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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 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.*

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company presents the unaudited condensed consolidated results of the Group for the three months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2021

	<i>Note</i>	Three months ended 30 June	
		2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Revenue	3	27,143	32,701
Cost of sales		(23,816)	(30,022)
Gross profit		3,327	2,679
Other income	5	249	773
Administrative expenses		(3,209)	(2,650)
Profit from operations		367	802
Finance costs	6	(251)	(404)
Profit before tax		116	398
Income tax credit/(expense)	7	110	(64)
Profit for the period attributable to owners of the Company		226	334
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		–	(3)
Release of translation reserve upon deregistration of a subsidiary		(249)	–
Other comprehensive income for the period, net of tax		(249)	(3)
Total comprehensive income for the period attributable to owners of the Company		(23)	331
			<i>(Restated)</i>
Earnings per share			
Basic and diluted (HK cents)	9	0.13	0.56

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
		(Note 10b(i))	(Note 10b(ii))	(Note 10b(iii))		
For the three months ended						
30 June 2020						
As at 1 April 2020 (audited)	6,000	36,581	22	251	19,762	62,616
Total comprehensive income for the period (unaudited)	—	—	—	(3)	334	331
As at 30 June 2020 (unaudited)	6,000	36,581	22	248	20,096	62,947
For the three months ended						
30 June 2021						
As at 1 April 2021 (audited)	9,000	40,447	22	249	5,048	54,766
Issuance of shares upon rights issue	13,500	14,850	—	—	—	28,350
Transaction costs on issuance of shares upon rights issue	—	(567)	—	—	—	(567)
Total comprehensive income for the period (unaudited)	—	—	—	(249)	226	(23)
As at 30 June 2021 (unaudited)	22,500	54,730	22	—	5,274	82,526

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 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 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.

In the opinion of the Directors, as at 30 June 2021, Hunter Corporate Limited (“**Hunter Corporate**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, and C3J Development Limited (“**C3J Development**”), a company incorporated in the BVI with limited liability, are the ultimate holding companies, and Mr. Chui Koon Yau (“**Mr. Chui**”) and Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”) are the ultimate controlling parties of the Company (collectively known as the “**Controlling Shareholders**”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2021 have been prepared in accordance with all Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), 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 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

An analysis of the Group’s revenue is as follows:

	Three months ended 30 June	
	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Construction contract income	27,143	32,182
Rental income from machinery	–	519
	<u>27,143</u>	<u>32,701</u>

4. 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 their 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 profit before tax of the Group as a whole. Therefore, management considers that 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:

	Three months ended 30 June	
	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Customer 1	8,862	18,556
Customer 2	6,544	–
Customer 3	4,544	3,819
Customer 4	4,150	–
Customer 5	–	4,425
Customer 6	–	3,786
	<u>27,143</u>	<u>32,701</u>

5. OTHER INCOME

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gain on deregistration of a subsidiary (<i>Note i</i>)	249	–
Government grants (<i>Note ii</i>)	–	764
Others	–	9
	<u>249</u>	<u>773</u>

Note:

- (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 HK\$249,000 was released and recognised in profit or loss for the three months ended 30 June 2021.
- (ii) For the three months ended 30 June 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\$715,000. 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.
- * The English name of the subsidiary is used for identification purpose only. The official name of this entity is in Chinese.

6. FINANCE COSTS

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
– bank and other borrowings	137	392
– lease liabilities	114	12
	<u>251</u>	<u>404</u>

7. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
– Provision for the period	–	–
Deferred tax	(110)	64
	<u>(110)</u>	<u>64</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.

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

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. DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2021 (for the three months ended 30 June 2020: HK\$Nil).

9. EARNINGS PER SHARE

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

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
Profit for the period attributable to owners of the Company (HK\$'000)	226	334
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share ('000)	176,044	60,000
Earnings per share		
Basic and diluted (HK cents)	<u>0.13</u>	<u>0.56</u>

The corresponding weighted average number of ordinary shares for the three months ended 30 June 2020 has been retrospectively adjusted to reflect the share consolidation.

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue for the periods ended 30 June 2021 and 2020.

10. RESERVES

(a) Reserves of the Group

The amounts of the Group's reserves and the movements therein are presented in the unaudited condensed consolidated statements of changes in equity.

(b) Nature and purpose of reserves

(i) *Share premium*

Under the Companies Law in the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Merger reserve*

The merger reserve represented the aggregate of paid-in capital of Triangular Force Construction Engineering Limited, TMP Machinery Engineering Limited and Longson Enterprise Development Company Limited, which are the subsidiaries of the Company, of 10,000, 10,000 and 2,000 ordinary shares of HK\$1 each respectively.

(iii) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

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 its 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 three months ended 30 June 2021, the Group recorded net profit of approximately HK\$0.2 million as compared to net profit of approximately HK\$0.3 million for the same period in 2020. Decrease in net profit earned by the Group during the three months ended 30 June 2021 as compared with profit for the same period in 2020 was primarily due to the combine effect of (i) increase in administrative expenses; (ii) decrease in other income; and (iii) increase in gross profit.

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 throughout the year 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 continue to strive to improve its operational efficiency and the 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. 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 three months ended 30 June 2021 was approximately HK\$27.1 million, representing a decrease of approximately 17.1% from approximately HK\$32.7 million for the three months ended 30 June 2020, which was primarily due to the delay in progress of certain projects and decrease in rental income.

Cost of Sales

The Group's cost of sales for the three months ended 30 June 2021 was approximately HK\$23.8 million, representing a decrease of approximately 20.6% from approximately HK\$30.0 million for the three months ended 30 June 2020, which was primarily due to the decrease of the construction material and subcontractor charge due to a decreasing numbers of project in progress.

Gross Profit and Gross Profit Margin

The Group's gross profit for the three months ended 30 June 2021 was approximately HK\$3.3 million, representing an increase of approximately 22.2% from approximately HK\$2.7 million for the three months ended 30 June 2020. The Group's gross profit margin increased from approximately 8.2% to 12.3% for the period of comparison. Such increase was primarily due to increase in gross profit margin of certain projects undertaken during the period.

Administrative Expenses

The Group's administrative expenses for the three months ended 30 June 2021 were approximately HK\$3.2 million, representing an increase of approximately 18.5% from approximately HK\$2.7 million for the three months ended 30 June 2020. The increase was mainly attributable to the increase in motor vehicle expenses, consultancy fee and staff costs.

Profit for the Period

For the three months ended 30 June 2021, the Group recorded profit attributed to owners of the Company of approximately HK\$0.2 million as compared to profit attributed to owners for the three months ended 30 June 2020 of approximately HK\$0.3 million. The effect was mainly attributable to (i) increase in administrative expenses; (ii) decrease in other income; and (iii) increase in gross profit.

Dividend

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2021 (for the three months ended 30 June 2020: HK\$Nil).

2021 Rights Issue

On 25 January 2021, the Company announced a proposed rights issue (the “**2021 Rights Issue**”) on the basis of 3 rights shares (each, a “**Rights Share**”) for every 2 existing shares in issue at a subscription price of HK\$0.21 per Rights Share to raise HK\$28.35 million by issuing 135,000,000 Rights Shares to the qualifying shareholders. The maximum net proceeds from the 2021 Rights Issue (after deducting the estimated expenses) were approximately HK\$25 million, which was used for (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 2021 Rights Issue was approved by shareholders’ resolution passed at an extraordinary general meeting on 16 March 2021 and completion of the 2021 Rights Issue on 3 May 2021, the number of shares in issue of the Company was increased by 135,000,000. As at the date of this announcement, there are a total of 225,000,000 issued shares of the Company of par value of HK\$0.1 each. 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.

OTHER INFORMATION

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

As at 30 June 2021, 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) (the “**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 interests or short positions which they 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 positions in ordinary shares and underlying shares of the Company

Name	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of shareholding
Mr. Tang (<i>Note 1</i>)	Interest of a controlled corporation	35,350,000	15.71%
Mr. Chui (<i>Note 2</i>)	Interest of a controlled corporation	34,950,000	15.53%

Notes:

1. Mr. Tang legally and beneficially owns the entire issued share capital of 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 legally and beneficially owns the entire issued share capital of 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 30 June 2021, none of the Directors and chief executives of the Company had 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 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 interests or short positions which they 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.

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 30 June 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 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 member 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	35,350,000	15.71%
Ms. Lam Ka Yi (<i>Note 1</i>)	Interest of spouse	35,350,000	15.71%
Hunter Corporate	Beneficial owner	34,950,000	15.53%
Ms. Wong Kit Chun (<i>Note 2</i>)	Interest of spouse	34,950,000	15.53%
China New Economy Fund Limited (<i>Note 3</i>)	Beneficial owner	19,477,500	8.66%

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 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.
3. 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 30 June 2021, there was no person or corporation, 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 Division 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 of the Company or any other member 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 three months ended 30 June 2021.

Competition and Conflict of Interest

None of the Directors, the controlling shareholders or substantial shareholders of the Company or their respective close 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 three months ended 30 June 2021.

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 three months ended 30 June 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 three months ended 30 June 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 three months ended 30 June 2021 and up to date of this announcement.

Audit Committee

The Audit Committee was established on 22 September 2017. The chairman of the Audit Committee is Mr. He Dingding, an independent non-executive Director, and other members include Ms. Chan Wan Ling Sammi and Ms. Liu Ching Man, both an independent non-executive Director. 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 three months ended 30 June 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 three months ended 30 June 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, 5 August 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. 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.