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BEAVER GROUP (HOLDING) COMPANY LIMITED

永勤集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8275)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

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

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

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

*This announcement, for which the directors (the “**Directors**”) of Beaver Group (Holding) Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company presents the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2021, together with the unaudited comparative figures for the corresponding periods in 2020 as follows:

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

For the three and nine months ended 31 December 2021

	Note	Three months ended 31 December		Nine months ended 31 December	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	36,850	33,101	108,981	90,575
Cost of sales		(39,239)	(31,826)	(106,601)	(81,266)
Gross (loss)/profit		(2,389)	1,275	2,380	9,309
Other income and other loss	4	105	1,035	453	3,067
Administrative expenses		(3,253)	(3,726)	(11,165)	(11,363)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		50	*	94	114
Allowance for impairment loss of financial assets, net		(499)	(1,000)	(8,139)	(4,958)
Loss from operations		(5,986)	(2,416)	(16,377)	(3,831)
Finance costs	6	(131)	(368)	(510)	(1,182)
Loss before tax		(6,117)	(2,784)	(16,887)	(5,013)
Income tax credit	7	768	2,406	819	2,225
Loss for the period attributable to owners of the Company		(5,349)	(378)	(16,068)	(2,788)
Other comprehensive loss:					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		–	*	(249)	(3)
Other comprehensive loss for the period, net of tax		–	*	(249)	(3)
Total comprehensive loss for the period attributable to owners of the Company		(5,349)	(378)	(16,317)	(2,791)
			(Restated)		(Restated)
Loss per share					
Basic and diluted (<i>HK cents</i>)	9	(2.0)	(0.5)	(7.1)	(4.1)

* Amount less than HK\$1,000

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
For the nine months ended						
31 December 2020						
At 1 April 2020 (audited)	6,000	36,581	22	251	19,762	62,616
Issuance of shares under right issue	3,000	5,100	–	–	–	8,100
Share issuing expenses	–	(588)	–	–	–	(588)
Total comprehensive loss for the period (unaudited)	–	–	–	(3)	(2,788)	(2,791)
At 31 December 2020 (unaudited)	<u>9,000</u>	<u>41,093</u>	<u>22</u>	<u>248</u>	<u>16,974</u>	<u>67,337</u>
For the nine months ended						
31 December 2021						
At 1 April 2021 (audited)	9,000	40,447	22	249	5,048	54,766
Issuance of shares under right issue	13,500	14,850	–	–	–	28,350
Transaction costs on issuance of share upon right issue	–	(946)	–	–	–	(946)
Placing new shares	4,500	3,375	–	–	–	7,875
Transaction costs on issuance of shares on placement	–	(456)	–	–	–	(456)
Release of translation reserve upon deregistration of a subsidiary	–	–	–	(249)	–	(249)
Total comprehensive loss for the period (unaudited)	–	–	–	–	(16,068)	(16,068)
At 31 December 2021 (unaudited)	<u>27,000</u>	<u>57,270</u>	<u>22</u>	<u>–</u>	<u>(11,020)</u>	<u>73,272</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 3 January 2017. The address of its registered office is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong. The Company's shares were listed on the GEM of the Stock Exchange on 16 October 2017.

The Company is an investment holding company. The Group 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2021. The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2021.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands (“**HK\$’000**”), unless otherwise indicated.

The preparation of the unaudited condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the Company's audit committee (the “**Audit Committee**”).

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the HKICPA. The adoption of these new and revised HKFRSs did not have any significant effect on the unaudited condensed consolidated financial statements.

3. REVENUE

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

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
Revenue from contracts with customers within the scope of HKFRS 15	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Construction contract income	36,850	32,316	108,981	88,458
Rental income from machinery	–	785	–	2,117
	<u>36,850</u>	<u>33,101</u>	<u>108,981</u>	<u>90,575</u>

The Group derives revenue over time from the following major service lines:

	Construction contract income		Rental income from machinery		Total	
	2021	2020	2021	2020	2021	2020
For the nine months ended 31 December	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
– Over time	108,981	88,458	–	2,117	108,981	90,575
Total	<u>108,981</u>	<u>88,458</u>	<u>–</u>	<u>2,117</u>	<u>108,981</u>	<u>90,575</u>

Timing of revenue recognition

– Over time	108,981	88,458	–	2,117	108,981	90,575
Total	<u>108,981</u>	<u>88,458</u>	<u>–</u>	<u>2,117</u>	<u>108,981</u>	<u>90,575</u>

	Construction contract income		Rental income from machinery		Total	
	2021	2020	2021	2020	2021	2020
For the three months ended 31 December	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
– Over time	36,850	32,316	–	785	36,850	33,101
Total	<u>36,850</u>	<u>32,316</u>	<u>–</u>	<u>785</u>	<u>36,850</u>	<u>33,101</u>

Timing of revenue recognition

– Over time	36,850	32,316	–	785	36,850	33,101
Total	<u>36,850</u>	<u>32,316</u>	<u>–</u>	<u>785</u>	<u>36,850</u>	<u>33,101</u>

4. OTHER INCOME, AND OTHER LOSS

	Three months ended		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain on deregistration of a subsidiary (<i>Note (i)</i>)	–	–	249	–
Government grants (<i>Note (ii)</i>)	–	1,967	–	3,952
Loss on foreign exchange differences	–	–	–	(126)
Loss on disposal of property, plant and machinery	–	(877)	–	(877)
Others	105	(55)	204	118
	<u>105</u>	<u>(55)</u>	<u>204</u>	<u>118</u>
Total	<u>105</u>	<u>1,035</u>	<u>453</u>	<u>3,067</u>

Notes:

- (i) Upon the deregistration of 濠傑建築工程一人有限公司 (“**Ho Kit Construction**”), the subsidiary in Macau which did not have any material assets and liabilities at the time of deregistration, the corresponding foreign currency translation reserve in relation to this subsidiary of approximately HK\$249,000 was released and recognised in profit or loss for the nine months ended 31 December 2021.
- (ii) For the nine months ended 31 December 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government amounted to approximately HK\$3,952,000. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5. SEGMENT INFORMATION

Operating segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the respective segments and to assess its performance.

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

Revenue from major customers

Customer base for whom transactions have exceeded 10% of the Group's revenue is as below:

	Nine months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer 1	13,776	36,798
Customer 2	38,108	15,623
Customer 3	34,829	–
	<u>131,713</u>	<u>68,444</u>

6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on:				
– bank and other borrowings	100	346	319	1,064
– lease liabilities	31	22	191	118
	<u>131</u>	<u>368</u>	<u>510</u>	<u>1,182</u>

7. INCOME TAX CREDIT

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	(189)	–	(364)
Deferred tax	768	2,595	819	2,589
	<u>768</u>	<u>2,406</u>	<u>819</u>	<u>2,225</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2020: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

For the nine months ended 31 December 2021 and 2020, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK\$2 million will continue to be taxed at 16.5%.

Other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5% based on the assessable profits less allowable losses brought forward.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2021 (for the nine months ended 31 December 2020: Nil).

9. LOSS PER SHARE

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

	Three months ended		Nine months ended	
	31 December 2021 (unaudited)	2020 (unaudited) (restated)	31 December 2021 (unaudited)	2020 (unaudited) (restated)
Loss for the period attributable to owners of the Company (<i>HK\$'000</i>)	(5,349)	(378)	(16,068)	(2,788)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (<i>'000</i>)	270,000	82,826	225,491	67,636
Loss per share				
Basic and diluted (<i>HK cents</i>)	<u>(2.0)</u>	<u>(0.5)</u>	<u>(7.1)</u>	<u>(4.1)</u>

The corresponding weighted average number of ordinary shares for the nine months ended 31 December 2020 and three months ended 31 December 2020 has been retrospectively adjusted to reflect the share consolidation.

The weighted average number of ordinary shares used as denominator in calculating the basic and diluted loss per share.

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue for the periods ended 31 December 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is capable of installing bored piles with diameters ranging from 1.5 metres to 3 metres of various pile lengths. The Group has invested considerably in reinforcing the machinery and the Group possesses all standard plant and machinery and equipment necessary for its construction of bored piles. The Group also engaged in leasing of machinery.

For the nine months ended 31 December 2021, the Group recorded net loss of approximately HK\$16.1 million as compared to net loss of approximately HK\$2.8 million for the same period in 2020. The Board considers that the increase in net loss was primarily 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 of the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government.

Outlook

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 pandemic throughout the reporting 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. Looking ahead, the Group will adhere to prudent financial management in project selection and cost control. The Group will continue to strive to improve its operational efficiency and profitability of its business. The Group will also proactively seek potential business opportunities that will broaden the sources of income and increase the return of shareholders of the Company. The Group will invest in the manpower and information system to enhance its operational capacity and efficiency in foundation and site formation works and bored piling works.

Financial Review

Revenue

The Group's revenue for the nine months ended 31 December 2021 was approximately HK\$109.0 million, representing an increase of approximately 20.3% from approximately HK\$90.6 million for the nine months ended 31 December 2020, which was primarily due to the increase of construction contract income with increasing number of projects being awarded.

Costs of Sales

The Group's cost of sales for the nine months ended 31 December 2021 was approximately HK\$106.6 million, representing an increase of approximately 31.1% from approximately HK\$81.3 million for the nine months ended 31 December 2020, which was primarily due to the cost overrun incurred in construction projects, mainly the project located in Hung Hom, resulting from delay in work progress.

Gross Profit and Gross Profit Margin

The Group's gross profit for the nine months ended 31 December 2021 was approximately HK\$2.4 million, representing a decrease of approximately 74.2% from approximately HK\$9.3 million for the nine months ended 31 December 2020. The Group's gross profit margin decreased from approximately 10.3% to 2.2% for the period of comparison. The decrease was mainly attributable to (i) no rental income from machinery being recognised, which relatively carried a higher gross profit margin; and (ii) cost overrun incurred in construction projects, mainly the project located in Hung Hom, resulting from delay in work progress.

Administrative Expenses

The Group's administrative expenses for the nine months ended 31 December 2021 were approximately HK\$11.2 million, representing a decrease of approximately 1.8% from approximately HK\$11.4 million for the nine months ended 31 December 2020. The decrease was mainly attributable to the decrease in legal and professional fee due to absence of legal and professional fee for 2021 right issue.

Loss for the Period

For the nine months ended 31 December 2021, the Group recorded a loss attributed to owners of the Company of approximately HK\$16.1 million as compared to a loss for the nine months ended 31 December 2020 of approximately HK\$2.8 million. The Board considers that 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.

Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 December 2021 (for the nine months ended 31 December 2020: Nil).

2021 Rights Issue

On 25 January 2021, the Company announced a proposed rights issue on the basis of 3 new shares (each a “**Rights Share**”) for every 2 shares in issue at a subscription price of HK\$0.21 per Rights Shares (the “**2021 Rights Issue**”) to raise HK\$28.35 million by issuing 135,000,000 Rights Shares to qualifying shareholders. The Company was of the view that it will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs in contrary to other fund-raising alternatives available to the Group.

On 3 May 2021, the Company completed the 2021 Rights Issue and issued 135,000,000 Rights Shares with par value of HK\$0.1 each at a subscription price of HK\$0.21 per Rights Shares determined with reference to, among others, the market price of the shares under the prevailing market conditions. The closing price per Share as quoted on the Stock Exchange on 25 January 2021, being the last trading day, was HK\$0.32 per share. The net proceeds from the 2021 Rights Issue (after deducting the estimated expenses) were approximately HK\$25 million, representing a net price of approximately HK\$0.19 per Rights Share, which were used as to (i) approximately HK\$8 million for the repayment of overdue accounts payable; and (ii) approximately HK\$17 million for the repayment of bank loans. Upon the completion of the 2021 Rights Issue in May 2021, the number of shares in issue became 225,000,000 of par value HK\$0.1 each thereafter. Details of the 2021 Rights Issue are set out in the Company’s announcement dated 25 January 2021, 19 February 2021, 16 March 2021, 20 April 2021, 30 April 2021, circular dated 27 February 2021 and prospectus dated 30 March 2021.

All net proceeds raised from the 2021 Rights Issue have been fully utilised in the manner consistent with the proposed allocations as set out in the prospectus dated 30 March 2021, details of which are set out in the interim report of the Company dated 9 November 2021.

2021 Placing of New Shares

On 1 September 2021 (after trading hours of the Stock Exchange), the Company entered into the placing agreement with Tiger Faith Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent conditionally agreed, as agent of the Company, to procure on a best effort basis then expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 45,000,000 Placing Shares at the placing price of HK\$0.175 per new share to be placed (the “**Placing Share**”) (the “**2021 Placing of New Shares**”). The Company was of the view that the 2021 Placing of New Shares represented an opportunity to strengthen the Group’s financial position, reduce the high gearing ratio of the Group and enlarge the shareholder base of the Company which may in turn enhance the liquidity of its shares, and provide working capital to the Group to meet any financial obligations of the Group.

On 21 September 2021, the 2021 Placing of New Shares was completed and a total of 45,000,000 Placing Shares were placed by the Placing Agent to not less than six places at the placing price of HK\$0.175 per Placing Share, representing (i) 20% of the issued share capital of the Company immediately before completion of the 2021 Placing of New Shares; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the 2021 Placing of New Shares, determined with reference to the prevailing market price. The closing price per share of the Company as quoted on the Stock Exchange on 1 September 2021, being the date of the placing agreement, was HK\$0.215 per share. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the places is independent of and not connected with the Company, its connected persons and their respective associates, who and whose ultimate beneficial owner(s) (where applicable) are all independent third parties. The net proceeds from the 2021 Placing of New Shares (after deducting the estimated expenses) were approximately HK\$7.3 million, representing a net issue price of approximately HK\$0.162 per Placing Share, which were used as to (i) approximately HK\$4.3 million for the repayment of accounts payable which were overdue for more than 180 days; and (ii) approximately HK\$3 million for general working capital of the Group. Details of the 2021 Placing of New Shares are set out in the Company's announcements dated 1 September 2021 and 21 September 2021.

As at 31 December 2021, the actual use of the net proceeds of the 2021 Placing of New Shares was as follows:

	Planned use of net proceeds as stated in the announcement dated 1 September 2021 (HK\$ million)	Actual use of proceeds up to 31 December 2021 (HK\$ million)	Unutilised net proceeds up to 31 December 2021 (HK\$ million)
Repayment of accounts payable which are overdue for more than 180 days	4.3	–	4.3
General working capital	3.0	3.0	–
Total	<u>7.3</u>	<u>3.0</u>	<u>4.3</u>

As at 31 December 2021, 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 payables.

Share Consolidation

On 14 January 2022, the Company announced a proposed share consolidation on the basis that every 5 existing shares in the issued and unissued share capital of the Company be consolidated into 1 consolidated share (the “**Share Consolidation**”). The share consolidation is conditional upon, among other things, the approval by the shareholders by way of poll at the extraordinary general meeting of the Company to be held on 15 March 2022. Details of the Share Consolidation are set out in the Company’s announcements dated 14 January 2022 and 27 January 2022. It is expected that a circular in relation to the Share Consolidation will be despatched by the Company on or before 25 February 2022.

2022 Rights Issue

On 14 January 2022, the Company announced a proposed rights issue on the basis of 3 Rights Shares for every 2 consolidated shares in issue at a subscription price of HK\$0.55 per Rights Share (the “**2022 Rights Issue**”) to raise approximately HK\$44.6 million by issuing 81,000,000 Rights Shares to the qualifying shareholders. The Company was of the view that it will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs in contrary to other fund-raising alternatives available to the Group. Details of the 2022 Rights Issue are set out in the Company’s announcements dated 14 January 2022 and 27 January 2022. It is expected that a circular in relation to the 2022 Rights Issue will be despatched by the Company on or before 25 February 2022.

OTHER INFORMATION

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

As at 31 December 2021, none of the Directors and chief executives of the Company has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial and Other Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as known to the Directors or chief executives of the Company, as at 31 December 2021, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in ordinary shares and underlying shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
Success Run International Limited ("Success Run") (Note 1)	Beneficial owner	70,300,000	26.03%
Ms. Wong Fei Heung Terbe ("Ms. Wong")	Beneficial owner	70,300,000	26.03%
China New Economy Fund Limited (Note 2)	Beneficial owner	26,617,500	9.86%

Notes:

- (1) Ms. Wong legally and beneficially owns the entire issued share capital of Success Run. Therefore, Ms. Wong is deemed, or taken to be interested in all the Shares held by Success Run for the purpose of the Securities and Futures Ordinance (the "SFO"). Ms. Wong is the sole director of Success Run.
- (2) China New Economy Fund Limited is a company incorporated in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 80).

Save as disclosed above, as at 31 December 2021, there was no persons or corporations, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings or the Company or any other members of the Group.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2021.

Competition and Conflict of Interest

None of the Directors, the controlling shareholders (if any) or substantial shareholders of the Company or any of its respective closed associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interest with the Group during the nine months ended 31 December 2021.

Non-Competition Undertakings

During the nine months ended 31 December 2021, the Company had not received any information in writing from any of the controlling shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the controlling shareholders or their associates (other than any member of the Group).

Directors' Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "**Required Standard of Dealing**"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and the code of conduct for securities transactions by the Directors during the nine months ended 31 December 2021.

Share Option Scheme

The Company operates a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Share Option Scheme became effective on 22 September 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

For the nine months ended 31 December 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Corporate Governance Practice

The Board considers good corporate governance is a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. To the best knowledge of the Board, the Company has complied with all applicable code provisions set out in the CG Code during the nine months ended 31 December 2021 and up to date of this announcement.

Audit Committee

The chairman of the Audit Committee is Mr. He Dingding, and other members include Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man, all being the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's unaudited condensed consolidated financial statements for the nine months ended 31 December 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2021 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 8 February 2022

As at the date of this announcement, the Board comprises Mr. Tang Kwai Leung Stanley and Mr. Chui Koon Yau as executive Directors; and Mr. He Dingding, Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man as independent non-executive Directors.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at www.beavergroup.com.hk.