

BEAVER GROUP (HOLDING) COMPANY LTD:
WAS THIS COMPANY NEARLY ON THE BONES OF ITS ARSE ?

Reading in-between the lines of certain statements, having been made in the Share Offer Prospectus of Beaver Group (Holding) Company Ltd ([]) (Code: 8275, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd), one might well be tempted to come to the conclusion that Management of this Company launched its **I**nitial **P**ublic **O**ffering (**IPO**) on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) – because no better option in obtaining a sufficiency of cash appeared to be available.

One might go even further to suggest that the Company saw itself as potentially teetering on the edge of a financial abyss.

The IPO Of Beaver Group (Holding) Company Ltd

Management of Beaver Group (Holding) Company Ltd launched its story in a Share Offer Prospectus, dated September 29, 2017.

The Company Offered 150 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 22 cents to a high of 34 cents.

Investors of the HKSAR were Offered 15 million Shares and the remaining 135 million Shares were reserved for investors with deep pockets.

On October 13, 2017, Management announced that the Offer Price Per Share had been struck at 34 cents – the highest level of the Indicative Offer Price range – and that the Company anticipated that it would net

about \$HK29.40 million from the IPO after meeting its financial commitments to the Public Offer Underwriters – Pacific Foundation Securities Ltd () and Frontpage Capital Ltd () – the expenses, paid to the legal fraternity of the HKSAR, printing costs, etc, etc, etc, and the Sponsor’s Fees – Frontpage Capital Ltd.

At Page 258 of the Share Offer Prospectus, the following statements are noted:

‘According to the terms and conditions of the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 7.0% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer. For unsubscribed Public Offer Shares reallocated to the Placing, an underwriting commission at the rate applicable to the Placing will be paid to the relevant Placing Underwriters (but not the Public Offer Underwriters). Underwriting commission will be payable by our Company for the number of Offer Shares offered for subscription in the Share Offer.

‘Based on an Offer Price of HK\$0.28 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the aggregate commissions (exclusive of any discretionary incentive fee (if any)), together with the Stock Exchange listing fees, SFC transaction levy, the Stock Exchange trading fee and other expenses relating to the Share Offer to be borne by our Company is estimated to amount to approximately HK\$21,013,000 in aggregate. An aggregate amount of HK\$6,240,000 is payable by our Company as sponsor fees to the Sponsor for acting as the sponsor in the Share Offer.’

At Page Five of the October 13, 2017, public announcement in respect of the Allotment Results, it is stated that the \$HK29.40 million, being the net proceeds, anticipated to be forthcoming from the IPO, would be utilised as follows:

- Approximately, 16.20 percent of the net proceeds, that is about \$HK4.80 million, ‘for the expansion of the scope of services’;
- Approximately, 74.30 percent of the net proceeds, that is about \$HK21.80 million, ‘for expansion of capacity’; and,
- Approximately, 9.50 percent of the net proceeds, that is about \$HK2.80 million, ‘for the use as general working capital’.

TARGET () notes that, as at March 31, 2017, the Company had bank and cash balances of \$HK2,629,000 (2016: \$HK651,000).

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