
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beaver Group (Holding) Company Limited**, you should at once hand this Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “14. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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)

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

The Rights Issue is on a non-underwritten basis. Pursuant to the Company’s constitutional documents, the applicable laws in Hong Kong and the Cayman Islands and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Monday, 26 April 2021). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Capitalised terms used in this cover page have the same meanings as defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 1 April 2021 to Tuesday, 13 April 2021 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 1 April 2021 to Tuesday, 13 April 2021 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares and for application is 4:00 p.m. on Friday, 16 April 2021. The procedure for acceptance and payment or transfer is set out on pages 15 to 16 of this Prospectus.

30 March 2021

CHARACTERISTICS OF GEM

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.

CONTENTS

	<i>Page</i>
CHARACTERISTICS OF GEM	i
EXPECTED TIMETABLE	1
DEFINITIONS	3
LETTER FROM THE BOARD	9
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1

EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Rights Issue which is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Expected Timetable

2021

First day of dealing in nil-paid Rights Shares Thursday, 1 April

Latest time for splitting of the PAL 4:30 p.m. on Thursday,
8 April

Last day of dealing in nil-paid Rights Shares Tuesday, 13 April

Latest Time for Acceptance of and payment for

the Rights Shares 4:00 p.m. on Friday,
16 April

Announcement of the number of Unsubscribed
Rights Shares and NQS Unsold Rights Shares
subject to the Compensatory Arrangements Tuesday, 20 April

Commencement of placing of Unsubscribed
Rights Shares and NQS Unsold Rights Shares
by the Placing Agent Wednesday, 21 April

Latest time of placing of Unsubscribed
Rights Shares and NQS Unsold Rights Shares
by the Placing Agent 4:00 p.m. on Friday,
23 April

Latest Time for Termination 4:00 p.m. on Monday,
26 April

Announcement of results of the Rights Issue
(including results of the placing of Unsubscribed
Rights Shares and NQS Unsold Rights Shares and
the amount of the Net Gain per Unsubscribed
Rights Share and NQS Unsold Rights Share
under the Compensatory Arrangements) Friday, 30 April

Despatch of share certificates for fully-paid Rights Shares
and refund cheques Monday, 3 May

EXPECTED TIMETABLE

Expected Timetable

2021

Expected first day of dealings in fully-paid

Rights Shares 9:00 a.m. on Tuesday,
4 May

Payment of Net Gain to relevant No Action

Shareholders (if any)..... Tuesday, 11 May

All time and dates in this Prospectus are references to Hong Kong local time and dates. Dates or deadlines stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any further changes to the expected timetable for the Rights Issue will be announced by the Company as and when appropriate.

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

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

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 16 April 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 16 April 2021. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Friday, 16 April 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

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

“2020 Rights Issue”	the rights issue previously conducted by the Company as announced on 10 August 2020 and completed in October 2020
“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 25 January 2021 in relation to, among other things, the Rights Issue and the Placing
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted or “extreme conditions” caused by super typhoons in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“C3J Development”	C3J Development Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Tang and the legal and beneficial owner of 18,700,000 Shares as at the Latest Practicable Date
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 27 February 2021 in relation to, among others, the Rights Issue
“Company”	Beaver Group (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM

DEFINITIONS

“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person”	has the same meaning ascribed thereto under the GEM Listing Rules
“controlling shareholders”	has the same meaning ascribed thereto under the GEM Listing Rules
“COVID-19”	novel coronavirus pandemic (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hunter Corporate”	Hunter Corporate Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Chui and the legal and beneficial owner of 18,300,000 Shares as at the Latest Practicable Date
“Independent Third Party(ies)”	a person(s) or company(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates

DEFINITIONS

“Last Trading Day”	25 January 2021, being the last full trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	23 March 2021, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 16 April 2021 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Mr. Chui”	Mr. Chui Koon Yau, an executive Director
“Mr. Tang”	Mr. Tang Kwai Leung Stanley, the chairman of the Board and an executive Director
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders (if any)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place

DEFINITIONS

“NQS Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong, if any
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 25 January 2021 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Period”	the period commencing from the third Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the fifth Business day after the Latest Time for Acceptance
“Prospectus”	this prospectus dated 30 March 2021 and issued by the Company in relation to the Rights Issue
“Prospectus Documents”	this Prospectus and the PAL

DEFINITIONS

“Prospectus Posting Date”	Tuesday, 30 March 2021 for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Monday, 29 March 2021 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue
“Registrar”	the share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	new Shares to be allotted and issued under the proposed Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares in issue on the Record Date, being 135,000,000 Shares based on the Company’s issued share capital as at the Latest Practicable Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Consolidation”	consolidation of the issued and unissued shares on the basis of ten (10) shares of HK\$0.01 each of the Company into one (1) consolidated Share of HK0.1 each, which was effective on 18 March 2021
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.21 per Rights Share

DEFINITIONS

“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

BEAVER GROUP (HOLDING) COMPANY LIMITED

永勤集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8275)

Executive Directors:

Mr. Tang Kwai Leung Stanley (*Chairman*)

Mr. Chui Koon Yau

Independent non-executive Directors:

Mr. Cheung Chung Chuen George

Mr. Law Ching Ning Paschal

Registered Office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

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

Room 1204, 12/F

Block 2, Golden Industrial Building

16–26 Kwai Tak Street

Kwai Chung, New Territories

Hong Kong

30 March 2021

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Rights Issue. On 25 January 2021 (after trading hours), the Board proposed to implement the Rights Issue on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date at the 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 Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any).

The purpose of this Prospectus is to provide you, among other things, details of the Rights Issue, financial information and other general information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.21 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	90,000,000 Shares
Number of Rights Shares	:	135,000,000 Rights Shares
Aggregate nominal value of the Rights Share	:	HK\$13,500,000
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	225,000,000 Shares

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

135,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 150% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 60% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Non-underwritten basis

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

There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a

LETTER FROM THE BOARD

general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

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

Despite the Rights Issue is conducted on a non-underwritten basis, any Rights Shares not subscribed by the Qualifying Shareholders (i.e. the Unsubscribed Rights Shares), including the NQS Unsold Rights Shares (if any) will be placed by the Placing Agent on the market to independent placees at a best effort basis. The Company considers that such placing arrangement at a placing price of not less than the Subscription Price is attractive to encourage independent placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any). Based on the above, the Company is optimistic that the Qualifying Shareholders and the independent placees (if any) will subscribe for the Rights Shares and raise the necessary proceeds for the Company.

Subscription Price

The Subscription Price is HK\$0.21 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 12.5% to the closing price of HK\$0.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 34.38% to the theoretical closing price of HK\$0.32 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.032 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 31.82% to the theoretical average closing price of approximately HK\$0.31 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.031 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iv) a discount of approximately 17.32% to the theoretical ex-rights price of approximately HK\$0.25 per Share (after taking into account the effect of the Share Consolidation), based on the theoretical ex-rights price of approximately HK\$0.025 per Share and closing price of HK\$0.032 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.63%, represented by the theoretical diluted price of approximately HK\$0.25 per Share to the theoretical benchmarked price of HK\$0.32 per Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.032 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.031 per Share);
- (vi) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the 2020 Rights Issue represented by a discount of approximately 24.48%, represented by the cumulative theoretical diluted price of approximately HK\$0.29 per Share to the theoretical benchmarked price of HK\$0.38 per Share in respect of the 2020 Rights Issue (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the benchmarked price of the 2020 Rights Issue, being HK\$0.038 per Share); and
- (vii) a discount of approximately 69.82% to the adjusted consolidated net asset value per Share of approximately HK\$0.70 (based on the consolidated net asset value of the Company as at 31 March 2020 of approximately HK\$62,616,000 and the number of issued Shares after the Share Consolidation of 90,000,000).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.19.

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

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

LETTER FROM THE BOARD

Issue and to maintain their respective shareholding interests in the Company and is therefore fair and reasonable.

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

Qualifying Shareholders

The Company has sent the Prospectus Documents to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

As at the Latest Practicable Date, (i) C3J Development (the controlling Shareholder of the Company and being a company which is beneficially wholly owned by Mr. Tang) is beneficially interested in an aggregate of 18,700,000 Shares, representing approximately 20.78% of the issued share capital of the Company; and (ii) Hunter Corporate (the controlling Shareholder of the Company and being a company which is beneficially wholly owned by Mr. Chui) is beneficially interested in an aggregate of 18,300,000 Shares, representing 20.33% of the issued share capital of the Company.

As at the Latest Practicable Date, the Board has not received any information from any Shareholders (including C3J Development and Hunter Corporate) of their intention to take up the Rights Shares to be provisionally allotted to them.

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

Rights of Overseas Shareholders

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

LETTER FROM THE BOARD

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s).

The Prospectus (without the PAL) and a letter to the Non-Qualifying Shareholders (if any) explaining the circumstances in which they are not permitted to participate in the Rights Issue has been despatched to the Non-Qualifying Shareholders (if any) for their information only.

Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder.

Basis of provisional allotment

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

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

Fractional entitlements to the Rights Shares

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

Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Gransing Securities Co., Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. Gransing Securities Co., Limited confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Ms. Annie Wong at (852)

LETTER FROM THE BOARD

3162 6883 of Gransing Securities Co., Limited or by facsimile at (852) 3162 6802. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Application for the Rights Shares

The PALs relating to the Rights Shares are enclosed with this Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Friday, 16 April 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**TRICOR TRUST (HONG KONG) LIMITED – A/C NO. 19**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 16 April 2021, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 8 April 2021 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment

LETTER FROM THE BOARD

following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 3 May 2021.

No receipt will be issued in respect of any application monies received.

Status of the Rights Shares

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 3 May 2021. If the Rights Issue does not become unconditional or does not proceed, refund cheques in respect of the monies received for the relevant provisional allotments are expected to be posted on or before Monday, 3 May 2021 by ordinary post to the applicants at their own risk, to their registered addresses.

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

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 25 January 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of

LETTER FROM THE BOARD

the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 23 April 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

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

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

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

Details of the Placing Agreement are summarised as follows:

Date: 25 January 2021

Issuer: The Company

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

LETTER FROM THE BOARD

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

Placing Period:

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

Commission and expenses:

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

Placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares:

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

Placees:

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

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

Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares:

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

LETTER FROM THE BOARD

Conditions of the Placing Agreement:

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

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

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

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

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

LETTER FROM THE BOARD

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

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

Application for listing of the Rights Shares

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

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

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

LETTER FROM THE BOARD

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

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

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares in both their nil-paid and fully-paid forms.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing of the necessary resolutions at the EGM to approve the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue, the Placing and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the GEM Listing Rules or other applicable laws and regulations if necessary);
- (b) the Share Consolidation having become effective;
- (c) the Increase in Authorised Share Capital having become effective;

LETTER FROM THE BOARD

- (d) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) not later than the Prospectus Posting Date;
- (e) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (f) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings; and
- (g) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

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

LETTER FROM THE BOARD

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and the effect on the shareholding structure of the Company upon completion of the Rights Issue (assuming there is no change in number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue):

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders (other than C3J Development and Hunter Corporate) under the Rights Issue and all Unsubscribed Rights Shares and NQS Unsold Rights Shares are placed by the Placing Agent		(iv) Immediately upon completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders under the Rights Issue and all Unsubscribed Rights Shares and NQS Unsold Rights Shares are placed by the Placing Agent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
C3J Development ^(Note 1)	18,700,000	20.78	46,750,000	20.78	18,700,000	8.31	18,700,000	8.31
Hunter Corporate ^(Note 2)	18,300,000	20.33	45,750,000	20.33	18,300,000	8.13	18,300,000	8.13
Public Shareholders	53,000,000	58.89	132,500,000	58.89	132,500,000	58.89	53,000,000	23.56
Independent placees	–	–	–	–	55,500,000	24.67	135,000,000	60
Total	90,000,000	100.00	225,000,000	100.00	225,000,000	100.00	225,000,000	100.00

Notes:

1. C3J Development is beneficially owned as to 100% by Mr. Tang who is deemed to be interested in 18,700,000 Shares pursuant to the Part XV of the SFO.
2. Hunter Corporate is beneficially owned as to 100% by Mr. Chui who is deemed to be interested in 18,300,000 Shares pursuant to the Part XV of the SFO.

LETTER FROM THE BOARD

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

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

Date of announcement/prospectus	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
10 August 2020, 18 August 2020, 16 September 2020, 29 September 2020 and 22 October 2020	The 2020 Rights Issue	Approximately HK\$6.9 million	Approximately HK\$4.2 million for repayment of outstanding principal, interest amount and relevant administrative expenses of loans and the remaining balance of approximately HK\$2.7 million for repayment of debts owing by the Group to its suppliers	All net proceeds have been fully utilised as intended

Save as disclosed above, the Company has not conducted any fund raising activities within the 12 month period prior to the Latest Practicable Date.

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

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

As disclosed in the interim report of the Company for the six months ended 30 September 2020, for the said period, the Group recorded an unaudited net loss of approximately HK\$2.4 million as compared to a net loss of approximately HK\$2.2 million for the same period in 2019. The Directors are of the view that the net loss was primarily due to decrease in rental income from machinery and provision of allowance for impairment loss of financial assets. 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.

As at 31 January 2021, the Company's accounts payable which were due for over 120 days amounted to approximately HK\$11 million. The Company also had two bank loans with a total outstanding principal amount of HK\$2 million which would be due in April 2021. Furthermore, under the Pre-approved Principal Payment Holiday Scheme (the "**Payment Holiday**"), which has been implemented by the Hong Kong Monetary Authority since April 2020 to alleviate the financial pressure on corporates in light of the COVID-19 outbreak, the Company has been

LETTER FROM THE BOARD

deferring principal repayments and paying only the interest for two other bank loans with a total outstanding amount of approximately HK\$14.83 million (the “**Loans**”). However, the Payment Holiday for the Loans will end in April and May 2021 respectively and there is no indication that it will be extended. Accordingly, from May and June 2021 respectively, the Company will be required to resume monthly payment of principal plus interest of the Loans, which will in aggregate amount to approximately HK\$300,000 per month until the end of their terms, being April 2025 and June 2025 respectively. In order to save up to approximately HK\$938,000 in interest payment and ease the burden of the Company to repay approximately HK\$300,000 per month for the remaining terms of the Loans after expiration of the Payment Holiday, the Company intends to make an early repayment of the Loans in full prior to the expiration of the Payment Holiday.

Despite the rights issue completed in October 2020, of which all the net proceeds raised had been fully utilised by the Group for repayment of outstanding bank loans and the Group’s payable to its suppliers in November 2020, the Board is concerned that the Group still maintains a high level of gearing ratio of approximately 52.20% as at 31 December 2020. In addition, the monthly net operating cash outflow of the Company generally ranged from approximately HK\$3.08 million to approximately HK\$9.13 million during the period from October 2020 to December 2020. However, the Company maintained its cash and cash equivalents at a low level of approximately HK\$3.85 million as at 31 December 2020 and the Company will not be able to cover the monthly instalment for all the bank and other borrowings.

Given that (i) the low level of bank and cash balance of the Company as at 31 December 2020; (ii) the obligation to repay the bank loans of HK\$2 million due in April 2021, which is unlikely that the bank will agree to extend the maturity date of the bank loans; (iii) the obligation to pay the monthly instalment for the Loans upon the end of the Payment Holiday; (iv) the expected monthly net cash outflow of the Company; (v) the Directors’ expectation that the general outlook of the industry and the business environment in which the Group operates will remain challenging; (vi) the accounts payable for a number of suppliers have been overdue for 120 days and some even up to 180 days; and (vii) some suppliers no longer grant credit period to the Group, such that the daily operation of the Group has been adversely affected, the Company considers that it is justifiable, appropriate and necessary under these circumstances to conduct the Rights Issue to ease its cashflow pressure.

As disclosed in the prospectus of the Company dated 29 September 2020, taking into account the then internal financial resources available to the Group, the estimated net proceeds from the 2020 Rights Issue and the Group’s internally generated funds, the Directors were of the view that the Group would have sufficient working capital to satisfy its then requirements for at least twelve months from the date of the prospectus in the absence of unforeseen circumstances.

However, after completion of the 2020 Rights Issue, a bank which has provided a loan in the maximum amount of HK\$10 million to the Company became aware that the shareholding interests of C3J Development and Hunter Corporate were reduced and they ceased to be the controlling shareholders of the Company. The bank has met Mr. Tang in late 2020 and expressed its concern to Mr. Tang as to the fact that C3J Development and Hunter Corporate were no

LETTER FROM THE BOARD

longer the controlling shareholders of the Company and that the bank has the right to demand for early repayment of the bank loans at anytime. In addition, the Company became aware in late 2020 that (i) the recoverability of account receivables of the Company was worse than expected as most of the customers would only settle their invoices longer than the originally expected credit terms of 120 days; and (ii) some suppliers started to request the Company to settle the purchase price in advance instead of the usual practice to allow the Company to have a credit term of 30 days in the past. The above change of circumstances, which have not been envisaged by the Company at the time when the 2020 Rights Issue was proposed, resulted in less operating cash inflow received by the Company and hence tighten cash flow burden on the Company as well as a potential risk of demand for early repayment of loans from the bank.

In light of the above, the Company intends to raise funds by way of the Rights Issue. The maximum net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$25 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.19. The Company intends to use the net proceeds from the Rights Issue 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. If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

- (i) for repayment of the bank loans; and
- (ii) for repayment of the overdue accounts payable.

If the net proceeds from the Rights Issue is insufficient to repay all the bank loans and overdue accounts payable, the Company will consider other fund-raising alternatives available to the Group, including debt financing such as bank borrowings and other equity financing such as placing or subscription of new Shares as and when appropriate.

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

The Company had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares.

The Company is of the view that debt financing will result in additional interest burden and will further increase the gearing ratio of the Group which is not beneficial to the Group given that the Group had incurred a net loss for the year ended 31 March 2020 and for the six months ended 30 September 2020 respectively. The Board considers that financing the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate.

LETTER FROM THE BOARD

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the fulfilment of conditions precedent (a summary of which is set out in the paragraph headed "Conditions of the Rights Issue" above). Accordingly, the Rights Issue may or may not proceed.

LETTER FROM THE BOARD

The Shares have been dealt with on an ex-rights basis from Friday, 19 March 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 1 April 2021 to Tuesday, 13 April 2021 (both days inclusive). Any Shareholder or other person dealing in Shares or in the nil-paid Rights Shares up to the date on which the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus. In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

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

1. FINANCIAL SUMMARY OF THE GROUP

Details of the audited consolidated financial statements of the Group for the three years ended 31 March 2018, 2019 and 2020, including the notes thereto, are disclosed in the annual reports of the Company for the three years ended 31 March 2018, 2019 and 2020, which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.beavergroup.com.hk>). Set out below are links to the relevant annual reports of the Company:

- (i) The annual report of the Company for the year ended 31 March 2020 published on 30 June 2020 (pages 70 to 129):

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

- (ii) The annual report of the Company for the year ended 31 March 2019 published on 28 June 2019 (pages 72 to 139):

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

- (iii) The annual report of the Company for the year ended 31 March 2018 published on 29 June 2018 (pages 58 to 113):

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0629/gln20180629277.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

(a) Borrowings

The Group had aggregate outstanding borrowings of approximately HK\$26,676,000 comprising:

- (i) Outstanding bank borrowings of approximately HK\$19,930,000, among which HK\$6,971,000 are secured by a charge over the insurance policies with a fair value of approximately HK\$8,415,000, and HK\$12,959,000 are unsecured;
- (ii) Other borrowings of approximately HK\$4,246,000 are secured by a charge over the property, plant and equipment with carrying amount of approximately HK\$12,597,000; and
- (iii) Unsecured loan from Mr. Chui, a Director who owns 100% of Hunter Corporate which is a Shareholder, of HK\$2,500,000.

Except for (i) an unsecured loan from Mr. Chui of HK\$2,500,000; and (ii) an unsecured bank borrowing of approximately HK\$3,101,000 which is guaranteed by the Government of the Hong Kong Special Administrative Region and personally guaranteed by Mr. Tang and Mr. Chui, being the executive Directors, all the bank and other borrowings are guaranteed by the Company. Bank and other borrowings that will be due for repayment after one year with repayment on demand clause were classified as current liabilities.

(b) Lease liabilities

The Group had lease liabilities of approximately HK\$1,834,000 in respect of finance leases for certain property, plant and equipment and approximately HK\$6,209,000 in respect of an operating lease under HKFRS 16 Lease. Lease liabilities of approximately HK\$643,000 in respect of finance leases are guaranteed by the Company.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of the business on 31 January 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Prospectus, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts or liabilities under acceptances or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

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

3. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into account the present internal financial resources available to the Group, the estimated net proceeds from the Rights issue and the Group's internally generated funds, are of the opinion that the Group has sufficient working capital to satisfy its present requirements, that is for at least the next twelve months from the date of this Prospectus in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT

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.

For the year ended 31 March 2020, the Group recorded a net loss of approximately HK\$12.6 million as compared to a net loss of approximately HK\$2.4 million for the same period in 2019. The Directors are of the view that the net loss were primarily due to (i) delay in progress of certain projects as a result of the outbreak of the novel coronavirus (COVID-19) epidemic and lower value of contracts awarded to the Group; (ii) loss arising from change in fair value of the financial assets at fair value through profit or loss; and (iii) an increase in finance costs due to increase in borrowings and lease liabilities during the year ended 31 March 2020.

The Group's revenue for the year ended 31 March 2020 was approximately HK\$87.0 million, representing a decrease by approximately 42.9% from approximately HK\$152.5 million for the year ended 31 March 2019, which was primarily attributable to delay in progress of certain projects and lower value of contracts awarded to the Group. Due to the decrease in the Group's revenue, the Group's gross profit for the year ended 31 March 2020 were approximately HK\$10.4 million, representing a decrease of approximately 24.6% from approximately HK\$13.8 million for the year ended 31 March 2019.

The Group's gross profit margin increased from approximately 9.0% to 11.9% for the year ended 31 March 2020 as compared with the year ended 31 March 2019. Such increase was primarily contributed by increase in gross profit margin of certain projects undertaken during the year ended 31 March 2020.

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 in 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.

The Group's business in the provision of construction services in the construction industry has been confronting challenges under slower growth of the construction industry and intensified market competition. Revenue generated for the construction contract has decreased over the previous year caused by a decrease in awards of contracts during the year ended 31 March 2020.

Despite the underperformed result and stringent market environment of the construction industry, the Group will continue to deploy efforts in tendering for contracts, particularly contracts which yield higher margins in price and make concerted efforts in controlling and managing the contract and operating costs, in order to foster improvement in results of this business.

Looking forward to 2021, the Company still faces impacts arising from the outbreak of the COVID-19, unstable political and economic policies, fierce competition in Hong Kong's construction industry and other adverse factors. However, the Company believes there will be opportunities in the challenges. The Group will give sustained impetus to the growth of the group from two aspects.

Firstly, the Company strives to improve its operational efficiency and better the profitability of our business by implementing tightened cost control. The Company is also actively seeking potential business opportunities that can widen the income streams and increase the return of shareholders.

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

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

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

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the "Unaudited Pro Forma Financial Information") which has been prepared in accordance with Paragraph 13 of Appendix 1B and Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2020.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited condensed consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020, as extracted from the published interim report of the Group for the six months ended 30 September 2020, and is adjusted to reflect the effect of the Rights Issue.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group as at 30 September 2020 or to any future dates following the Rights Issue.

	Unaudited consolidated net tangible asset of the Group attributable to owners of the Company as at 30 September 2020 HK\$'000 (Note 1)	Net proceeds from right issue of 300,000,000 Shares completed on 22 October 2020 HK\$'000 (Note 2)	Estimated net proceeds from Rights Issue HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020 HK\$'000
Based on right issue of 300,000,000 Shares of subscription price of HK\$0.027 on 22 October 2020 and Rights Issue of 135,000,000 Shares at subscription price of HK\$0.21 per Rights Share after share consolidation	60,203	6,917	25,650	92,770

Unaudited consolidated net tangible asset of the Group attributable to owners of the Company as at 30 September 2020 HK\$'000 (Note 1)	Net proceeds from right issue of 300,000,000 Shares completed on 22 October 2020 HK\$'000 (Note 2)	Estimated net proceeds from Rights Issue HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020 HK\$'000
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Consolidated net tangible assets of
the Group per Share attributable to
owners of the Company as at
30 September 2020 ^(Note 4)

HK\$0.10

Unaudited pro forma adjusted
consolidated net tangible assets of
the Group per Share attributed to
owners of the Company after the
completion of the Rights Issue ^(Note 5)

HK\$0.41

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2020 were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2020 included in the Group's published interim report for the six months ended 30 September 2020.
2. The estimated net proceeds from the rights issue completed on 22 October 2020 of approximately HK\$6,917,000 are calculated based on gross proceeds of HK\$8,100,000 from the issue of 300,000,000 rights shares at the subscription price of HK\$0.027 per offer share and after deducting estimated expenses of approximately HK\$1,183,000 attributable to the right issue.

3. The estimated net proceeds from the Rights Issue of approximately HK\$25,650,000 are calculated based on gross proceeds of HK\$28,350,000 from the issue of 135,000,000 Rights Shares at the Subscription Price of HK\$0.21 per Offer Share and after deducting estimated expenses of approximately HK\$2,700,000 attributable to the Rights Issue.
4. The number of Shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company prior to the completion of the right issue of 300,000,000 Shares on 22 October 2020 and completion of Rights Issue is based on 600,000,000 Shares in issue as at 30 September 2020.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 September 2020 immediately after the completion of the Rights Issue and Share Consolidation as if the right issue of 300,000,000 Shares on 22 October 2020 (30,000,000 shares after the effect of Share Consolidation) and the Rights Issue of 135,000,000 Shares had been completed on 30 September 2020.
6. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2020.

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

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

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The Board of directors
Beaver Group (Holding) Company Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Beaver Group (Holding) Company Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma net tangible assets as at 30 September 2020 as set out on pages II-1 to II-2 of the Prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Statement are described in Section A of Appendix II to this Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s net tangible assets as at 30 September 2020 as if the transaction had been taken place at 30 September 2020. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements as included in the interim report for the six months ended 30 September 2020, on which an unaudited report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

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

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

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

The purpose of the pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2020 would have been as presented.

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

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

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

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

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

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as describe under "Reasons for and benefits of the Rights Issue and intended use of proceeds" set out on page 24 of the Prospectus.

Opinion

In our opinion:

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

Yours faithfully,

RSM Hong Kong

Certified Public Accountants

Hong Kong

30 March 2021

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital in the Company as at the Latest Practicable Date and immediately following completion of the Rights Shares (assuming the Rights Issue becoming unconditional) was and will be as follows:

(i) As at the Latest Practicable Date:

Authorised:		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000</u>
Issued and fully paid or credited as fully paid:		
<u>90,000,000</u> Shares		<u>9,000,000</u>

(ii) Immediately following completion of the Rights Issue:

Authorised:		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000</u>
Issued and fully paid or credited as fully paid:		
90,000,000 Shares		9,000,000
<u>135,000,000</u> Rights Shares to be issued		<u>13,500,000</u>
<u>225,000,000</u> Shares in total upon completion of the Rights Issue		<u>22,500,000</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with each other and the Shares then in issue as at the date of allotment and issue of the Right Shares, including, in particular, as to dividends, voting rights and return of capital. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

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

As at the Latest Practicable Date, the Company has no outstanding warrants, options or securities convertible into Shares, and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, there was no arrangement under which future dividend were waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, the interests or short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO) or (ii) which were recorded in the register required to be kept under Section 352 of the SFO, or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Long position in the Shares and underlying Shares

Name of Director	Nature of Interest	Number of Shares held	Approximate percentage of the total issued share capital of the Company
Mr. Tang	Interest of controlled corporation <i>(Note 1)</i>	18,700,000	20.78%
Mr. Chui	Interest of controlled corporation <i>(Note 2)</i>	18,300,000	20.33%

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 of the Company held by C3J Development for the purpose of the SFO.
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 of the Company held by Hunter Corporate for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and

the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following parties (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the Shares and underlying Shares

Name	Nature of Interest	Number of Shares held	Approximate percentage of interest
C3J Development	Beneficial owner	18,700,000	20.78%
Ms. Lam Ka Yi <i>(Note 1)</i>	Interest of spouse	18,700,000	20.78%
Hunter Corporate	Beneficial owner	18,300,000	20.33%
Ms. Wong Kit Chun <i>(Note 2)</i>	Interest of spouse	18,300,000	20.33%
China New Economy Fund Limited	Beneficial owner	8,505,000	9.45%

Notes:

- (a) 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 of the Company held by C3J Development for the purpose of the SFO.

- (b) 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 of the Company held by Hunter Corporate for the purpose of the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares or debentures of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this Prospectus or has given opinions, letters or advices included in this Prospectus:

Name	Qualifications
RSM Hong Kong	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters or its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 March 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of

material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

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

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

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, or have or may have any other conflicts of interest with the Group.

9. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. EXPENSES

The expenses in connection with the Rights Issue, including placing commission (if any), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$3.35 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office	Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarter and principal place of business in Hong Kong	Room 1204, 12/F Block 2, Golden Industrial Building 16–26 Kwai Tak Street Kwai Chung, New Territories Hong Kong
Company secretary	Ms. Yim Sau Ping (<i>FCPA</i>)
Compliance officer	Mr. Tang Kwai Leung Stanley
Authorised representatives	Mr. Tang Kwai Leung Stanley Ms. Yim Sau Ping (<i>FCPA</i>)
Principal share registrar and transfer office in the Cayman Islands	Ocorian Trust (Cayman) Limited Windward 3, Regatta Office Park PO Box 1350 Grand Cayman, KY1-1108 Cayman Islands

Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	Nanyang Commercial Bank, Limited The Hongkong and Shanghai Banking Corporation Limited DBS Bank (Hong Kong) Limited
Auditors and reporting accountants	RSM Hong Kong 29th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay, Hong Kong <i>Certified Public Accountants</i>
Legal advisers to the Company as to Hong Kong laws in relation to the Rights Issue	Michael Li & Co. 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Placing Agent	Gransing Securities Co., Limited Unit 2508, 25/F., Cosco Tower 183 Queen's Road Central Hong Kong

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Tang Kwai Leung Stanley (“**Mr. Tang**”), aged 52, is the executive Director and chairman of the Board responsible for overseeing the corporate strategy, operational management of the Group, and a co-founder of the Group. Mr. Tang attended secondary school education in Hong Kong. Mr. Tang completed a construction safety supervisor course organised by the Construction Industry Training Authority in 1999. He also obtained a trade test certification card for piling operative (bored pile) issued by the Construction Industry Training Authority in 2002, a certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in November 2008 and a certificate for operation of crawler-mounted mobile crane in May 2014.

Mr. Tang has approximately 22 years of experience in construction and foundation work industry. Before establishing Triangular Force Construction Engineering Limited (“**Triangular Force**”) in 2008, he accumulated approximately 10 years of experience working for China Overseas (Hong Kong) Limited as a foreman for intermittent periods

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

Mr. Chui Koon Yau (“**Mr. Chui**”), aged 53, is the executive Director, responsible for overseeing the operational management and quality control of projects of the Group, and a co-founder of the Group. Mr. Chui attended secondary school education in Hong Kong. Mr. Chui is a registered construction worker under to the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong). He obtained a trade test certification card for plant and equipment operator (bored pile) issued by the Construction Industry Training Authority in 2003 and a certificate for operation of crawler-mounted mobile crane in May 2014. Mr. Chui has also obtained several certificates on construction safety including the certificate of rigger & signaller safety training issued by the Hong Kong Safety Training Association in December 2008.

Mr. Chui has approximately 28 years of experience in construction and foundation work industry. Before establishing Triangular Force in 2008, Mr. Chui worked as a foreman and a crane operator from 1995 to 2000 for various construction or foundation companies. Mr. Chui then worked as a crane operator and a general foreman in Vibro Construction Company Limited from 2000 to 2005, and from 2005 to 2008, respectively.

Independent Non-executive Directors

Mr. Cheung Chung Chuen George (“**Mr. Cheung**”), aged 47, was appointed as the independent non-executive Director on 22 September 2017. He is also the chairman of the nomination committee of the Company (the “**Nomination Committee**”) and a member of the audit committee of the Company (the “**Audit Committee**”) and remuneration committee of the Company (the “**Remuneration Committee**”).

In November 1998, Mr. Cheung obtained a degree of bachelor of laws from City University of Hong Kong. He then obtained a postgraduate certificate in laws from the same university in July 1999. He was admitted as a solicitor of the High Court of Hong Kong in September 2001.

Mr. Cheung has approximately 18 years of experience in legal industry specialising in conveyancing. He worked in a number of law firms throughout the years. He worked for Ng & Shum Solicitors & Notaries in association with D&S Law Firm from August 2002 to January 2005, and Iu, Lai & Li Solicitors & Notaries from January 2005 to September 2006 as an assistant solicitor. He worked at Woo, Kwan, Lee & Lo from October 2006 to July 2008 as an assistant solicitor. Later on, he worked for Allen & Overy from July 2008 to April 2011, his last position held was a senior associate. Mr. Cheung then worked for Kao, Lee & Yip from April 2011 to February 2012, his last position held was an assistant solicitor. He subsequently joined T.K. Tsui & Co., Solicitors as assistant solicitor in May 2012, and was admitted as a partner in August 2012, he left the firm in March 2014. He has been a consultant of Cheung & Yeung, Solicitors from April 2014 to June 2017 and he

joined Eversheds Legal Services (Hong Kong) Limited in June 2017. Mr. Cheung was a tutor that provided conveyancing and probate practice for the postgraduate certificate in laws programme for the City University of Hong Kong from September to December 2007.

Mr. Law Ching Ning Paschal (“**Mr. Law**”), aged 51, was appointed as the independent non-executive Director on 22 September 2017. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Mr. Law obtained a degree of bachelor of science (architecture) and a degree of bachelor of architecture from The University of Sydney in June 1992 and in June 1995, respectively. Mr. Law is currently an authorised signatory of Law Chi Yip Construction Company Limited.

Mr. Law has approximately 22 years of experience in the architectural and construction industry. He worked for Law Chi Yip Construction Company Limited as an assistant manager in January 1997 and was promoted to a project manager in July 2000 and acted as the project-in-charge for a number of projects from 2002 onwards. Mr. Law started working at LCY Design Limited as a director since December 1996.

Senior management

Mr. Che Ping Hin (“**Mr. Che**”), aged 38, joined the Group in March 2018. He is currently appointed as project manager and responsible for the day to day management and safety of the projects of the Company.

Mr. Che obtained a higher diploma in Structural engineering from HKIVE(TY) in September 2003. Mr. Che has approximately 17 years of experience in engineering and construction project management.

Prior to joining the Group, Mr. Che worked as a project manager for various projects under his employments with different companies.

Mr. Che first got into the industry in April 2004 through working for Baily Construction and Engineering Limited as an assistant engineer. He worked there until September 2006, he then worked for Bluet Hydroseeding Limited as a project manager from October 2006 to July 2011. Later on, he worked for Salotto (China) Limited from August 2011 to December 2013. He then worked for Hon Fung Engineering Limited as a project manager from December 2013 to February 2018.

Company secretary

Ms. Yim Sau Ping (“**Ms. Yim**”), aged 38, prior to joining the Group, Ms. Yim worked for Ngai Shun Holdings Limited (stock code: 1246), now known as Boill Healthcare Holdings Limited, a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from

October 2014 to August 2015. She also worked for Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (stock code: 8326), a company listed on GEM, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. Ms. Yim is currently the company secretary of seven companies listed on the Stock Exchange.

Ms. Yim obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. She has accumulated more than 12 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies.

Business address of the Directors

The business address of the Directors is the same as the Company's head office and principal place of business in Hong Kong at Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong.

Audit Committee

The Audit Committee consists of two independent non-executive Directors, namely Mr. Cheung Chung Chuen George and Mr. Law Ching Ning Paschal. The Audit Committee is 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 Board will use its best endeavours to identify a suitable candidate to fill the vacancy of the independent non-executive Director and the Audit Committee as soon as practicable and in any case within three months from 1 March 2021 in accordance with Rules 5.06 and 5.33 of the GEM Listing Rules in order to ensure compliance with the requirements under the GEM Listing Rules. Further announcement will be made by the Company as and when appropriate.

13. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of

sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “5. Expert and Consent” in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Room 1204, 12/F, Block 2, Golden Industrial Building, 16–26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong during the period of 14 days from the date of this Prospectus:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the three financial years ended 31 March 2018, 2019 and 2020;
- (iii) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (iv) the written consent referred to in the paragraph headed “5. Expert and Consent” in this Appendix;
- (v) the material contracts referred to in the paragraph headed “7. Material Contracts” in this Appendix; and
- (vi) the Prospectus Documents.

16. MISCELLANEOUS

This Prospectus and the accompanying PAL have been prepared in both English and Chinese. In the case of any discrepancies, the English version shall prevail over their respective Chinese version.

As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.