 31 December 2018. The increase was mainly attributable to the increase in legal and professional fees during the nine months ended 31 December 2019.

(Loss)/profit for the Period

For the nine months ended 31 December 2019, the Group recorded a loss attributed to owners of the Company of approximately HK$6.3 million as compared to a profit for the nine months ended 31 December 2018 of approximately HK$3.9 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 financial assets during the nine months ended 31 December 2019.

Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 December 2019 (for the nine months ended 31 December 2018: Nil).

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

As at 31 December 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) ("**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 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 5.68 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 of Director/ chief executive	Capacity/Nature of interest	Number of shares of the Company 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:

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 31 December 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 31 December 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 required to be kept by the Company pursuant to 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 of the Company 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 31 December 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, 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 or 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 nine months ended 31 December 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 interest with the Group during the nine months ended 31 December 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.

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 nine months ended 31 December 2019.

Share Option Scheme

The share option scheme of the Company (the "**Share Option Scheme**") was conditionally adopted pursuant to the written resolutions of shareholders of the Company passed on 22 September 2017.

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. This will be in accordance with Chapter 23 of the GEM Listing Rules and other relevant rules and regulations.

The Share Option Scheme is valid and effective for a period of 10 years from 22 September 2017, after which no further options will be granted or offered.

For the nine months ended 31 December 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 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. To the best knowledge of the Board, the Company has complied with all applicable code provisions set out in the CG Code during the nine months ended 31 December 2019 and up to 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 nine months ended 31 December 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 nine months ended 31 December 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, 10 February 2020

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.