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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Beaver Group (Holding) Company Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

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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)**

**(I) PROPOSED SHARE CONSOLIDATION;  
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS  
SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD  
ON THE RECORD DATE; AND  
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and Independent Shareholders**



**Capital 9 Limited**

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Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 11 to 36 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 37 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 59 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Friday, 18 March 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 31 March 2022 to Friday, 8 April 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 31 March 2022 to Friday, 8 April 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held by way of electronic means (via ZOOM MEETING ONLY) on Tuesday, 15 March 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Voting at the EGM is by PROXY ONLY. Shareholders who wish to vote on any or all of the resolutions at the EGM must complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company, as soon as possible and in any event no less than 48 hours before the time appointed for holding the EGM (i.e. 13 March 2022 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending the EGM or any adjournment thereof should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

25 February 2022

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## CHARACTERISTICS OF GEM

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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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the meanings as set out below:*

“2021 Rights Issue”	the rights issue previously conducted by the Company as announced on 25 January 2021 and completed in May 2021
“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcements”	the announcements of the Company dated 14 January 2022 and 27 January 2022 in relation to, among other things, the Share Consolidation, the Rights Issue and the Placing
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted or “extreme conditions” caused by super typhoons in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this circular
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules

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## DEFINITIONS

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“Consolidated Share(s)”	issued and unissued ordinary share(s) of HK\$0.5 each in the share capital of the Company upon the Share Consolidation becoming effective
“Controlling Shareholder”	has the same meaning ascribed thereto under the GEM Listing Rules
“COVID-19”	novel coronavirus pandemic (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, among others, the Share Consolidation, the Rights Issue and the Placing
“Existing Share(s)”	issued and unissued ordinary share(s) of HK\$0.1 each in the share capital of the Company prior to the Share Consolidation becoming effective
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries (from time to time)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue

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## DEFINITIONS

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“Independent Financial Adviser”	Capital 9 Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholders”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	a person(s) or company(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Last Trading Day”	14 January 2022, being the last full trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Lodging Time”	4:30 p.m. on Monday, 21 March 2022 or such other date as the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	21 February 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 13 April 2022 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements

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## DEFINITIONS

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“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders (if any)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong, if any
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

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## DEFINITIONS

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“Placing Agreement”	the placing agreement dated 14 January 2022 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Period”	the period commencing from the third Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the fifth Business day after the Latest Time for Acceptance
“Promissory Notes”	the promissory note issued by the Company on 13 December 2021 to China New Economy Fund Limited, which is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of Stock Exchange (stock code: 80) and a shareholder of the Company holding approximately 9.86% of the issued share capital of the Company as at the Latest Practicable Date, in the principal amount of HK\$3 million with an interest of 8% per annum due six months after the date of issue of the promissory note
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Tuesday, 29 March 2022, or such other day as may be determined by the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Monday, 28 March 2022 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue
“Registrar”	the share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong



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## DEFINITIONS

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“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	new Consolidated Shares to be allotted and issued under the proposed Rights Issue on the basis of three (3) Rights Shares for every two (2) Consolidated Shares in issue on the Record Date, being 81,000,000 Consolidated Shares based on the Company’s issued share capital as at the date of the Announcement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in issue and unissued share capital of the Company
“Share Consolidation”	proposed consolidation of the issued and unissued Shares on the basis of five (5) Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.55 per Rights Share
“substantial shareholder”	has the same meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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## EXPECTED TIMETABLE

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*The expected timetable for the implementation of the Share Consolidation and the Rights Issue is set out below.*

<b>Event</b>	<b>Time and Date 2022</b>
Latest time for lodging transfer documents of the Existing Shares to qualify for attendance and voting at the EGM .....	4:30 p.m. on Tuesday, 8 March
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive) .....	Wednesday, 9 March to Tuesday, 15 March
Latest time for lodging proxy forms for the EGM .....	11 a.m. on Sunday, 13 March
Record date for attendance and voting at the EGM .....	Tuesday, 15 March
Expected date and time of the EGM to approve the Share Consolidation, the Rights Issue and the Placing .....	11 a.m. on Tuesday, 15 March
Announcement of the poll results of the EGM .....	Tuesday, 15 March
Register of members of the Company re-open .....	Wednesday, 16 March
Effective date of the Share Consolidation .....	Thursday, 17 March
Commencement of dealings in the Consolidated Shares .....	9:00 a.m. on Thursday, 17 March
Original counter for trading in Existing Shares in the board lot size of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Thursday, 17 March
Temporary counter for trading in the Consolidated Shares in the board lot size of 2,000 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Thursday, 17 March
First day of free exchange of existing share certificates for new share certificates for Consolidated Share .....	Thursday, 17 March

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## EXPECTED TIMETABLE

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Event	Time and Date 2022
Last day of dealings in Consolidated Shares on a cum-rights basis . . . . .	Thursday, 17 March
First day of dealings in Consolidated Shares on an ex-rights basis . . . . .	Friday, 18 March
Latest time for lodging transfer of Consolidated Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Monday, 21 March
Register of members of the Company closes (both days inclusive) . . . . .	Tuesday, 22 March to Monday, 28 March
Record Date for determining entitlements to the Rights Issue . . . . .	Monday, 28 March
Register of members of the Company re-opens . . . . .	Tuesday, 29 March
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only) . . . . .	Tuesday, 29 March
First day of dealing in nil-paid Rights Shares . . . . .	Thursday, 31 March
Original counter for trading in the Consolidated Shares in the board lot size of 10,000 Consolidated Shares (in the form of new share certificates) reopens . . . . .	Thursday, 31 March
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences . . . . .	Thursday, 31 March
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	9:00 a.m. on Thursday, 31 March
Latest time for splitting of the PAL . . . . .	4:30 p.m. on Monday, 4 April
Last day of dealing in nil-paid Rights Shares . . . . .	Friday, 8 April
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Agreements . . . . .	4:00 p.m. on Wednesday, 13 April

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## EXPECTED TIMETABLE

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Event	Time and Date 2022
<b>Latest Time for Acceptance of and payment for the Rights Shares</b> .....	4:00 p.m. on Wednesday, 13 April
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements .....	Tuesday, 19 April
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent .....	Wednesday, 20 April
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent .....	4:00 p.m. on Friday, 22 April
Latest Time for Termination .....	4:00 p.m. on Monday, 25 April
Temporary counter for trading in the Consolidated Shares in the board lot size of 2,000 Consolidated Shares (in the form of existing share certificates) closes .....	4:10 p.m. on Monday, 25 April
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends .....	4:10 p.m. on Monday, 25 April
Latest time for free exchange of existing share certificates for new share certificates .....	Wednesday, 27 April
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent under the Compensatory Arrangements) .....	Friday, 29 April
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful applications .....	Tuesday, 3 May

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## EXPECTED TIMETABLE

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Event	Time and Date 2022
Expected first day of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 4 May
Payment of Net Gain to relevant No Action Shareholders (if any) . . . . .	Wednesday, 18 May
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares . . . . .	4:00 p.m. on Tuesday, 31 May

*Note:* All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 13 April 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 13 April 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 13 April 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Tang Kwai Leung Stanley (*Chairman*)

Mr. Chui Koon Yau

*Independent non-executive Directors:*

Mr. He Dingding

Ms. Chan Wan Ling Sammi

Ms. Liu Ching Man

*Registered office:*

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Room 1204, 12/F, Block 2

Golden Industrial Building

16–26 Kwai Tak Street

Kwai Chung, New Territories

Hong Kong

25 February 2022

*To the Shareholders*

Dear Sir or Madam,

**(I) PROPOSED SHARE CONSOLIDATION;  
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS  
SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD  
ON THE RECORD DATE; AND  
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcements in relation to, among other things, the Share Consolidation, the Rights Issue and the Placing.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation, the Rights Issue and the Placing; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the GEM Listing Rules; and (v) a notice convening the EGM.

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## LETTER FROM THE BOARD

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### **(I) PROPOSED SHARE CONSOLIDATION**

The Company proposes to implement the Share Consolidation on the basis that every five (5) Existing Shares be consolidated into one (1) Consolidated Share.

#### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the GEM Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares; and
- (iii) the compliance with the relevant procedures and requirements under the Cayman Islands laws (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

As at the Latest Practicable Date, all the above conditions remain unfulfilled.

#### **Listing application**

An application has been made by the Company to the GEM Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

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## LETTER FROM THE BOARD

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### **Reason for the Share Consolidation**

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The existing board lot value has been less than HK\$2,000. It is expected that the Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per Consolidated Share. Immediately prior to the date of the Announcement, the last trading price of the Company was HK\$0.145 per Share, with a board lot size of 10,000, and the existing board lot value was only HK\$1,450, which was less than HK\$2,000. Upon the Share Consolidation becoming effective, based on the last trading price of HK\$0.145 per Share, the share price of the Company would be adjusted to HK\$0.725 per Share. With a board lot size of 10,000, the new board lot value would be HK\$7,250, which would be more than the required HK\$2,000. As such, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules. Thus, the Board considers that, despite such Share Consolidation would lead to odd lots, it would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to extend the shareholder base of the Company.

Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. It is hoped that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

As at the Latest Practicable Date, save as disclosed in this circular, the Company (i) has not had any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has had no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. The Board is of the view that, having considered the corporate plan of the Company for the next twelve



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## LETTER FROM THE BOARD

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months, the proposed Share Consolidation is fair and reasonable, and in the interest of the Company and the Shareholders as a whole. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the GEM Listing Rules, as and when appropriate.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

### **Effects of the Share Consolidation**

As at the Latest Practicable Date, the authorised share capital of the Company amounted to HK\$100,000,000 divided into 1,000,000,000 ordinary Shares of HK\$0.1 each, of which 270,000,000 ordinary Shares had been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$100,000,000 divided into 200,000,000 ordinary Shares of HK\$0.5 each, of which 54,000,000 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

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## LETTER FROM THE BOARD

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### **Other securities of the Company**

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company has appointed Gransing Securities Co., Limited to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their brokers, contact Ms. Annie Wong of Gransing Securities Co., Limited at (852) 3162 6883 or by facsimile at (852) 3162 6802 during the period from 9:00 a.m. on Thursday, 31 March 2022 to 4:00 p.m. on Tuesday, 31 May 2022 (both days inclusive).

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, the Shareholders may during the period from Thursday, 17 March 2022 to Wednesday, 27 April 2022 (both days inclusive) submit existing share certificates in the colour of red for the Existing Shares to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for exchange for new share certificates in the colour of blue for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After 4:10 p.m. on Monday, 25 April 2022, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

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## LETTER FROM THE BOARD

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Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

### (II) PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.55 per Rights Share, to raise approximately HK\$44.6 million by issuing 81,000,000 Rights Shares to the Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). Further details of the Rights Issue are set out below:

#### Issue statistics

Basis of the Rights Issue:	three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date
Subscription Price:	HK\$0.55 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date:	270,000,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation having become effective:	54,000,000 Consolidated Shares
Number of Rights Shares (assuming that the Rights Issue is fully subscribed):	81,000,000 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares (assuming that the Rights Issue is fully subscribed):	HK\$40,500,000 (assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares (assuming that the Rights Issue is fully subscribed):	135,000,000 Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Assuming no change in the number of issued Consolidated Shares on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 81,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 150% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) 60% of the issued share capital of the Company after completion of the Share Consolidation and as enlarged by the allotment and issue of the Rights Shares.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

As at the Latest Practicable Date, the Board has not received any information from any shareholders of their intention to take up their entitlement under the Rights Issue nor any undertaking from any shareholders that they will undertake to subscribe for the Rights Shares.

Despite the Rights Issue is conducted on a non-underwritten basis, any Rights Shares not subscribed by the Qualifying Shareholders (i.e. the Unsubscribed Rights Shares), including the NQS Unsold Rights Shares (if any) will be placed by the Placing Agent on the market to independent places at a best effort basis.

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## LETTER FROM THE BOARD

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### Subscription price

The Subscription Price is HK\$0.55 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 20.86% to the theoretical closing price of HK\$0.695 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 24.14% to the theoretical closing price of HK\$0.725 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 23.08% to the theoretical average closing price of approximately HK\$0.715 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.143 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 11.29% to the theoretical ex-rights price of approximately HK\$0.62 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the theoretical ex-rights price of approximately HK\$0.124 per Share and closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 14.48%, represented by the theoretical diluted price of approximately HK\$0.62 per Consolidated Share to the theoretical benchmarked price of HK\$0.725 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.145 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.143 per Share);
- (vi) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the 2021 Rights Issue represented by a discount of approximately 22.88%, represented by the cumulative theoretical diluted price of approximately HK\$1.23 per Consolidated Share to the theoretical

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## LETTER FROM THE BOARD

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benchmarked price of HK\$1.6 per Consolidated Share in respect of the 2021 Rights Issue (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of the 2021 Rights Issue, being HK\$0.32 per Share); and

- (vii) a discount of approximately 45.54% to the adjusted consolidated net asset value per Consolidated Share of approximately HK\$1.01 (based on the consolidated net asset value of the Company as at 31 March 2021 of approximately HK\$54,766,000 and the number of issued Consolidated Shares after the Share Consolidation, which will be 54,000,000).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.53.

The Subscription Price was determined after by the Company with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this circular.

It is a common market practice that, in order to enhance the attractiveness of rights issue to existing shareholders, the subscription price would be set at a discount to the prevailing market prices of the relevant shares. The Company considers that the Subscription Price provides a more attractive opportunity to encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company and is therefore fair and reasonable.

The Independent Financial Adviser also considers the historical price performance and trading liquidity of the Company as well as the comparison with other rights issue exercises and they are of the view that the Subscription Price is reasonable so far as the Independent Shareholders are concerned.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

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## LETTER FROM THE BOARD

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### Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 21 March 2022.

The last day of dealing in the Shares on cum-rights basis is Thursday, 17 March 2022. The Shares will be dealt with on an ex-rights basis from Friday, 18 March 2022.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**

### Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s). As at the Latest Practicable Date, there is no Overseas Shareholder.



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## LETTER FROM THE BOARD

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The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

### **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 22 March 2022 to Monday, 28 March 2022 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure periods.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be three (3) Rights Shares for every two (2) Consolidated Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue.



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## LETTER FROM THE BOARD

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### **Fractional entitlements to the Rights Shares**

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company.

### **Odd lots matching services**

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Gransing Securities Co., Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. Gransing Securities Co., Limited confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Ms. Annie Wong at (852) 3162 6883 of Gransing Securities Co., Limited or by facsimile at (852) 3162 6802 during the period from 9:00 a.m. on Thursday, 31 March 2022 to 4:00 p.m. on Tuesday, 31 May 2022 (both days inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

### **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 3 May 2022. Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before Tuesday, 3 May 2022 by ordinary post to the applicants at their own risk, to their registered addresses.

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## LETTER FROM THE BOARD

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### **Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements**

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 14 January 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis. As a result of the revisions to the expected timetable as set out in the announcement of the Company dated 27 January 2022, on 27 January 2022 (after trading hours), the Company and the Placing Agent entered into an extension letter to reflect the changes of the relevant dates for the Rights Issue as referred to in the Placing Agreement.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 22 April 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

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## LETTER FROM THE BOARD

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### *Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares*

Details of the Placing Agreement are summarised as follows:

Date: 14 January 2022

Issuer: The Company

Placing Agent: Gransing Securities Co., Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.

Placing Period: The period commencing from the third Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance.

Commission and expenses: Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares: The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.

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## LETTER FROM THE BOARD

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Placees: The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company as a result of the Placing.

Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares: The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing Agreement: The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof). As at the Latest Practicable Date, all of the above conditions remain unfulfilled.

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## LETTER FROM THE BOARD

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The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (a) are not Shareholder; and (b) are Independent Third Parties; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

### **Application for listing of the Rights Shares**

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

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## LETTER FROM THE BOARD

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Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 10,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (a) the passing of the necessary resolutions at the EGM to approve the Share Consolidation, the Rights Issue, the Placing and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the GEM Listing Rules or other applicable laws and regulations if necessary);
- (b) the Share Consolidation having become effective;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in

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## LETTER FROM THE BOARD

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compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) not later than the Prospectus Posting Date;

- (d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings; and
- (f) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The above conditions precedent are incapable of being waived. If any of the above conditions precedent is not satisfied by the Latest Time for Termination, the Rights Issue will not proceed. As at the Latest Practicable Date, all of the above conditions remain unfulfilled.

### **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS**

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 maximum net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$42.6 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.53. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$3.1 million for repayment of the principal amount and interest accrued thereon of the Promissory Notes, which is expected to be fully utilised by June 2022; (ii) approximately HK\$20 million for the acquisition of a new office premise and the relevant renovation cost, as (a) the tenancy for the current office premise will expire in April 2022 and (b) acquisition of a new office can save rental expenses and have potential investment return in long run, which is expected to be fully utilised by December 2022; (iii) approximately HK\$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group's operational capacity and efficiency in foundation and site formation works and bored piling works, as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income, which is expected to be fully utilised by June 2024; (iv) approximately HK\$3 million for business development and marketing expenses in order to

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## LETTER FROM THE BOARD

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expand the Group's customer base and acquire more projects, which is expected to be fully utilised by June 2024; and (v) the remaining balance of approximately HK\$9.5 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic on the foundation industry including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government, which is expected to be fully utilised by June 2024.

If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

- (i) for repayment of the principal amount and interest accrued thereon of the Promissory Notes;
- (ii) for the acquisition of a new office premise and the relevant renovation cost, as the tenancy for the current office premise will expire in April 2022;
- (iii) for recruitment of additional full-time staff;
- (iv) for business development and marketing expenses; and
- (v) the remaining balance for general working capital.

Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

The Company considers that the above use of proceeds (i) has financial urgency as the Promissory Notes will soon become due and the Company will soon need to acquire a new office premise as the tenancy for the current office premise will expire in April 2022; and (ii) are necessary for business operation and development of the Group. As at 30 September 2021, the bank and cash balances of the Group amounted to approximately HK\$12.3 million. The Group does not have sufficient internal financial resources available to cater for its financial needs as set out above, and as such the Group has imminent funding needs. The Company had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares.

The Company is of the view that debt financing will result in additional interest burden, may be subject to lengthy due diligence and negotiations with the banks and may be relatively uncertain and time-consuming and will further increase the gearing ratio of the Group which is not beneficial to the Group given that the Group had incurred a net loss for the year ended 31 March 2021 and for the nine months ended 31 December 2021 respectively. Also, given that the Group had incurred a net loss for the aforementioned periods respectively and the Group does not have any material assets which can be used as collaterals for loans, the Directors believe that the Group may encounter difficulties in securing loans at commercially reasonable interest rates.



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## LETTER FROM THE BOARD

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The Board considers that financing the funding needs of the Group in the form of equity is a better alternative. In respect of equity financing, the Company conducted the placing of new Shares in September 2021 to raise fund to strengthen the Group's financial position, reduce the high gearing ratio of the Group and enlarge shareholders' base of the Company. The aforesaid placing which completed in September 2021 has fully utilised the general mandate granted to the Directors at the annual general meeting of the Company held in August 2021. In addition, further placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate.

In the contrary, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company, the Board considers that raising capital through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

### **RISK FACTORS**

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the significant risks relating to the business are as follows:

- (a) the Group determines project price based on the estimated time and costs involved in a project, which may deviate from actual time and costs incurred. Inaccurate estimation may adversely affect its financial results;
- (b) the Group's foundation works are exposed to the risk of unexpected geological or sub-soil conditions;
- (c) non-performance, delayed performance, sub-standard performance, non-compliance or unavailability of the Group's subcontractors may adversely affect its operation and profitability; and
- (d) the Group's customers pay us by way of progress payment and require retention money, and there is no guarantee that progress payment will be paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

## LETTER FROM THE BOARD

### CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE SHARE CONSOLIDATION AND THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Share Consolidation and the Rights Issue:

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Share Consolidation		(iii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		(iv) Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
Success Run International Limited <i>(Note)</i>	70,300,000	26.04	14,060,000	26.04	35,150,000	26.04	14,060,000	10.41
Public Shareholders	199,700,000	73.96	39,940,000	73.96	99,850,000	73.96	39,940,000	29.59
Independent places	-	-	-	-	-	-	81,000,000	60
<b>Total</b>	<b>270,000,000</b>	<b>100.00</b>	<b>54,000,000</b>	<b>100.00</b>	<b>135,000,000</b>	<b>100.00</b>	<b>135,000,000</b>	<b>100.00</b>

*Note:* Success Run International Limited is owned as to 100% by Ms. Wong Fei Heung Terbe, who is deemed to be interested in 70,300,000 Existing Shares pursuant to the Part XV of the SFO.

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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activity in the past twelve months immediately before the date of the Announcement:

Date of announcement/ circular/prospectus	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
25 January 2021, 28 February 2021, 30 March 2021, 20 April 2021 and 30 April 2021	The 2021 Rights Issue	HK\$25 million	Approximately HK\$8 million for repayment of overdue accounts payable and approximately HK\$18 million for repayment of bank loans.	All net proceeds have been fully utilised as intended.
1 September 2021 and 21 September 2021	Placing of new shares under general mandate	HK\$7.3 million	Approximately HK\$4.3 million for repayment of accounts payable which are overdue for more than 180 days and approximately HK\$3 million for general working capital of the Group	The net proceeds in the amount of HK\$3 million have been utilised for general working capital of the Group and the remaining balance of HK\$4.3 million will be utilised as intended for repayment of overdue accounts payable, and is expected to be fully utilised by 30 June 2022.

Save as disclosed above, the Company had not conducted any fund raising activity involving issue of its securities in the past twelve months immediately preceding the date of this circular.

### GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules and any Controlling Shareholder and their respective associates or where there is no Controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date of this announcement, (i) the Company does not have any Controlling Shareholder; and (ii) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or the chief executive of the Company or their respective associates are interested in any Existing Share and therefore no Shareholder is required to abstain from voting in favour of the resolution to approve the Rights Issue by way of poll at the EGM.

The Rights Issue (whether on its own or when aggregated with the 2021 Rights Issue) does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

### GENERAL

The EGM will be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue and the Placing. The register of members of the Company will be closed from Wednesday, 9 March 2022 to Tuesday, 15 March 2022 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

In order to be registered as members of the Company on the record date for voting at the EGM, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 8 March 2022.

The notice convening the EGM to be held by way of electronic means (via ZOOM MEETING ONLY) on Tuesday, 15 March 2022 at 11:00 a.m. is set out on pages EMG-1 to EGM-4 of this circular. There will be no physical location to facilitate the EGM.

A form of proxy for use at the EGM is also enclosed. Voting at the EGM is by PROXY ONLY. Shareholders who wish to vote on any or all of the resolutions at the EGM must complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. 11:00 a.m. on Sunday, 13 March 2022, Hong Kong time) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the EGM or any adjournment thereof if you so wish.

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## LETTER FROM THE BOARD

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Shareholders will need to complete the following steps to be able to access the proceedings of the EGM of the Company:

### **Accessing proceedings of EGM by ZOOM**

Shareholders who would like to view, speak and listen to the EGM through a live webcast will need to register by sending an email to the Registrar, Tricor Investor Services Limited at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com) or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays) no later than 11:00 a.m. on 13 March 2022 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) to enable the Company to verify the Shareholders' status.

Authenticated Shareholders will receive an email confirmation by 14 March 2022, which contains a link to join the EGM via ZOOM MEETING. Shareholders **MUST NOT** forward the link to other persons who are not the Shareholders and who are not entitled to attend the EGM.

**THE COMPANY WILL NOT ACCEPT ANY PHYSICAL ATTENDANCE BY SHAREHOLDERS.**

### **Questions from shareholders**

Shareholders may submit any questions they may have in advance in relation to any resolutions set out in the Notice of EGM by 11:00 a.m. on 13 March 2022 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) via email to the Registrar, Tricor Investor Services Limited at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com) or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays).

The Board will address the questions during the EGM proceedings.

### **Proxy voting**

Voting at the EGM is by **PROXY ONLY**. Shareholders who wish to vote on any or all of the resolutions at the EGM must appoint the Chairman of the EGM as their proxy by completing the Proxy Form for the EGM. Shareholders should specifically indicate how they wish to vote for or vote against the resolutions set out in the Notice of EGM.

If you have any questions relating to the EGM, please email to the Registrar, Tricor Investor Services Limited at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com) or call the share registrar's telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays).

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## LETTER FROM THE BOARD

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In compliance with the GEM Listing Rules, all the resolutions to be proposed at the EGM will be voted on by way of poll at the EGM.

Subject to the approval of the Share Consolidation by the Shareholders and the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Tuesday, 29 March 2022.

### **WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL PAID RIGHTS**

**The Shares will be dealt on an ex-rights basis from Friday, 18 March 2022. Dealings in the nil-paid rights are expected to take place from Thursday, 31 March 2022 to Friday, 8 April 2022 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this letter from the Board) are not fulfilled, the Rights Issue will not proceed.**

**Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.**

**Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.**

### **RECOMMENDATIONS**

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. He Dingding, Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. Capital 9 Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on page 37 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 38 to 59 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Beaver Group (Holding) Company Limited**  
**Tang Kwai Leung Stanley**  
*Chairman and Executive Director*

**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)**

25 February 2022

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS  
SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD  
ON THE RECORD DATE**

We refer to the circular of the Company dated 25 February 2022 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Independent Shareholders are concerned.

Capital 9 Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect. Having taken into account the terms of the Rights Issue, and the advice from Capital 9 Limited, we are of the opinion that the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
The Independent Board Committee

**Mr. He Dingding**

**Ms. Chan Wan Ling  
Sammi**

**Ms. Liu Ching Man**

*Independent non-executive Directors*  
**Beaver Group (Holding) Company Limited**



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder for the purpose of incorporation into this Circular.*



**Capital 9 Limited**

Unit 1219, 12/F,  
Bank of America Tower,  
12 Harcourt Road,  
Central,  
Hong Kong

25 February 2022

*To the Independent Board Committee and the Independent Shareholders of  
Beaver Group (Holding) Company Limited*

Dear Sir/Madam,

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, particulars of which are set out in the section headed “Letter from the Board” (“**Letter from the Board**”) contained in the circular of the Company dated 25 February 2022 (“**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 14 January 2022 (“**Jan 2022 Announcement**”). The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.55 per Rights Share, to raise approximately HK\$44.6 million by issuing 81,000,000 Rights Shares to the Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any).

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. On 14 January 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any of those Rights Shares

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules and any Controlling Shareholder and their respective associates or where there is no Controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

The Independent Board Committee, which comprise all the independent non-executive Directors, namely Mr. He Dingding, Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interest of the Shareholders as a whole and how to vote on the EGM. As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give independent opinion to the Independent Board Committee for it to advise the Independent Shareholders in this regard.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, among other things, (i) the annual, interim and quarterly report of the Company for the year ended 31 March 2021 (the “**2021/3 AR**”), the six months ended 30 September 2021 (the “**2021/9 IR**”) and the nine months ended 31 December 2021 (the “**2021/12 QR**”) respectively; (ii) the Jan 2022 Announcement; (iii) the Placing Agreement; and (iv) other information contained in the Circular.

We have also relied on (i) the information, facts and representations provided, and the opinions and views expressed, to us by the Company, the Directors and/or the management of the Group, and (ii) the information, facts, representations, opinions and views of the Company, the Directors and/or the management of the Group contained or referred to in the Circular, including but not limited to the Letter from the Board contained therein, all of which have been assumed to be true, accurate and complete at the time they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, view and intention made by the Company, the Directors and/or the management of the Group in the Circular, including but not limited to the Letter from the Board contained therein, were reasonably made after due and careful enquiry and the expectations and intentions made by the Company, the Directors and/or the management of the Group will be met or carried out as the case may be. We consider that we have received and reviewed sufficient information to reach an informed view and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors and/or the management of the Group. We have been confirmed by the Company that no material facts have been withheld or

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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omitted from the information provided to us, the opinion expressed to us, and/or information or opinion contained or referred to in the Circular.

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 the Circular 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 in the Circular misleading.

We have not, however, carried out any independent verification of the information provided by the Company, the Directors and/or the management of the Group, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or any of its subsidiaries, controlled entities, jointly controlled entities or associates. We consider that we have performed our duties with impartiality and independence from the Company.

As at the Latest Practicable Date, we were not aware of any relationships between us and, nor any interests held by us in, the Company that could reasonably be regarded as hindrance to our independence as defined under the GEM Listing Rules to act as the Independent Financial Adviser. In the past two years preceding the Latest Practicable Date, there was no engagement between the Company and us other than this engagement and we did not have any relationship with or interest in the Company that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company. Accordingly, we are qualified to give independent advice in relation to the Rights Issue.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, we have taken into consideration the following principal reasons and factors:

#### (1) Information on the Group

##### (a) Historical financial performance

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.

Set out below are the summarised financial information of the Group for the two years ended 31 March 2020 (“FY2020”) and 2021 (“FY2021”) and for the nine months ended 31 December 2020 (“2020/12 Q3”) and 2021 (“2021/12 Q3”), as extracted from the 2021/3 AR and the 2021/12 QR respectively, and further confirmed by the Company:

	FY2020 <i>HK\$'000</i> (audited)	FY2021 <i>HK\$'000</i> (audited)	2020/12 Q3 <i>HK\$'000</i> (unaudited)	2021/12 Q3 <i>HK\$'000</i> (unaudited)
<b>Revenue, comprising</b>	<b>86,999</b>	<b>141,791</b>	<b>90,575</b>	<b>108,981</b>
<i>(i) Construction contract income</i>	<i>75,611</i>	<i>139,675</i>	<i>88,458</i>	<i>108,981</i>
<i>(ii) Rental income from machinery</i>	<i>11,388</i>	<i>2,116</i>	<i>2,117</i>	<i>–</i>
Cost of sales	(76,606)	(126,628)	(81,266)	(106,601)
Gross profit	10,393	15,163	9,309	2,380
<i>Gross profit margin</i>	<i>11.9%</i>	<i>10.7%</i>	<i>10.3%</i>	<i>2.2%</i>
Other income and other loss	1,222	3,278	3,067	453
Administrative expenses	(14,895)	(15,270)	(11,363)	(11,165)
Allowance for impairment loss of financial assets, net	(6,750)	(16,410)	(4,958)	(8,139)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)	(1,573)	191	114	94
<b>Loss from operation</b>	<b>(11,603)</b>	<b>(13,048)</b>	<b>(3,831)</b>	<b>(16,377)</b>
Finance cost	(2,305)	(1,418)	(1,182)	(510)
<b>Loss for the year/ period attributable to owners of the Company</b>	<b>(12,604)</b>	<b>(14,714)</b>	<b>(2,788)</b>	<b>(16,068)</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For FY2021, the Group's revenue amounted to approximately HK\$141.8 million, representing an increase of approximately HK\$54.8 million from approximately HK\$87.0 million for FY2020. A net loss of approximately HK\$14.7 million for FY2021 was recorded, compared to a net loss of approximately HK\$12.6 million for FY2020. As stated in the 2021/3 AR, the revenue increase was primarily attributable to increase of contracts awarded during the year, whilst the net loss for FY2021 was primarily due to (i) delay in progress of certain projects as a result of the outbreak of the COVID-19; and (ii) loss arising from the increase of allowance for impairment loss of financial assets of approximately HK\$9.7 million for FY2021.

For 2021/12 Q3, the Group's revenue amounted to approximately HK\$109.0 million, representing an increase of approximately HK\$18.4 million from approximately HK\$90.6 million for 2020/12 Q3. A net loss for 2021/12 Q3 of approximately HK\$16.1 million was recorded, compared to a net loss of approximately HK\$2.8 million for 2020/12 Q3. As stated in the 2021/12 QR, the revenue increase was primarily due to the increase of construction contract income with increasing number of projects being awarded, whilst the net loss was mainly attributable to (i) the decrease in gross profit due to cost overrun incurred in construction projects, mainly the project located in Hung Hom, resulting from delay in work progress; (ii) the provision for impairment of trade and retention receivables; and (iii) the decrease in other income as a result of absence of subsidies from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong government.

As stated in the 2021/9 IR, the Group recorded net cash used in operating activities of approximately HK\$3.6 million for the six months ended 30 September 2021 ("2021/9 1H"), compared to net cash generated from operating activities of approximately HK\$6.9 million for the same period in 2020. In addition, the Group financed its liquidity and capital requirements primarily through bank and other borrowings, equity contribution from shareholders and proceeds raised from the 2021 Rights Issue. As at 30 September 2021, the Group had bank and cash balances of approximately HK\$12.3 million, which included the net proceeds of approximately HK\$7.3 million from the placing of new shares which completed in September 2021, of which (i) approximately HK\$4.3 million would be used for repayment of accounts payable which were overdue for more than 180 days; and (ii) approximately HK\$3 million would be used as general working capital of the Group.

As at 30 September 2021, the Group had total debt (summation of bank and other borrowings and lease liabilities) of approximately HK\$15.0 million. The Group's bank and other borrowings were primarily used in financing the working capital requirement of its operations. The gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 19.1%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(b) Prospects of the Group*

As stated in the 2021/3 AR and the 2021/12 QR, the Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain challenging. The outbreak of the COVID-19 throughout the year/period has created economic uncertainty to Hong Kong and imposed negative impacts on the foundation industry, including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government.

As stated in the Letter from the Board, the Directors believe that the speciality and quality of employees will have an important impact on the development of the Group. The Company will continue to do its best to implement tight cost control measures, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management so as to improve the operational efficiency and the profitability of the Group's business. In addition, the Company will put great efforts on talent cultivation.

### **(2) Reasons for the Rights Issue**

The maximum net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$42.6 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.53. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately HK\$3.1 million for repayment of the principal amount and interest accrued thereon of the Promissory Notes, which is expected to be fully utilised by June 2022; (ii) approximately HK\$20 million for the acquisition of a new office premise and the relevant renovation cost, given (a) the tenancy for the current office premise will expire in April 2022 and (b) acquisition of a new office premise can save rental expenses and have potential investment return in the long run, which is expected to be fully utilised by December 2022; (iii) approximately HK\$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group's operational capacity and efficiency in foundation and site formation works and bored piling works as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income, which is expected to be fully utilised by June 2024; (iv) approximately HK\$3 million for business development and marketing expenses in order to expand the Group's customer base and acquire more projects, which is expected to be fully utilised by June 2024; and (v) the remaining balance of approximately HK\$9.5 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic on the foundation industry including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government, which is expected to be fully utilised by June 2024.

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**(a) Imminent funding needs**

As to the planned uses of proceeds from the Rights Issue, as stated in the Letter from the Board, the Group has funding needs for (i) repayment of the principal amount and payment of the interest accrued thereon of the Promissory Notes which will become due in June 2022; and (ii) business operation and development of the Group, in particular, a new office premise as the tenancy for the current office premise will expire in April 2022.

**(b) Financial resources available**

As stated in the Letter from the Board, the Company has completed the 2021 Rights Issue in May 2021, from which all net proceeds of approximately HK\$25 million have been fully utilised to repay overdue accounts payables and bank loans. The Company has also completed a placing of new Shares in September 2021 and raised net proceeds of approximately HK\$7.3 million, of which approximately HK\$4.3 million have been assigned to repay overdue accounts payables which is expected to be fully utilised by June 2022 and approximately HK\$3 million have been used for general working capital of the Group.

The current assets and liabilities of the Group as at 30 September 2021, as extracted from the 2021/9 IR, are summarised as follow:

<b>Current assets</b>	<i>HK\$'000</i>	<b>Current liabilities</b>	<i>HK\$'000</i>
Trade and retention receivables	28,621	Trade and retention payables	26,805
Deposits, prepayments and other receivables	1,042	Accruals and other payables	8,937
Contract assets	35,697		
Income tax recoverable	127	Lease liabilities, current tax liabilities	2,409
Bank and cash balances	12,283	Bank and other borrowings	6,659
		Due to a director	180
<b>Total</b>	<b><u>77,770</u></b>	<b>Total</b>	<b><u>44,990</u></b>

As advised by the Company, the Group does not have sufficient internal financial sources available to cater for its financing needs as set out in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in the Letter from the Board.

As shown in the table above and confirmed by the Company, as at 30 September 2021, the current assets and current liabilities of the Group mainly comprised trade and retention receivables/payables and contract assets, of which the date of cash receipt/payment depends



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on the terms specified in the relevant contracts between the Group and its customers/sub-contractors in daily business operation. The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the period end date. Such amount due from customers under construction contracts arises when the Group receives payments from customers in line with a series of performance related milestones. The Group typically agrees 6 months to 1 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

The Group's bank and cash balances amounted to approximately HK\$12.3 million, whilst sum of bank and other borrowing and amount due to a director amounted to approximately HK\$6.8 million. Net cash used in operating activities of approximately HK\$3.6 million for 2021/9 1H was recorded by the Group. As confirmed by the Company, apart from internal financial resources, the Group relied mainly on net proceeds from fund raising activities, bank and other borrowings to finance the working capital requirement of its operations during 2021/9 1H.

As further confirmed by the Group, all its non-current assets as at 30 September 2021 would not be available for sale to finance the capital requirement of the Group, as those assets mainly comprised property, plant and equipment for use in operation, right-of-use assets and financial assets at FVTPL which were investments in life insurance policies.

Taking in consideration of (i) the Group's financial position as at 30 September 2021; (ii) its net loss making performance for FY2021 and 2021/12 Q3; (iii) its imminent funding needs; and (iv) the industry and economic uncertainty as mentioned in the paragraphs headed "Prospects of the Group" above, we concur with the Directors' view that the Group can enhance its financial position through the Rights Issue by applying the net proceeds in the manner as stated above.

***(c) Alternative fund raising method***

We understand that the Company had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing of new Shares and open offer.

In respect of debt financing, as stated in the announcement of the Company dated 1 September 2021 in relation to its placing of new Shares and the Jan 2022 Announcement, the Directors considered that debt financing would not be a desirable option for the Group as it may incur interest burden on the Group, may be subject to lengthy due diligence and negotiations with the banks and may be relatively uncertain and time-consuming. Also, given that the Group had incurred a net loss for FY2021 and 2021/12 Q3 respectively and the Group does not have any material assets which can be used as collaterals for loans, the Directors believe that the Group may encounter difficulties in securing loans at commercially reasonable interest rates.



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In respect of equity financing, the Company conducted the placing of new Shares in September 2021 to raise fund to strengthen the Group's financial position, reduce the high gearing ratio of the Group and enlarge shareholders' base of the Company. The aforesaid placing which completed in September 2021 has fully utilised the general mandate granted to the Directors at the annual general meeting of the Company held in August 2021. In addition, further placing of new Shares would dilute the shareholding of the existing Shareholders without giving them the chance to participate.

The Rights Issue will enable the Group to strengthen its capital base and enhance its financial position without increasing its debt or finance costs. Compared to open offer, the Rights Issue will be more flexible as it allows the Qualifying Shareholders to maintain their proportional shareholdings in the Company and/or allow them to trade their rights entitlements in the open market. Hence, the Directors consider that fund raising through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

Having considered (i) the feasibility of various fund raising methods; (ii) the potential financing costs without material assets which can be used as collaterals; and (iii) the opportunity for the existing Shareholders to maintain their respective shareholding interests in the Company and additional flexibility afforded by the Rights Issue to the existing Shareholders as discussed above, we concur with the Directors' view that the Rights Issue is the most suitable fund raising method to the Group under the current circumstances.

### (3) Principal terms of the Rights Issue

#### (a) Summary of the key terms

Basis of the Rights Issue	:	Three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date
Subscription Price	:	HK\$0.55 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	270,000,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation having become effective	:	54,000,000 Consolidated Shares

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Number of Rights Shares (assuming that the Rights Issue is fully subscribed)	:	81,000,000 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares (assuming that the Rights Issue is fully subscribed)	:	HK\$40,500,000 (assuming no change in the number of Consolidated Shares in issue on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares (assuming that the Rights Issue is fully subscribed)	:	135,000,000 Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be. Assuming no change in the number of issued Consolidated Shares on or before the Record Date and no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 81,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 150% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) 60% of the issued share capital of the Company after completion of the Share Consolidation and as enlarged by the allotment and issue of the Rights Shares.

For further information of the Rights Issue, please refer to the section headed “Proposed Rights Issue” in the Letter from the Board.

***(b) The Subscription Price***

As stated in the paragraphs/section headed “Subscription Price” and “Reasons for and benefits of the Rights Issue and intended use of proceeds” in the Letter from the Board, the Subscription Price was determined by the Company with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of the Rights Issue.

The Subscription Price of HK\$0.55 per Rights Share represents:

- (i) a discount of approximately 20.86% to the theoretical closing price of HK\$0.695 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.139 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

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- (ii) a discount of approximately 24.14% to the theoretical closing price of HK\$0.725 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 23.08% to the theoretical average closing price of approximately HK\$0.715 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.143 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 11.29% to the theoretical ex-rights price of approximately HK\$0.62 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the theoretical ex-rights price of approximately HK\$0.124 per Share and closing price of HK\$0.145 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 14.48%, represented by the theoretical diluted price of approximately HK\$0.62 per Consolidated Share to the theoretical benchmarked price of HK\$0.725 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.145 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Jan 2022 Announcement of approximately HK\$0.143 per Share);
- (vi) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the 2021 Rights Issue represented by a discount of approximately 22.88%, represented by the cumulative theoretical diluted price of approximately HK\$1.23 per Consolidated Share to the theoretical benchmarked price of HK\$1.6 per Consolidated Share in respect of the 2021 Rights Issue (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of the 2021 Rights Issue, being HK\$0.32 per Share); and
- (vii) a discount of approximately 45.54% to the adjusted consolidated net asset value per Consolidated Share of approximately HK\$1.01 (based on the consolidated net asset value of the Company as at 31 March 2021 of approximately HK\$54,766,000 and the number of issued Consolidated Shares after the Share Consolidation, which will be 54,000,000).

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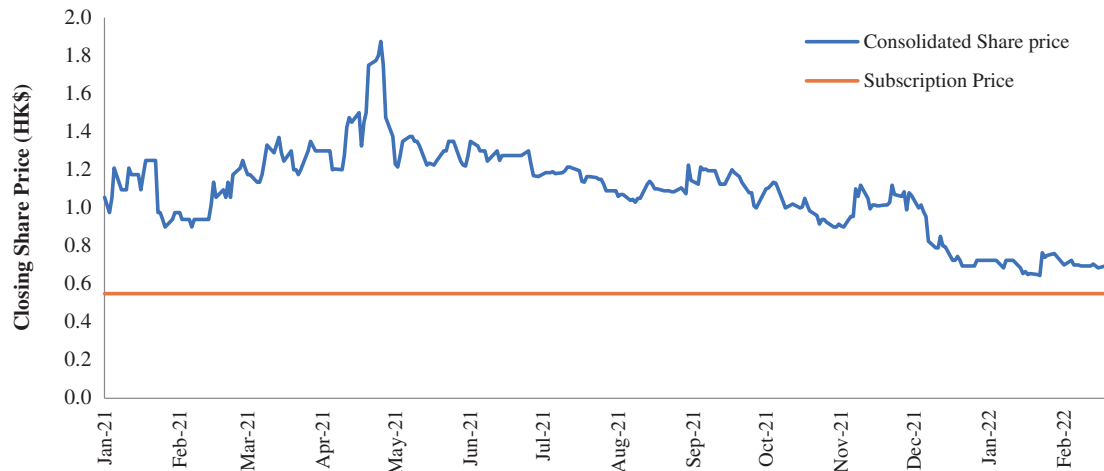
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Historical price performance of the Shares*

The chart below depicts the adjusted daily closing price level (as adjusted for the Share Consolidation) of the Shares as quoted on the Stock Exchange from 1 January 2021 (being around 1-year period immediately preceding the Last Trading Day) and up to and including the Latest Practicable Date (the “**Preceding Year**”) and the comparison of the Share price performance with the Subscription Price:

**Historical adjusted daily closing price of the Consolidated Shares during the Preceding Year**



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

We consider the length of the Preceding Year to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares.

The adjusted daily closing price per Consolidated Share closed between HK\$1.875 recorded on 28 April 2021 and HK\$0.645 recorded on 25 January 2022, with an average of approximately HK\$1.086. The Subscription Price falls below the adjusted daily closing price per Consolidated Share throughout the Preceding Year.

As shown in the chart above, the adjusted daily closing prices declined since late January 2021 after the announcement of the 2021 Rights Issue made by the Company on 25 January 2021. From mid of February, it rebounded and hit HK\$1.875 on 28 April 2021. After publication of the results of the 2021 Rights Issue on 30 April 2021, the adjusted closing price declined gradually. A drop in the adjusted daily closing price was noted in December 2021, regardless no particular news was announced by the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Comparison with other rights issues*

To further assess the fairness and reasonableness of the Subscription Price, we have identified an exhaustive list of 57 rights issues transactions (the “**Comparables**”) announced by other companies listed on the Stock Exchange for the 12-month period immediately prior to the Last Trading Day (the “**Review Period**”). Shareholders should note that the Comparables may have different principal business activities, market capitalisations, profitability, financial positions and future prospects as compared to those of the Company. Nevertheless, we consider that they can provide a reasonable reference to how the market generally perceive rights issues. We also consider that the Review Period is adequate and fair and reasonable to capture the prevailing market conditions of companies listed on the Stock Exchange conducting rights issue. It should be noted that, in forming our opinion, we have taken into account of the results of the below analysis together with all other factors stated in this letter as a whole. The table below provides a summary of our findings:

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of subscription price per rights issue closing price per share on the last trading day prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue average closing price per share for the five consecutive trading days prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue theoretical ex-rights price per share based on closing price per share on the last trading day prior to announcement of rights issue (%)	Theoretical dilution effect (Note 1) (%)	Underwriting commission (%)	Excess application (Yes/No)	Placing commission (%)
10 Jan 2022	Wisdom Wealth Resources Investment Holding Group Limited	7	1 for 2	0.0	(7.7)	0.0	(3.6)	N/A	Yes	N/A
7 Jan 2022	China New Economy Fund Limited	80	1 for 2	(28.0)	(30.8)	(23.3)	(10.4)	N/A	No	3.5
6 Jan 2022	Youth Champ Financial Group Holdings Limited	1160	1 for 2	(60)	(60)	(50)	(20)	3.5	No	3.5
5 Jan 2022	China Information Technology Development Limited	8178	1 for 2	(34.78)	(34.78)	(26.11)	(11.74)	N/A	Yes	1.5
29 Dec 2021	Bank of Qingdao Co., Ltd. ("Bank of Qingdao")	3866	3 for 10	(11.5)	(13.1)	(9.1)	(3.1)	5.5 (Note 2)	Yes	N/A
29 Dec 2021	Prosperous Printing Company Limited	8385	3 for 2	(34.33)	(31.25)	(16.98)	(20.90)	1	Yes	N/A
24 Dec 2021	Hanvey Group Holdings Limited	8219	1 for 2	(22.81)	(22.81)	(16.35)	(7.60)	N/A	No	3.5
20 Dec 2021	KNT Holdings Limited	1025	1 for 2	(15.38)	(14.33)	(10.81)	(5.13)	N/A	No	2.5
15 Dec 2021	Future World Holdings Limited	572	3 for 2	(33.82)	(34.02)	(16.97)	(23.23)	5	No	3.5
30 Nov 2021	Titan Invo Technology Limited	872	1 for 2	(37.5)	(35.2)	(28.6)	(12.5)	N/A	Yes	N/A
23 Nov 2021	Tongda Hong Tai Holdings Limited ("Tongda Hong Tai")	2363	2 for 1	(30.00)	(30.73)	(12.50)	(20.83)	0	No	2 (Note 5)
23 Nov 2021	Xinyang Maojian Group Limited	362	1 for 2	(4.00)	(9.77)	(6.98)	(3.30)	3.5	Yes	N/A
16 Nov 2021	King Stone Energy Group Limited	663	1 for 2	(41.9)	(43.9)	(32.4)	(14.6)	N/A	Yes	1
1 Nov 2021	Deson Development International Holdings Limited	262	1 for 2	(7.4)	(7.6)	(5.06)	(2.33)	3.5	Yes	N/A
19 Oct 2021	Risecomm Group Holdings Limited ("Risecomm")	1679	1 for 2	(0.5)	(1.0)	(0.5)	(0.4)	1	Yes	N/A
15 Oct 2021	Link-Asia International MedTech Group Limited	1143	1 for 2	(7.83)	(9.91)	(5.35)	(6.93)	3 (Note 3)	Yes	N/A

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of subscription price per rights issue share over/ to closing price per share on the last trading day prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue share over/ to average closing price per share for the five consecutive trading days prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue theoretical ex-rights price per share based on closing price per share on the last trading day prior to announcement of rights issue (%)	Theoretical dilution effect (Note 1) (%)	Underwriting commission (%)	Excess application (Yes/No)	Placing commission (%)
7 Oct 2021	Great Wall Terror Holdings Limited	524	1 for 5	(23.7)	(18.3)	(20.5)	(3.8)	N/A	Yes	N/A
2 Sep 2021	Daisho Microline Holdings Limited	567	1 for 1	(44.44)	(37.50)	(28.57)	(22.22)	2	Yes	N/A
12 Aug 2021	Lai Sun Development Company Limited	488	1 for 2	(50.0)	(49.6)	(38.9)	(18.2)	2	Yes	N/A
6 Aug 2021	LKS Holding Group Limited (now known as "Standard Development Group Limited")	1867	1 for 5	(9.84)	(8.71)	(8.33)	(1.64)	1.5	Yes	N/A
3 Aug 2021	Kiu Hung International Holdings Limited	381	3 for 1	(28.07)	(22.05)	(8.89)	(21.05)	N/A	No	0.5
2 Aug 2021	Luen Wong Group Holdings Limited	8217	2 for 1	(18.8)	(15.1)	(7.1)	(12.5)	N/A	No	2.5
29 Jul 2021	Worldgate Global Logistics Ltd	8292	3 for 1	(17.9)	(16.5)	(5.2)	(13.4)	N/A	No	1
29 Jul 2021	China Properties Investment Holdings Limited	736	1 for 1	(4.1)	(2.1)	(2.1)	(2.0)	N/A	No	2.5
19 Jul 2021	Tongda Group Holdings Limited ("Tongda Group")	698	1 for 2	(49.01)	(50.53)	(40.51)	(16.84)	3	Yes	N/A
16 Jul 2021	P.B. Group Limited	8331	1 for 1	(36.4)	(31.4)	(22.2)	(18.2)	0	No	1
14 Jul 2021	China Baoli Technologies Holdings Limited	164	1 for 2	(29.82)	(31.03)	(21.57)	(10.34)	3.5	Yes	N/A
13 Jul 2021	Sun Entertainment Group Limited	8082	4 for 5	(52.5)	(52.9)	(38.6)	(23.6)	N/A	Yes	N/A
23 Jun 2021	CBK Holdings Limited	8428	3 for 2	(22.73)	(22.73)	(10.53)	(13.64)	N/A	No	3
16 Jun 2021	China Environmental Energy Investment Limited	986	1 for 1	(5.66)	(2.34)	(2.91)	(2.83)	N/A	No	2.5
11 Jun 2021	Lai Sun Garment (International) Limited	191	1 for 2	(65.0)	(65.1)	(55.4)	(21.7)	1	Yes	N/A
11 Jun 2021	Cool Link (Holdings) Limited	8491	1 for 2	(39.3)	(40.1)	(30.9)	(13.2)	2.5	Yes	N/A
7 Jun 2021	AI Group Limited	8360	3 for 1	(27.03)	(27.03)	(8.47)	(20.27)	1.5	Yes	N/A

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of subscription price per rights issue closing price per share on the last trading day prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue average closing price per share for the five consecutive trading days prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue theoretical ex-rights price per share based on closing price per share on the last trading day prior to announcement of rights issue (%)	Theoretical dilution effect (Note 1) (%)	Underwriting commission (%)	Excess application (Yes/No)	Placing commission (%)
1 Jun 2021	Vision Fame International Holding Limited ("Vision Fame") (now known as "Green Economy Development Limited")	1315	1 for 4	(60.78)	(60.47)	(55.36)	(11.81)	N/A	No	2 (Note 6)
20 May 2021	China Internet Investment Finance Holdings Limited	810	1 for 2	(51.22)	(53.05)	(41.18)	(18.11)	2.5	Yes	N/A
18 May 2021	Champion Technology Holdings Limited	92	3 for 1	8.70	6.38	2.04	0	2.5	Yes	N/A
13 May 2021	Ta Yang Group Holdings Limited	1991	1 for 2	(22.22)	(21.08)	(16.02)	(7.39)	N/A	Yes	N/A
11 May 2021	Great Wall Belt & Road Holdings Limited (now known as "Great Wall Terror Holdings Limited")	524	1 for 4	(18.9)	(23.5)	(15.7)	(4.9)	N/A	Yes	N/A
11 May 2021	China Best Group Holding Limited	370	1 for 2	(45.21)	(46.95)	(37.89)	(15.93)	N/A	No	1.5
4 May 2021	Coolpad Group Limited	2369	1 for 2	(41.1)	(41.2)	(31.7)	(13.7)	2.5	Yes	N/A
4 May 2021	China Investment Development Limited	204	1 for 2	(10.31)	(11.1)	(6.98)	(3.56)	2.5	Yes	N/A
28 Apr 2021	Sandmartin International Holdings Limited	482	1 for 2	(16.00)	(16.00)	(11.21)	(5.33)	N/A	No	2
23 Apr 2021	PFC Device Inc.	8231	1 for 2	(20.00)	(23.37)	(14.29)	(7.79)	N/A	Yes	N/A
12 Apr 2021	Merdeka Financial Group Limited	8163	5 for 2	(21.05)	(22.68)	(6.83)	(18.00)	2	Yes	N/A
9 Apr 2021	Golden Power Group Holdings Limited	3919	1 for 2	(21.4)	(20.7)	(15.4)	(7.1)	7.07	Yes	N/A
8 Apr 2021	State Energy Group International Assets Holdings Limited	918	3 for 1	(22.2)	(24.2)	(7.4)	(19.0)	1	No	1
29 Mar 2021	China Demeter Financial Investments Limited	8120	3 for 1	(17.36)	(20.38)	(4.99)	(15.29)	Nil	No	2
26 Mar 2021	Kaisa Group Holdings Limited	1638	1 for 7	(25.13)	(27.52)	(22.70)	(3.44)	2.5	Yes	N/A
24 Mar 2021	Noble Engineering Group Holdings Limited	8445	1 for 2	(33.8)	(34.8)	(25.3)	(11.9)	N/A	No	5



# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name	Stock code	Basis of entitlement	Premium/ (Discount) of subscription price per rights issue closing price per share on the last trading day prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue average closing price per share for the five consecutive trading days prior to announcement of rights issue (%)	Premium/ (Discount) of subscription price per rights issue theoretical ex-rights price per share based on closing price per share on the last trading day prior to announcement of rights issue (%)	Theoretical dilution effect (Note 1) (%)	Underwriting commission (%)	Excess application (Yes/No)	Placing commission (%)
17 Mar 2021	Qingdao Holdings International Limited	499	1 for 1	(18.8)	(8.9)	(10.3)	(9.4)	4.5	Yes	N/A
19 Feb 2021	Enterprise Development Holdings Limited	1808	1 for 2	(49.15)	(42.20)	(39.09)	(16.38)	1	Yes	N/A
16 Feb 2021	China LotSynergy Holdings Limited (now known as "China Ecotourism Group Limited")	1371	2 for 1	(30.07)	(32.89)	(15.97)	(23.93)	N/A	Yes	1.0
5 Feb 2021	Bossini International Holdings Limited	592	1 for 2	(23.40)	(25.31)	(16.86)	(8.47)	N/A	Yes	N/A
27 Jan 2021	Esprit Holdings Limited	330	1 for 2	(25.00)	(25.60)	(18.21)	(8.68)	1.625	Yes	N/A
27 Jan 2021	Cornerstone Financial Holdings Limited	8112	4 for 1	(21.11)	(25.26)	(5.33)	(22.57)	3	Yes	N/A
25 Jan 2021	Beaver Group (Holding) Company Limited	8275	3 for 2	(34.38)	(31.82)	(17.32)	(20.63)	N/A	No	3.5
20 Jan 2021	Roma Group Limited	8072	3 for 1	(31.32)	(28.98)	(10.07)	(23.63)	2.5	Yes	N/A
			Maximum	8.70	6.38	2.04	0	7.07		5
			Minimum	(65.0)	(65.1)	(55.4)	(23.93)	0		0.5
			Average	(27.11)	(27.04)	(18.52)	(12.27)	2.44		2.26
			Median	(25.00)	(25.31)	(15.97)	(12.50)	2.5		2
14 Jan 2022	The Company	8275	3 for 2	(24.14)	(23.08)	(11.29)	(14.48)	N/A	No	3.5

Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Rules Governing the Listing of Securities on the Stock Exchange or Rule 10.44A of the GEM Listing Rules, or extracted from announcement, circular or prospectus in respect of the relevant right issue.
2. The underwriting commission is calculated based on the underwriting fee of approximately HK\$18 million paid by Bank of Qingdao (3866) divided by 83,845,542 H rights shares underwritten and subscription price per H rights share of HK\$3.92.
3. Risecomm (1679) shall pay the underwriters the higher of (i) HK\$600,000; and (ii) 1.0% of the aggregate subscription price in respect of the underwritten shares.
4. Tongda Group (698) shall pay the underwriters the higher of (i) HK\$600,000; and (ii) 3.0% of the aggregate subscription price in respect of the underwritten shares.
5. Tongda Hong Tai (2363) shall pay the placing agent a placing commission, being the higher of HK\$300,000 and 2% of the amount which is equal to the placing price multiplied by the total number of the unsubscribed shares which are successfully placed by the placing agent.
6. Vision Fame (1315) shall pay the placing agent the higher of (i) HK\$250,000 or (ii) 2% of the gross proceeds from subscription of the unsubscribed rights shares and non-qualifying shareholders unsold rights shares.

According to our research, we observed that 55 of the 57 Comparables had set the subscription price of their rights issue at a discount to (i) the prevailing closing price of their shares on the last trading day in relation to their respective rights issue (the “**LTD Price**”); (ii) the average closing price of their shares for the five consecutive trading days up to and including the last trading day (the “**ATD Price**”); and (iii) the theoretical ex-rights prices (the “**Ex-rights Price**”) based on the LTD Price. It indicates that it is common for listed companies to set the subscription price of rights issue at a discount to the LTD Price, the ATD Price and the Ex-rights Price, with the view to encourage participation.

The discount of the subscription price to the LTD Price of the Comparables ranged from a premium of approximately 8.70% to a discount of approximately 65.0% with average and median discounts of approximately 27.11% and 25.00% respectively. The discount of approximately 24.14% of the Subscription Price to the LTD Price of the Company falls within the range of those of the Comparables.

The discount of the subscription price to the ATD Price of the Comparables ranged from a premium of approximately 6.38% to a discount of approximately 65.1% with average and median discounts of approximately 27.04% and 25.31% respectively. The discount of approximately 23.08% of the Subscription Price to the ATD Price of the Company falls within the range of those of the Comparables.

The discount of the subscription prices to the Ex-rights Price of the Comparables ranged from a premium of approximately 2.04% to a discount of approximately 55.4% with average and median discounts of approximately 18.52% and 15.97% respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The discount of approximately 11.29% of the Subscription Price to the Ex-rights Price of the Company falls within the range of those of the Comparables.

Furthermore, the theoretical dilution effect of the rights issue conducted by the Comparables ranged from 0 to 23.93% with average and median of approximately 12.27% and 12.50% respectively. The theoretical dilution effect of the Rights Issue of approximately 14.48% falls within the range of the Comparables.

Taking into account that (i) the Subscription Price falls below the adjusted daily closing price per Consolidated Share in the Preceding Year; (ii) as shown in the table of Comparables above, it is common for listed companies in Hong Kong to set the subscription price of a rights issue at a discount to the LTD Price, the ATD Price and the Ex-rights Price with the view to enhance the attractiveness of a rights issue and to encourage the qualifying shareholders to take part in the rights issue; (iii) the discounts of the Subscription Price to the LTD Price, the ATD Price and the Ex-rights Price of the Company fall within discount ranges of the Comparables; and (iv) the theoretical dilution effect of the Rights Issue falls within the range of the Comparables, we consider the Subscription Price is fair and reasonable.

*(c) No excess application*

Among the Comparables, we noted that 20 out of the 57 Comparables did not have excess application arrangements in their rights issue. As such, we consider that it is acceptable for rights issue to not have excess application arrangements.

*(d) Compensatory Arrangements*

As stated in the Letter from the Board, the Rights Shares will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. The Company and the Placing Agent entered into the Placing Agreement on 14 January 2022 (after trading hours), pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements. For terms of the Placing Agreement, please refer to the paragraph headed “Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares” in the Letter from the Board.

According to the Placing Agreement, the Company will pay to the Placing Agent a placing commission (the “**Placing Commission**”) of 3.5% of the amount which is equal to the Placing Price (as defined below) multiplied by the Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the table under paragraphs headed “Comparison with other rights issues” above, the placing commission paid to the placing agent for placing unsubscribed and/or unsold rights shares by the Comparables which had placing arrangement ranged from approximately 0.5% to approximately 5% with average and median of approximately 2.26% and 2.00% respectively. The Placing Commission falls within the range of those of the Comparables.

*(e) The Placing Price*

The placing price (“**Placing Price**”) of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares shall be not less than the Subscription Price. By setting the Placing Price not less than the Subscription Price, it is fair to the Qualifying Shareholders. Given that we consider the Subscription Price is fair and reasonable as discussed above, we also consider the Placing Price is fair and reasonable.

Taking into consideration (i) the Subscription Price is fair and reasonable; (ii) the Placing offers an additional means to facilitate the subscription of the untaken portions of the Rights Issue to the maximum extent considering the funding needs of the Company and the difficulties in conducting alternative fund raising methods as mentioned in the paragraph headed “Reasons for the Rights Issue” above; and (iii) the Placing Commission and Placing Price are fair and reasonable, we concur with the Directors’ view that the terms of the Rights Issue are fair and reasonable.

**(4) Financial impacts of the Rights Issue**

Set out below is the analysis of the financial impacts of the Rights Issue as estimated by the Company. The analysis is for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

*(a) Liquidity*

As stated in the 2021/9 IR, the bank and cash balances of the Group amounted to approximately HK\$12.3 million as at 30 September 2021. Since part of the net proceeds from the Rights Issue will be applied as working capital of the Group, it is expected that the Group’s liquidity position would be improved as a result of the Rights Issue.

*(b) Net assets*

Taking into account the proceeds from Rights Issue, it is expected that the net assets of the Group will increase as a result of the Rights Issue. Further, as set out in Appendix II to the Circular, as at 30 September 2021, the consolidated net tangible assets of the Group per Share attributable to owners of the Company was HK\$0.29. As if the Rights Issue had taken place on 30 September 2021, the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company would increase to HK\$0.90.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### (c) *Gearing ratio*

As stated in the 2021/9 IR, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 19.1% as at 30 September 2021. Since part of the net proceeds are intended to be utilised for the repayment of the Promissory Notes, it is expected that the gearing ratio of the Group will be improved as a result of the Rights Issue.

### (5) Possible dilution effect

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

Qualifying Shareholders who do not accept the Rights Issue or do not take up their full provisional allotments under the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights in the market. However, they should note that their shareholdings in the Company will be diluted, depending on the extent to which they subscribe for the Rights Shares, upon completion of the Rights Issue.

The table below illustrates the possible shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Rights Issue (assuming there is no change in the issued share capital of the Company between the Latest Practicable Date and completion date of the Rights Issue):

	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	Shares	%	Shares	%	Shares	%	Shares	%
Success Run								
International Limited	70,300,000	26.04	14,060,000	26.04	35,150,000	26.04	14,060,000	10.41
Public Shareholders	199,700,000	73.96	39,940,000	73.96	99,850,000	73.96	39,940,000	29.59
Independent placees	-	-	-	-	-	-	81,000,000	60.00
<b>Total</b>	<b>270,000,000</b>	<b>100.00</b>	<b>54,000,000</b>	<b>100.00</b>	<b>135,000,000</b>	<b>100.00</b>	<b>135,000,000</b>	<b>100.00</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the Letter from the Board, the Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Rights issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; and (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights in the market, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro rata Rights Shares, is acceptable and justifiable.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Rights Issue are fair and reasonable; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour on the relevant resolutions at the EGM in relation to the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Capital 9 Limited**

**Chu Tat Hoi**  
*Managing Director*

**Chan Man Yee**  
*Director*

*Chu Tat Hoi and Chan Man Yee are licensed persons and responsible officers of Capital 9 Limited registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and have over 20 years and 15 years of experience in the corporate finance industry.*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the audited financial information of the Group for each of the years ended 31 March 2019, 2020 and 2021 and the unaudited financial information of the Group for the three months ended 30 June 2021 and six months ended 30 September 2021 are disclosed in the following annual reports of the Company for the years ended 31 March 2019, 2020 and 2021, first quarterly report of the Company for the three months ended 30 June 2021 and interim report of the Company for the six months ended 30 September 2021 respectively which have been published and are available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.beavergroup.com.hk](http://www.beavergroup.com.hk)):

- (a) the annual report of the Company for the year ended 31 March 2019 published on 28 June 2019 (pages 65 to 139) in relation to the financial information of the Group for the same year

(<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628255.pdf>);

- (b) the annual report of the Company for the year ended 31 March 2020 published on 30 June 2020 (pages 63 to 129) in relation to the financial information of the Group for the same year

(<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0630/2020063000681.pdf>);

- (c) the annual report of the Company for the year ended 31 March 2021 published on 29 June 2021 (pages 72 to 139) in relation to the financial information of the Group for the same year

(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0629/2021062900572.pdf>);

- (d) the first quarterly report of the Company for the three months ended 30 June 2021 published on 11 August 2021 in relation to the financial information of the Group for the same period

(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0811/2021081100418.pdf>);

- (e) the interim report of the Company for the six months ended 30 September 2021 published on 12 November 2021 in relation to the financial information of the Group for the same period

(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/1112/2021111200541.pdf>);

and

- (f) the third quarterly report of the Company for the nine months ended 31 December 2021 published on 14 February 2022 in relation to the financial information of the Group for the same period

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0214/2022021400249.pdf>)

## 2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 December 2021, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding indebtedness:

### (a) Borrowings and promissory note

The Group had aggregate outstanding borrowings and promissory note of approximately HK\$8,898,000 comprising:

- (i) An outstanding bank borrowing of approximately HK\$2,731,000 is unsecured.
- (ii) Other borrowings of approximately HK\$1,667,000 are secured by a charge over the property, plant and equipment with carrying amount of approximately HK\$5,602,000.
- (iii) Unsecured loan from a shareholder, Mr. Chui Koon Yau (“**Mr. Chui**”), of HK\$1,500,000.
- (iv) Unsecured promissory note of HK\$3,000,000 is payable on the date falling on the six months of the date of issue (i.e. 12 June 2022).

Except for an unsecured loan from a shareholder, the unsecured promissory note, and an unsecured bank borrowing of approximately HK\$2,731,000 (guaranteed by the Government of the Hong Kong Special Administrative Region (the “**HKSAR**”) and personal guaranteed by Mr. Tang Kwai Leung, Stanley and Mr. Chui, being the directors of Triangular Force Construction Engineering Limited, an indirect wholly-owned subsidiary of the Company), all other borrowings are guaranteed by the Company. Bank and other borrowings that due for repayment after one year contain repayment on demand clause were classified as current liabilities.

### (b) Lease liabilities

The Group had lease liabilities of approximately HK\$2,750,000 in respect of finance leases for certain property, plant and equipment and approximately HK\$4,933,000 in respect of an operating lease under HKFRS 16 Lease. Lease liabilities of approximately HK\$461,000 in respect of finance leases are guaranteed by the Company.



Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Group, as at 31 December 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees.

The Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 December 2021 up to the Latest Practicable Date.

### **3. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 19.66 (13) of the GEM Listing Rules.

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited accounts of the Group were made up.

### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an investment holding company. 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 its machinery and the Group possesses all necessary standard plant and machinery and equipment for its construction of bored piles. The Group is also engaged in leasing of machinery.

The Group's business in the provision of construction services in the construction industry has been confronting challenges under COVID-19 pandemic in Hong Kong. Although revenue generated for the construction contract has increased during the year ended 31 March 2021, the profitability of the construction projects decreased due to the intensified market competition in the construction industry.

Despite the underperformed result and stringent market environment of the construction industry, the Group will continue to deploy our efforts in tendering for contracts, particularly contracts which yield higher margins in price and make concerted efforts in controlling and managing the contract and operating costs, in order to foster improvement in results of the business. The Group is also actively seeking potential business opportunities that can widen the income streams and increase the return of shareholders.

Looking forward, the Company expects the ongoing COVID-19 pandemic will continue to pose a challenge to Hong Kong's economy and construction industry in the foreseeable future. However, the Group is cautiously optimistic about the business prospects of the Group as the Group will give sustained impetus to the growth of the group from two aspects.

Firstly, the Company will continue to do its best to implement tight cost control measures, improve the efficiency of workflow throughout the construction process, and strengthen the effectiveness of project management so as to improve the operational efficiency and the profitability of the Group's business.

Secondly, the Company will put great efforts on talent cultivation. The speciality and quality of employees will have an important impact on the development of the Group.

The following is the text of a report received from the Company's reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this circular.

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the "Unaudited Pro Forma Financial Information") which has been prepared in accordance with Paragraph 13 of Appendix 1B and Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2021.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021, as extracted from the published interim report of the Group for the six months ended 30 September 2021, and is adjusted to reflect the effect of the Rights Issue.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group as at 30 September 2021 or to any future dates following the Rights Issue.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the interim report of the Group for the six months ended 30 September 2021 and other financial information included elsewhere in the Circular.

	Unaudited consolidated net tangible asset of the Group attributable to owners of the Company as at 30 September 2021 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 <i>HK\$'000</i>
Based on Rights Issue of 81,000,000 Shares at subscription price of HK\$0.55 per Rights Share	78,621	42,613	121,234

Unaudited consolidated net tangible asset of the Group attributable to owners of the Company as at 30 September 2021 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 <i>HK\$'000</i>
Consolidated net tangible assets of the Group per share attributable to owners of the Company as at 30 September 2021 <i>(Note 3)</i>		<u>HK\$0.29</u>
Consolidated net tangible assets of the Group per share attributable to owners of the Company as at 30 September 2021 after the completion of the Share Consolidation <i>(Note 4)</i>		<u>HK\$1.46</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributed to owners of the Company after the completion of the Rights Issue <i>(Note 5)</i>		<u>HK\$0.90</u>

*Notes:*

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2021 were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021 included in the Group's published interim report for the six months ended 30 September 2021.
2. The estimated net proceeds from the Rights Issue of approximately HK\$42,613,000 are calculated based on gross proceeds of HK\$44,550,000 from the issue of 81,000,000 Rights Shares at the Subscription Price of HK\$0.55 per offer share and after deducting estimated expenses of approximately HK\$1,937,000 attributable to the Rights Issue.
3. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company prior to the completion of the Rights Issue is based on 270,000,000 shares in issue as at 30 September 2021.

4. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company prior to the completion of the Rights Issue is based on 54,000,000 shares in issue as at 30 September 2021 immediately after the completion of Share Consolidation as if the Share Consolidation had been completed on 30 September 2021.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 30 September 2021 immediately after the completion of the Rights Issue as if the Rights Issue of 81,000,000 had been completed on 30 September 2021, but does not take into account any shares which have been or may be issued upon the exercise of options granted under the share option scheme (if any) subsequent to 30 September 2021.
6. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2021.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.*

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The Board of directors  
Beaver Group (Holding) Company Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Beaver Group (Holding) Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma net tangible assets as at 30 September 2021 as set out on pages II-1 to II-3 of the Circular issued by the Company. The applicable criteria on the basis of which the Directors have compiled the statement are described in Section A of Appendix II to this Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue immediately after the completion of share consolidation on the Group’s net tangible assets as at 30 September 2021 as if the transaction had been taken place at 30 September 2021. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements as included in the interim report for the six months ended 30 September 2021, on which an interim report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix IB and paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the GEM of The Stock exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as describe under "Reasons for the Rights Issue and use of proceeds" set out on page 28 of the Circular.



**Opinion**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

*Certified Public Accountants*  
25 February 2022

**1. RESPONSIBILITY STATEMENT**

This circular, 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 circular 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 circular misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the completion of the Share Consolidation but before the completion of the Rights Issue; and (iii) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance by Qualifying Shareholders) are as follows:

- (a) As at the Latest Practicable Date

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Existing Shares of HK\$0.1 each	<u>100,000,000</u>
<i>Issued and fully paid:</i>		
<u>270,000,000</u>	Existing Shares of HK\$0.1 each	<u>27,000,000</u>

- (b) The Shares in issue immediately following the Share Consolidation but before the completion of the Rights Issue (assuming no further issue and/or repurchase of Existing Shares from the Latest Practicable Date to the effective date of the Share Consolidation) will be as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>200,000,000</u>	Consolidated Shares of HK\$0.5 each	<u>100,000,000</u>
<i>Issued and fully paid:</i>		
<u>54,000,000</u>	Consolidated Shares of HK\$0.5 each	<u>27,000,000</u>

- (c) The Shares in issue immediately following the completion of the Rights Issue (assuming no further issue and/or repurchase of the Existing Shares and/or Consolidated Shares from the Latest Practicable Date to the completion of the Rights Issue) will be as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>200,000,000</u>	Consolidated Shares of HK\$0.5 each	<u>100,000,000</u>
 <i>Issued and fully paid:</i>		
54,000,000	Consolidated Shares of HK\$0.5 each	27,000,000
81,000,000	Rights Shares to be allotted and issued under the Rights Issue	40,500,000
<u>135,000,000</u>	Total	<u>67,500,000</u>

All of the Rights Shares to be issued will rank *pari passu* in all respects with each other. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company did not have any outstanding derivatives, options, warrants and convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required 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 they were taken or deemed to have under such provisions of the SFO) or (ii) which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or (iii) otherwise which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

#### (b) Interests of substantial Shareholders

So far as known to the Directors, as at the Latest Practicable Date, the following persons/corporations (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

#### *Long positions in the Shares and the underlying shares*

Name	Capacity	Number of Shares held/interested	Approximate percentage of shareholding
Success Run International Limited (Note)	Beneficial owner	70,300,000	26.04%
China New Economy Fund Limited	Beneficial owner	26,617,500	9.86%

*Note:* Success Run International Limited is owned as to 100% by Ms. Wong Fei Heung Terbe, who is deemed to be interested in 70,300,000 Existing Shares pursuant to the Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons/corporations who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the

register required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

#### **6. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

#### **7. INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2021, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

**8. MATERIAL CONTRACTS**

Save as disclosed below, there had been no contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

- (a) the underwriting agreement dated 10 August 2020 entered into between the Company and Gransing Securities Co., Limited as underwriter in relation to the underwriting arrangement in respect of the rights issue conducted by the Company in 2020;
- (b) the placing agreement dated 25 January 2021 and entered into between the Company and the Placing Agent in relation to the placing of shares of the Company for the 2021 Rights Issue;
- (c) the provisional sale and purchase contract dated 26 August 2020 entered into between TMP Machinery Engineering Limited, a wholly-owned subsidiary of the Company, as purchaser and International Automobiles Limited as seller in relation to the acquisition of one truck for construction material transportation in the consideration of HK\$1,650,000;
- (d) the formal contract dated 9 February 2021 entered into between TMP Machinery Engineering Limited, a wholly-owned subsidiary of the Company, as purchaser and International Automobiles Limited as seller in relation to the acquisition of one truck for construction material transportation in the consideration of HK\$1,650,000;
- (e) the contract dated 13 November 2020 entered into between Zenvick Engineering Services Limited as purchaser and Triangular Force Construction Engineering Limited, a wholly owned subsidiary of the Company as seller in relation to the disposal of one hydraulic drill rig with relevant accessories in the consideration of HK\$2,000,000;
- (f) the contract dated 27 November 2020 entered into between Sanroc International (Hong Kong) Limited as purchaser and Triangular Force Construction Engineering Limited, a wholly owned subsidiary of the Company as seller in relation to the disposal of construction equipment including two reverse circulation drilling machines, two casing oscillators and one power pack in the total consideration of HK\$6,634,000;
- (g) the placing agreement dated 1 September 2021 and entered into between the Company and Tiger Faith Securities Limited as placing agent in relation to the placing of up to 45,000,000 shares of the Company at the placing price of HK\$0.175 per share of the Company; and
- (h) the Placing Agreement.

## 9. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinion, letter or advice contained in this circular (the “**Experts**”):

<b>Name</b>	<b>Qualification</b>
Capital 9 Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
RSM Hong Kong	certified public accountants

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2021, being the date to which the latest published audited accounts of the Company were made up.

## 10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and placing all Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$2 million, which are payable by the Company.

**11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Board of Directors</b>	<i>Executive Directors</i>
	Mr. Tang Kwai Leung Stanley ( <i>Chairman</i> ) Mr. Chui Koon Yau
	<i>Independent non-executive Directors</i>
	Mr. He Dingding Ms. Chan Wan Ling Sammi Ms. Liu Ching Man
<b>Audit committee</b>	Mr. He Dingding ( <i>Chairman</i> ) Ms. Chan Wan Ling Sammi Ms. Liu Ching Man
<b>Nomination committee</b>	Ms. Chan Wan Ling Sammi ( <i>Chairlady</i> ) Mr. He Dingding Ms. Liu Ching Man
<b>Remuneration committee</b>	Ms. Liu Ching Man ( <i>Chairlady</i> ) Mr. He Dingding Ms. Chan Wan Ling Sammi
<b>Registered office</b>	Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Head office and principal place of business</b>	Room 1204, 12/F, Block 2, Golden Industrial Building 16–26 Kwai Tak Street, Kwai Chung New Territories, Hong Kong
<b>Authorised representatives</b>	Mr. Tang Kwai Leung Stanley Mr. Lee Man Tai (FCCA, FCPA)
<b>Company secretary</b>	Mr. Lee Man Tai (FCCA, FCPA)
<b>Compliance officer</b>	Mr. Tang Kwai Leung Stanley
<b>Share registrar in Hong Kong</b>	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong



<b>Principal banker</b>	Nanyang Commercial Bank, Limited The Hongkong and Shanghai Banking Corporation Limited DBS Bank (Hong Kong) Limited
<b>Auditors and reporting accountants</b>	RSM Hong Kong <i>Certified Public Accountants</i> 29th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay, Hong Kong
<b>Legal adviser to the Company as to Hong Kong laws</b>	Michael Li & Co. 901 & 19th Floor, Prosperity Tower 39 Queen's Road Central Central, Hong Kong
<b>Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders</b>	Capital 9 Limited Room 1219, 12/F Bank of America Tower 12 Harcourt Road Central, Hong Kong
<b>Placing Agent</b>	Gransing Securities Co., Limited Unit 2508, 25/F., Cosco Tower 183 Queen's Road Central, Hong Kong

## 12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”), aged 53, is the executive Director and chairman of the Board responsible for overseeing the corporate strategy, operational management of the Group, and a co-founder of the Group. Mr. Tang attended secondary school education in Hong Kong. Mr. Tang completed a construction safety supervisor course organised by the Construction Industry Training Authority in 1999. He also obtained a trade test certification card for piling operative (bored pile) issued by the Construction Industry Training Authority in 2002, a certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in November 2008 and a certificate for operation of crawler-mounted mobile crane in May 2014.

Mr. Tang has approximately 24 years of experience in construction and foundation work industry. Before establishing Triangular Force Construction Engineering Limited (“**Triangular Force**”) in 2008, he accumulated approximately 10 years of experience working for China Overseas (Hong Kong) Limited as a foreman for intermittent periods

from October 1994 to December 2007, his last position as a general foreman. He also worked for Hsin Chong (Foundations) Limited as a site foreman from August 2000 to May 2001.

Mr. Chui Koon Yau (“**Mr. Chui**”), aged 54, is the executive Director, responsible for overseeing the operational management and quality control of projects of the Group, and a co-founder of the Group. Mr. Chui attended secondary school education in Hong Kong. Mr. Chui is a registered construction worker under to the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong). He obtained a trade test certification card for plant and equipment operator (bored pile) issued by the Construction Industry Training Authority in 2003 and a certificate for operation of crawler-mounted mobile crane in May 2014. Mr. Chui has also obtained several certificates on construction safety including the certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in December 2008.

Mr. Chui has approximately 30 years of experience in construction and foundation work industry. Before establishing Triangular Force in 2008, Mr. Chui worked as a foreman and a crane operator from 1995 to 2000 for various construction or foundation companies. Mr. Chui then worked as a crane operator and a general foreman in Vibro Construction Company Limited from 2000 to 2005, and from 2005 to 2008, respectively.

#### **Independent non-executive Directors**

Mr. He Dingding (“**Mr. He**”), aged 45, was appointed as the independent non-executive Director on 14 May 2021. He is also the chairman of the audit committee of the Company (the “**Audit Committee**”) and a member of the remuneration committee of the Company (the “**Remuneration Committee**”) and nomination committee of the Company (the “**Nomination Committee**”).

Mr. He graduated from Nanyang Technological University, Singapore with a bachelor’s degree in civil engineering. Mr. He was awarded the CFA Charter by the CFA Institute in September 2006. Mr. He has more than 17 years of extensive experiences in capital markets, corporate finance, investment and finance, and corporate management through working in investment banks, advisory firms and listed companies in Singapore and Hong Kong since 2005.

Mr. He was an independent non-executive director and a member of the audit committee of China Kangda Food Company Limited, the issued shares of which are listed on the Main Board of both the Stock Exchange and Singapore Exchange Securities Trading Limited (stock codes: 834 and P74, respectively), between August 2012 and June 2015. Mr. He was a non-executive director and a member of the audit committee of Perfect Group International Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3326), between March 2017 and February 2018 and was subsequently appointed as its deputy chief executive officer between March 2018 and August 2018. Since August 2018, Mr. He has been an independent non-executive director

and a member of the audit committee of Sino Harbour Holdings Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1663). From May 2021 to September 2021, He had also been an independent non-executive director and a chairman of the audit committee of Crown International Corporation Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 727).

Ms. Chan Wan Ling Sammi (“**Ms. Chan**”), aged 36, was appointed as the independent non-executive Director on 1 June 2021. She is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Ms. Chan is a practising solicitor admitted in Hong Kong in 2018 and a member of the Law Society of Hong Kong. Ms. Chan has also been a Certified Management Accountant of Australia since 2016 and a lawyer of the Supreme Court of New South Wales since 2014. Ms. Chan has a Postgraduate Certificate in Laws and a Bachelor of Laws degree from the City University of Hong Kong and a Bachelor of Business Administration in Accounting and Finance degree from the University of Hong Kong.

Ms. Chan is currently the company secretary and authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange of Bamboos Health Care Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2293). She is also currently the company secretary and authorised representative under Rule 5.24 of the GEM Listing Rules of AV Promotions Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8419).

Ms. Liu Ching Man (“**Ms. Liu**”), aged 32, was appointed as the independent non-executive Director on 1 June 2021. She is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Ms. Liu graduated from the Upper Iowa University with a Bachelor of Psychology degree in 2016 and is currently pursuing a master of business administration degree at The Hong Kong Polytechnic University. She is well experienced in the investor relationship and public relationship industry. She has extensive experience in financial public relations. She participated and prepared many listing ceremonies, roadshows and fund-raisings. She is currently the business development manager of Hanvey Group Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8219), responsible for achieving the company’s development strategy and optimising business management by developing the company’s strategic goals and brand positioning.

#### **Company secretary**

Mr. Lee Man Tai (“**Mr. Lee**”), aged 45, joined the Company in June 2021 and has been acting as the chief financial officer of the Company. He has been appointed as company secretary of the Company since August 2021. He graduated from Lingnan

University, Hong Kong in 2000 with a bachelor's degree in business administration and The Hong Kong Polytechnic University in 2010 with a master's degree in business administration. He was admitted as a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants in 2012. He has been a licensed representative and responsible officer for Type 1 (advising on dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) since 2017 and 2020, respectively.

Mr. Lee has approximately 20 years of working experience in the financial industry. From October 2006 to October 2012, he acted as the chief financial officer and company secretary of China Yuanbang Property Holdings Limited (中國元邦房地產控股有限公司), a company listed on Mainboard of the Singapore Exchange Limited (stock code: CYBP.SP or BCD.SI). From October 2012 to May 2014, he acted as the chief financial officer and company secretary of China 33 Media Group Limited (中國三三傳媒集團有限公司), a company listed on GEM of the Stock Exchange (stock code: 8087). He acted as the chief financial officer and company secretary of Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company listed on GEM of the Stock Exchange (stock code: 8030), from July 2014 to April 2015 and from August 2014 to April 2015, respectively. He also acted as the financial controller and company secretary of Chanco International Group Limited (卓高國際集團有限公司) (now known as China International Development Corporation Limited (中聯發展控股集團有限公司)), a company listed on Main Board of the Stock Exchange (stock code: 264), from April 2015 to January 2016 and from April 2015 to September 2015, respectively.

Since January 2016, Mr. Lee has been an independent non-executive director of China Energy Development Holdings Limited (中國能源開發控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 228). Since November 2016, he has been an independent non-executive director of Progressive Path Group Holdings Limited (進昇集團控股有限公司), a company listed on Main Board of the Stock Exchange (stock code: 1581). Since December 2019, he has been an independent non-executive director of Rizhao Port Jurong Co., Ltd. (日照港裕廊股份有限公司), a company listed on Main Board of the Stock Exchange (stock code: 6117). Since June 2021, he has been an independent non-executive director of MEIGU Technology Holding Group Limited (美固科技控股集團有限公司), a company listed on GEM of the Stock Exchange (stock code: 8349).

### 13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. He Dingding (the chairman of the Audit Committee), Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. Particulars of the Directors and senior management” in this appendix. The primary role and function of the Audit Committee are to oversee the relationship with the external auditors, to review the Group's preliminary quarterly

results, interim results and annual results and to monitor compliance with statutory and listing requirements.

#### 14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.beavergroup.com.hk](http://www.beavergroup.com.hk)) from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 March 2019, 2020 and 2021;
- (c) the first quarterly report of the Company for the three months ended 30 June 2021;
- (d) the interim report of the Company for the six months ended 30 September 2021;
- (e) the third quarterly report of the Company for the nine months ended 31 December 2021;
- (f) the Placing Agreement;
- (g) the letter from the Board, the text of which is set out on pages 11 to 36 of this circular;
- (h) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 37 of this circular;
- (i) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 38 to 59 of this circular;
- (j) the accountant's report on the unaudited pro forma financial information of the Group issued by RSM Hong Kong, the text of which is set out in Appendix II to this circular;
- (k) the material contracts referred to in the paragraph headed "8. Material Contracts" of this appendix;
- (l) the written consent referred to in paragraph headed "9. Qualification and consent of Experts" of this appendix; and
- (m) this circular.

**15. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

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## NOTICE OF EGM

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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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Beaver Group (Holding) Company Limited (the “**Company**”) will be held by way of electronic means (via ZOOM MEETING ONLY) on Tuesday, 15 March 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon, among other things, the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on the Stock Exchange:
  - (i) every five (5) issued and unissued shares in the share capital of the Company be consolidated into one (1) share (each a “**Consolidated Share**”), and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “**Share Consolidation**”);
  - (ii) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors (each a “**Director**”) of the Company may think fit; and
  - (iii) any one Director be and is hereby authorised to approve, sign and execute such documents and do and/or procure to be done any and all acts, deeds and things which in his/her opinion may be necessary, desirable or expedient to effect and implement this resolution.”
2. “**THAT**
  - (i) subject to and conditional upon the passing of the resolution numbered 1, the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;

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## NOTICE OF EGM

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- (ii) the allotment and issue of 81,000,000 new Consolidated Shares (assuming no further issue and repurchase of shares of the Company up to the Record Date (as defined below)) (the “**Rights Shares**”) pursuant to an offer by way of rights to the shareholders of the Company (the “**Shareholders**”) at the subscription price of HK\$0.55 per Rights Share (the “**Subscription Price**”) on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Shareholders (“**Qualifying Shareholders**”) whose names appear on the register of members of the Company on 28 March 2022, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the “**Record Date**”), as described in further details in a circular issued by the Company dated 25 February 2022 (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (“**Non-Qualifying Shareholders**”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;
- (iii) the placing agreement dated 14 January 2022 (as extended by an extension letter dated 27 January 2022) (the “**Placing Agreement**”) and entered into between the Company and Gransing Securities Co., Limited (a copy of which has been produced to the Meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (iv) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Non-Qualifying Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and



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## NOTICE OF EGM

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- (v) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/she/they may in his/her/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 25 February 2022

*Registered office:*

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

*Principal place of business in Hong Kong:*

Room 1204, 12/F, Block 2  
Golden Industrial Building  
16–26 Kwai Tak Street, Kwai Chung  
New Territories, Hong Kong

*Notes:*

1. In view of the current COVID-19 situation in Hong Kong, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, at the offices of the Company's share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time for holding the Meeting (i.e. 11:00 a.m. on 13 March 2022) or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending the Meeting or any adjournment thereof, should he so wish.
3. The register of members of the Company will be closed from 9 March 2022 to 15 March 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Meeting, all transfers accompanied by the relevant share certificate(s), must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 8 March 2022.
4. A form of proxy for use at the Meeting is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.beavergroup.com.hk](http://www.beavergroup.com.hk)).
5. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the meeting will be postponed. The Company will post an announcement on the websites of the Company at [www.beavergroup.com.hk](http://www.beavergroup.com.hk) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify members of the date, time and place of the rescheduled meeting.

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## NOTICE OF EGM

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6. Shareholders who would like to view, speak and listen to the EGM through a live webcast will need to register by sending an email to the share registrar of the Company in Hong Kong, Tricor Investor Services Limited (the “**Registrar**”) at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com) or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays) no later than 11:00 a.m. on 13 March 2022 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) to enable the Company to verify the Shareholders’ status.

Authenticated Shareholders will receive an email confirmation by 14 March 2022, which contains a link to join the EGM via ZOOM MEETING. Shareholders **MUST NOT** forward the link to other persons who are not the Shareholders and who are not entitled to attend the EGM.

7. Shareholders may submit any questions they may have in advance in relation to any resolutions set out in the Notice of EGM by 11:00 a.m. on 13 March 2022 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) via email to the Registrar, Tricor Investor Services Limited at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com) or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays). The Board will address the questions during the EGM proceedings.