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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 2020

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 2020, together with the unaudited comparative figures for the corresponding periods in 2019 as follows:

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

For the three and nine months ended 31 December 2020

	Note	Three months ended 31 December		Nine months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	33,101	26,548	90,575	74,698
Cost of sales		(31,826)	(25,809)	(81,266)	(65,769)
Gross profit		1,275	739	9,309	8,929
Other income and other loss	4	1,035	817	3,067	845
Administrative expenses		(3,726)	(3,842)	(11,363)	(10,479)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		*	37	114	(1,630)
Allowance for impairment loss of financial assets, net		(1,000)	(1,142)	(4,958)	(1,966)
Loss from operations		(2,416)	(3,391)	(3,831)	(4,301)
Finance costs	6	(368)	(600)	(1,182)	(1,755)
Loss before tax		(2,784)	(3,991)	(5,013)	(6,056)
Income tax credit/(expense)	7	2,406	(22)	2,225	(201)
Loss for the period attributable to owners of the Company		(378)	(4,013)	(2,788)	(6,257)
Other comprehensive loss: <i>Items that may be reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		*	(3)	(3)	(3)
Other comprehensive loss for the period, net of tax		*	(3)	(3)	(3)
Total comprehensive loss for the period attributable to owners of the Company		(378)	(4,016)	(2,791)	(6,260)
Loss per share					
Basic and diluted (HK cents)	9	(0.05)	(0.67)	(0.41)	(1.04)

* Amount less than HK\$1,000

Unaudited Condensed Consolidated Statement of Changes in Equity
For the nine months ended 31 December 2020

	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 2019						
At 1 April 2019 (audited)	6,000	36,581	22	254	32,366	75,223
Total comprehensive loss for the period (unaudited)	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3)</u>	<u>(6,257)</u>	<u>(6,260)</u>
At 31 December 2019 (unaudited)	<u><u>6,000</u></u>	<u><u>36,581</u></u>	<u><u>22</u></u>	<u><u>251</u></u>	<u><u>26,109</u></u>	<u><u>68,963</u></u>
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)	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3)</u>	<u>(2,788)</u>	<u>(2,791)</u>
At 31 December 2020 (unaudited)	<u><u>9,000</u></u>	<u><u>41,093</u></u>	<u><u>22</u></u>	<u><u>248</u></u>	<u><u>16,974</u></u>	<u><u>67,337</u></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 2020 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 2020. 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 2020.

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 2020. 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:

Revenue from contracts with customers within the scope of HKFRS 15	Three months ended 31 December		Nine months ended 31 December	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Construction contract income	32,316	26,448	88,458	64,137
Rental income from machinery	785	100	2,117	10,561
	33,101	26,548	90,575	74,698

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

For the nine months ended 31 December	Construction contract income		Rental income from machinery		Total	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Primary geographical markets						
— Hong Kong	88,458	62,030	2,117	10,561	90,575	72,591
— Macau	—	2,107	—	—	—	2,107
Segment revenue	88,458	64,137	2,117	10,561	90,575	74,698
Timing of revenue recognition						
— Over time	88,458	64,137	2,117	10,561	90,575	74,698
Total	88,458	64,137	2,117	10,561	90,575	74,698

For the three months ended 31 December	Construction contract income		Rental income from machinery		Total	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Primary geographical markets						
— Hong Kong	32,316	24,341	785	100	33,101	24,441
— Macau	—	2,107	—	—	—	2,107
Segment revenue	32,316	26,448	785	100	33,101	26,548
Timing of revenue recognition						
— Over time	32,316	26,448	785	100	33,101	26,548
Total	32,316	26,448	785	100	33,101	26,548

4. OTHER INCOME AND OTHER LOSS

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Government grants (<i>Note</i>)	1,967	—	3,952	—
Loss on foreign exchange differences	—	—	(126)	—
Loss on disposal of property, plant and machinery	(877)	—	(877)	—
Others	(55)	817	118	845
Total	1,035	817	3,067	845

Note: 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 and Macau, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the 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".

Geographical information

The Group's revenue from external customers by location of operations is detailed below:

	Nine months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	88,458	72,591
Macau	2,117	2,107
	<u>90,575</u>	<u>74,698</u>

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	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer 1	36,798	N/A ¹
Customer 2	15,623	N/A ¹
Customer 3	–	14,479
Customer 4	–	11,669
Customer 5	N/A ¹	10,833
Customer 6	–	7,154
	<u>–</u>	<u>7,154</u>

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

6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on:				
— bank and other borrowings	346	564	1,064	1,656
— finance leases	—	24	—	77
— lease liabilities	22	12	118	22
	<u>368</u>	<u>600</u>	<u>1,182</u>	<u>1,755</u>

7. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax —				
Hong Kong Profits Tax				
— Provision for the period	189	—	364	—
— Over-provision in prior periods	—	(32)	—	—
Deferred tax	(2,595)	54	(2,589)	201
	<u>(2,406)</u>	<u>22</u>	<u>(2,225)</u>	<u>201</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2019: 16.5%) based on the assessable profit for the year less allowable losses brought forward.

For the nine months ended 31 December 2020 and 2019, 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 2020 (for the nine months ended 31 December 2019: 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 2020 (unaudited)	2019 (unaudited)	31 December 2020 (unaudited)	2019 (unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	(378)	(4,013)	(2,788)	(6,257)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share ('000)	828,261	600,000	676,364	600,000
Loss per share				
Basic and diluted (HK cents)	<u>(0.05)</u>	<u>(0.67)</u>	<u>(0.41)</u>	<u>(1.04)</u>

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

The weighted average number of ordinary shares during the period ended 31 December 2020 have been adjusted for the issue of new shares under rights issue which took place on 23 October 2020.

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 2020 and 2019.

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 2020, the Group recorded net loss of approximately HK\$2.8 million as compared to net loss of approximately HK\$6.3 million for the same period in 2019. The Board considers that the net loss was mainly attributable to the increase in administrative expenses and allowance for impairment loss of financial assets.

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 since early 2020 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 obtain additional qualifications and strengthen its financial resources to position itself to tender for suitable projects as a foundation contractor, and 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 2020 was approximately HK\$90.6 million, representing an increase of approximately 21.3% from approximately HK\$74.7 million for the nine months ended 31 December 2019, 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 2020 was approximately HK\$81.3 million, representing an increase of approximately 23.6% from approximately HK\$65.8 million for the nine months ended 31 December 2019, which was primarily due to the increases of the construction material and subcontractor charge due to an increasing numbers of projects being awarded.

Gross Profit and Gross Profit Margin

The Group's gross profit for the nine months ended 31 December 2020 was approximately HK\$9.3 million, representing an increase of approximately 4.3% from approximately HK\$8.9 million for the nine months ended 31 December 2019. The Group's gross profit margin decreased from approximately 12.0% to 10.3% for the period of comparison. The decrease was mainly attributable to lesser rental income from machinery being recognised, which carried a comparatively higher gross profit margin.

Administrative Expenses

The Group's administrative expenses for the nine months ended 31 December 2020 were approximately HK\$11.4 million, representing an increase of approximately 8.4% from approximately HK\$10.5 million for the nine months ended 31 December 2019. The increase was mainly attributable to the increase of consultancy fee and legal and professional fee.

Loss for the Period

For the nine months ended 31 December 2020, the Group recorded a loss attributed to owners of the Company of approximately HK\$2.8 million as compared to a loss for the nine months ended 31 December 2019 of approximately HK\$6.3 million. The Board considers that the net loss was mainly attributable to the increase in the administrative expenses and allowance for impairment loss of financial assets.

Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 December 2020 (for the nine months ended 31 December 2019: Nil).

OTHER INFORMATION

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

As at 31 December 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of shares held/ interested	Approximate percentage of shareholding
Mr. Tang Kwai Leung Stanley ^(Note 1)	Interest of a controlled corporation	187,000,000	20.78%
Mr. Chui Koon Yau ^(Note 2)	Interest of a controlled corporation	183,000,000	20.33%

Notes:

1. Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”) legally and beneficially owns the entire issued share capital of C3J Development Limited (“**C3J Development**”). Therefore, Mr. Tang is deemed, or taken to be, interested in all the shares held by C3J Development for the purpose of the SFO. Mr. Tang is the sole director of C3J Development.
2. Mr. Chui Koon Yau (“**Mr. Chui**”) legally and beneficially owns the entire issued share capital of Hunter Corporate Limited (“**Hunter Corporate**”). Therefore, Mr. Chui is deemed, or taken to be, interested in all the shares held by Hunter Corporate for the purpose of the SFO. Mr. Chui is the sole director of Hunter Corporate.

Save as disclosed above, as at 31 December 2020, 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 2020, 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
C3J Development	Beneficial owner	187,000,000	20.78%
Ms. Lam Ka Yi ^(Note 1)	Interest of spouse	187,000,000	20.78%
Hunter Corporate	Beneficial owner	183,000,000	20.33%
Ms. Wong Kit Chun ^(Note 2)	Interest of spouse	183,000,000	20.33%
China New Economy Fund Limited	Beneficial owner	85,050,000	9.45%

Notes:

1. Ms. Lam Ka Yi is the spouse of Mr. Tang. Mr. Tang legally and beneficially owns the entire issued share capital of C3J Development. Therefore, Ms. Lam Ka Yi is deemed, or taken to be, interested in all the shares held by C3J Development for the purpose of the SFO.
2. Ms. Wong Kit Chun is the spouse of Mr. Chui. Mr. Chui legally and beneficially owns the entire issued share capital of Hunter Corporate. Therefore, Ms. Wong Kit Chun is deemed, or taken to be, interested in all the shares held by Hunter Corporate for the purpose of the SFO.

Save as disclosed above, as at 31 December 2020, 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 2020.

Competition and Conflict of Interest

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective closed associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interest with the Group during the nine months ended 31 December 2020.

Non-Competition Undertakings

In order to avoid any possible future competition between the Group and the controlling shareholders, Mr. Tang, Mr. Chui, C3J Development and Hunter Corporate (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition (the "**Deed of Non-competition**") with the Company (for itself and for the benefit of each other member of the Group) on 22 September 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remain effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

During the nine months ended 31 December 2020, 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 2020.

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 2020, 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 2020 and up to date of this announcement.

Audit Committee

The chairman of the Audit Committee is Mr. Leung Wai Hung, the independent non-executive Director, and other members include Mr. Cheung Chung Chuen George and Mr. Law Ching Ning Paschal, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange's website and on the Company's website.

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

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

The Group's unaudited condensed consolidated financial statements for the nine months ended 31 December 2020 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 2020 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 2021

As at the date of this announcement, the Board comprises Mr. Tang Kwai Leung Stanley and Mr. Chui Koon Yau as executive Directors; and Mr. Cheung Chung Chuen George, Mr. Law Ching Ning Paschal and Mr. Leung Wai Hung as independent non-executive Directors.

This announcement 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.