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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 TRANSACTIONS AND MAJOR DISPOSAL**

The Board hereby announced that (i) TMP Machinery, an indirect wholly-owned subsidiary of the Company, entered into a provisional sale and purchase contract and the formal contract in relation to the Acquisition on 26 August 2020 and 9 February 2021 respectively; and (ii) Triangular Force, an indirect wholly-owned subsidiary of the Company, entered into two contracts in relation to the Disposals on 13 November 2020 and 27 November 2020 respectively.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the highest relevant percentage ratio (as defined under the GEM Listing Rules) in respect of each of the Acquisition and the First Disposal was more than 5% but all relevant percentage ratios were less than 25%, each of the Acquisition and the First Disposal constituted a discloseable transaction on the part of the Company under the GEM Listing Rules and was subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

As the highest relevant percentage ratio (as defined under the GEM Listing Rules) in respect of the Second Disposal exceeded 25% but all relevant percentage ratios were less than 75%, the Second Disposal constituted a major disposal on the part of the Company under the GEM Listing Rules and was subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A circular containing, among other things, (i) details of the Second Disposal; (ii) other information as required to be disclosed under the GEM Listing Rules; (iii) the notice of EGM together with a form of proxy are expected to be despatched to the Shareholders on or before 2 April 2021, which is more than 15 business days after the publication of this announcement as more time is required for the preparation of the information for inclusion in the circular to seek for Shareholders' approval to ratify the Second Disposal.

## ACQUISITION AND DISPOSALS OF ASSETS

The Board hereby announced that the Group has conducted the Acquisition and the Disposals, further details of which are set out below.

### The Acquisition

Date: 26 August 2020 (being the date of the provisional sale and purchase contract) and 9 February 2021 (being the date of the formal contract)

Purchaser: TMP Machinery, an indirect wholly-owned subsidiary of the Company

Seller: International Automobiles Limited, an Independent Third Party

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of International Automobiles Limited and its ultimate beneficial owner(s) is an Independent Third Party. International Automobiles Limited is a company engaged in the trading and distribution of automobiles.

Subject matter: One truck for construction material transportation

Consideration: Approximately HK\$1,650,000

A despoit in the amount of HK\$165,000 has been paid by TMP Machinery upon the signing of the provisional sale and purchase contract and the remaining balance in the amount of approximately HK\$1,485,000 will be payable by TMP Machinery in cash before the delivery of the truck on completion.

The consideration was determined and agreed by reference to prevailing market prices of similar trucks.

Completion: TMP Machinery is in the course of arranging a mortgage to finance the purchase of the truck and it is expected the delivery of the truck and the completion of the Acquisition will take place in March 2021.

## **The First Disposal**

Date: 13 November 2020

Purchaser: Zenvick, an Independent Third Party

Seller: Triangular Force, an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Zenvick and its ultimate beneficial owner(s) is an Independent Third Party. Zenvick is a company engaged in engineering services.

Subject matter: One hydraulic drill rig with relevant accessories

Consideration: HK\$2,000,000

The consideration has been settled in cash by Zenvick on 16 November 2020.

The consideration was determined after taking into account of (i) the book value of the machinery and equipment under the First Disposal of approximately HK\$4,613,000; and (ii) the actual wear and tear condition of the machinery which further affects its second hand market value and attraction to third party buyers.

Completion: Completion took place on 16 November 2020 upon settlement of the consideration by Zenvick and thereafter the ownership of the hydraulic drill rig has been transferred to Zenvick.

## **The Second Disposal**

Date: 27 November 2020

Purchaser: Sanroc, an Independent Third Party

Seller: Triangular Force, an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Sanroc and its ultimate beneficial owner(s) is an Independent Third Party. Sanroc is a company engaged in trading and leasing of construction machines.

Subject matter: Construction equipment including two reverse circulation drilling machines, two casing oscillators and one power pack

Consideration: HK\$6,634,000 in aggregate

The consideration has been settled in cash by Sanroc on 27 November 2020.

The consideration was determined after taking into account of (i) the book value of the machinery and equipment under the Second Disposal of approximately HK\$4,953,000; and (ii) the good condition of the machinery and equipment which warranted prices higher than their book values.

Completion: Completion took place on 27 November 2020 upon settlement of the consideration by Sanroc and thereafter the ownership of the construction equipment has been transferred to Sanroc.

The above machinery and equipment acquired or disposed of (as the case may be) in relation to the Acquisition and the Disposals were or will be used in the ordinary and usual course of business of the Group and were or will be booked as assets in the consolidated accounts of the Company.

#### **FINANCIAL EFFECT OF THE ACQUISITION AND THE DISPOSALS**

Upon completion of the Acquisition, the non-current asset of the Company on a consolidated basis has been increased by approximately HK\$1,650,000, being the purchase price of the truck.

Upon completion of the First Disposal, the non-current asset of the Company on a consolidated basis decreased by approximately HK\$4,613,000, being the book value of the machinery and equipment disposed of, and resulted in a loss on disposal of approximately HK\$2,613,000.

Upon completion of the Second Disposal, the non-current asset of the Company on a consolidated basis decreased by approximately HK\$4,953,000, being the book value of the machinery and equipment disposed of, and resulted in a gain on disposal of approximately HK\$1,681,000.

The net proceeds from the Disposals in aggregate were approximately HK\$8,634,000, which have been fully utilised as general working capital and for repayment of bank liabilities of the Group.

#### **REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE DISPOSALS**

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is also engaged in leasing of machinery.

The Acquisition was part of the capital investment for the operation of the Group's foundation business. The Disposals were carried out in order to dispose of the second-hand machinery and equipment which no longer suited the operation needs of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the contracts for the Acquisition and the Disposals respectively are on normal commercial terms and are fair and reasonable and that the Acquisition and the Disposals are in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

The Acquisition and the Disposals involved the sale and purchase of construction machinery and equipment used or to be used by the Group in its ordinary and usual course of business and were conducted on normal commercial terms with Independent Third Parties. However, the machinery and equipment under the Acquisition and Disposals were booked as assets and therefore would have impact on the balance sheet of the Company. As such, the Acquisition and Disposals constituted transactions of the Company under Chapter 19 of the GEM Listing Rules. The management of the Company, when conducting the Acquisition and the Disposals, had mistaken as to the relevant implication of the GEM Listing Rules and mistakenly believed that such actions were part of the Group's ordinary and usual course of business and were therefore exempted from compliance with any requirements under Chapter 19 of the GEM Listing Rules.

During the review of the third quarterly results of the Company for the three months ended 31 December 2020, the Disposals were discovered by the Audit Committee, and it was noted that the same would have constituted notifiable transactions of the Company under the GEM Listing Rules. The management of the Company also discovered the Acquisition after further review. After seeking advices and clarification of the transactions details, the Company accepted that the Acquisition and the Disposals fall within the definition of "transactions" under Rule 19.04(1) of the GEM Listing Rules and regrettably admitted that it had inadvertently breached Rules 19.34, 19.38 and 19.40 of the GEM Listing Rules (to the extent applicable).

As the highest relevant percentage ratio (as defined under the GEM Listing Rules) in respect of each of the Acquisition and the First Disposal was more than 5% but all relevant percentage ratios were less than 25%, each of the Acquisition and the First Disposal constituted a discloseable transaction on the part of the Company under the GEM Listing Rules and was subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

As the highest relevant percentage ratio (as defined under the GEM Listing Rules) in respect of the Second Disposal exceeded 25% but all relevant percentage ratios were less than 75%, the Second Disposal constituted a major disposal on the part of the Company under the GEM Listing Rules and was subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

In order to prevent the occurrence of similar non-compliance incident in the future and to comply with the requirements under the GEM Listing Rules, the Company has taken or will take the following remedial actions:

- (i) the Company will immediately review the disposals and acquisitions of any assets and check whether it shall comply with any requirements under the GEM Listing Rules;
- (ii) the Company has published this announcement to inform the Shareholders of the details of the Acquisition and the Disposals;
- (iii) the Company will despatch a circular containing the details of the Second Disposal to the Shareholders and convene the EGM for the Shareholders to approve, confirm and ratify the Second Disposal;
- (iv) the Company will issue a memorandum to the Board and the management of the Company which are responsible for operating the construction contracting business, reiterating that (a) any purchase or disposal of machinery and equipment, which are accounted for as assets, should constitute a “transaction” for the purpose of Chapter 19 of the GEM Listing Rules; and (b) the management of the Company will only effect any purchase or disposal of machinery and equipment after having evaluated the implications of the GEM Listing Rules and ensuring the Company will be able to comply with the applicable requirements under the GEM Listing Rules, and in case of any doubt, the Company will consult external legal advisers, financial advisers and/or the Stock Exchange in advance.

## **GENERAL**

The EGM will be convened for the purpose of considering, and if thought fit, approving, confirming and ratifying the Second Disposal and the transactions contemplated thereunder.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Second Disposal and the transactions contemplated thereunder and no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM.

A circular containing, among other things, (i) details of the Second Disposal; (ii) other information as required to be disclosed under the GEM Listing Rules; (iii) the notice of EGM together with a form of proxy are expected to be despatched to the Shareholders on or before 4 April 2021, which is more than 15 business days after the publication of this announcement, as more time is required for the preparation of the information for inclusion in the circular to seek for Shareholders’ approval to ratify the Second Disposal.

## DEFINITION

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of a truck as described in the section headed “The Acquisition” of this announcement
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Company”	Beaver Group (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued 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
“Disposals”	the First Disposal and the Second Disposal
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, confirming and ratifying the Second Disposal and the transactions contemplated thereunder
“First Disposal”	the disposal of machinery and equipment as described in the section headed “The First Disposal” of this announcement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of and not connected (within the meaning of the GEM Listing Rules) with the Company and its connected persons
“Sanroc”	Sanroc International (Hong Kong) Limited (善樂國際 (香港) 有限公司), a company incorporated in Hong Kong on 26 September 1996 with limited liability, an Independent Third Party

“Second Disposal”	the disposal of machinery and equipment as described in the section headed “The Second Disposal” of this announcement
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TMP Machinery”	TMP Machinery Engineering Limited (天能機械工程有限公司), a company incorporated in Hong Kong on 27 July 2010 with limited liability, which is an indirect wholly-owned subsidiary of the Company
“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
“Zenvick”	Zenvick Engineering Services Limited (昇域機械工程有限公司), a company incorporated in Hong Kong on 7 November 2019 with limited liability, an Independent Third Party

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

Hong Kong, 26 February 2021

*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).*