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BEAVER GROUP (HOLDING) COMPANY LIMITED

永勤集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8275)

**(I) DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST OF
THE TARGET COMPANY INVOLVING THE ISSUE OF
CONVERTIBLE BOND UNDER SPECIFIC MANDATE;
AND
(II) PLACING OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE**

(I) THE ACQUISITION

The Board is pleased to announce that on 23 May 2022 (after trading hours), the Company, as the Purchaser, and the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the 100% equity interest of the Target Company at the Consideration of HK\$20,000,000 (subject to adjustment), of which HK\$10,000,000 shall be satisfied by the issue of the Convertible Bond (I) which carries the right to convert into Conversion Shares (I) at HK\$0.8 per Conversion Share (I) (subject to adjustment). Assuming the Conversion Rights (I) are exercised in full at the initial Conversion Price, 12,500,000 new Shares, being the Conversion Shares (I), may be allotted and issued to Vendor I subject to the conversion restriction, representing approximately 9.26% of the existing issued share capital of the Company as of the date of this announcement and approximately 6.76% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date). The Conversion Shares (I) will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the EGM. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares (I).

(II) PLACING OF CONVERTIBLE BONDS

CONVERTIBLE BOND (II)

On 23 May 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure not less than six (6) Placees (unless otherwise agreed by the Company), on a best effort basis to subscribe for the Convertible Bond (II) of an aggregate principal amount of up to HK\$30,000,000 at the initial Conversion Price of HK\$0.8.

Assuming the Conversion Rights (II) are exercised in full at the Conversion Price, 37,500,000 new Shares, being the Conversion Shares (II), may be allotted and issued subject to the conversion restriction, representing approximating 27.78% of the existing issued share capital of the Company as of the date of this announcement and approximating 20.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date). The Conversion Share (II) will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the EGM.

In the event that both Conversion Rights (I) and Conversion Rights (II) having been exercised in full at the initial Conversion Price of HK\$0.8 per Conversion Share, a maximum of 50,000,000 Shares will be allotted and issued by the Company, representing (i) approximately 37.04% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 27.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the date of full conversion of the Convertible Bonds). The Conversion Shares will be allotted and issued under the Specific Mandate.

GEM LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios calculated pursuant to Rule 19.08 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but are less than 25%, the Acquisition constitutes a disclosable transaction for the Company under Rule 19.33 of the GEM Listing Rules and is subject to the notification and announcement requirements.

GENERAL

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The EGM will be convened for the purpose of considering and, if thought fit, approving the Acquisition Agreement and the Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds, the allotment and issue of the Conversion Shares, and the grant of the Specific Mandate. A circular containing, among other things, (i) further details of the Convertible Bonds; (ii) further details of the Placing Agreement; and (iii) a notice convening the EGM, will be despatched to the Shareholders in due course.

The Acquisition is subject to all the conditions under the Acquisition Agreement, being satisfied (or, if applicable, waived) and therefore may or may not become unconditional. If any of the conditions is not satisfied (or, if applicable, waived), the Acquisition will not proceed. The Completion of the Placing is subject to the conditions precedent as set out in the Placing Agreement having been fulfilled within the prescribed timeframe. As such, the Placing may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

(I) THE ACQUISITION

The Board is pleased to announce that on 23 May 2022 (after trading hours), the Company, as the Purchaser, and the Vendors entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell the 100% equity interest of the Target Company at the Consideration of HK\$20,000,000.

The Acquisition Agreement

Date:	23 May 2022 (after trading hours)
The Purchaser	the Company
The Vendors:	Vendor I, who holds 60% of the total issued shares of the Target Company; and Vendor II, who holds 40% of the total issued shares of the Target Company
The Target Company:	Tiger Faith Holdings Limited

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are Independent Third Parties.

Subject matter

Pursuant to the Acquisition Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares.

Consideration and payment terms

(i) HK\$10,000,000 of the Consideration shall be satisfied by cash and (ii) HK\$10,000,000 of the Consideration shall be settled by the issue of the Convertible Bond (I).

The Consideration shall be satisfied in the following manner, subject to the adjustment in accordance with the Adjusted NAV:

- (a) A refundable deposit of HK\$1,000,000 shall be paid to the Vendor II within 14 days upon signing of the Acquisition Agreement;
- (b) HK\$7,000,000 shall be paid to Vendor II within 14 days after the Completion;
- (c) HK\$2,000,000 shall be paid to Vendor I within 14 days after the Completion; and
- (d) HK\$10,000,000 shall be settled by the issue of the Convertible Bond (I) upon the Completion.

The Consideration will be adjusted based on the Adjusted NAV and the Adjusted Consideration shall not exceed the Consideration.

The Consideration shall be subject to downward adjustment as determined in accordance with the following formula:

- (a) in the event the Adjusted NAV is less than HK\$16,000,000, then the shortfall shall be deducted, on a dollar-to-dollar basis, from the original Consideration of HK\$20,000,000; and
- (b) in the event the Adjusted NAV is a negative figure, then the Adjusted Consideration shall be adjusted to HK\$4,000,000.

In the event the Consideration is to be adjusted (the “**Adjustment**”), the amount payable to the Vendors shall be reduced on a pro rata basis based on the shareholding of Vendor I and Vendor II in the Target Company in the following manner:

- (a) in respect of Vendor I, the Adjustment shall first be deducted from the cash consideration payable to Vendor I at Completion and, where applicable, the remaining Adjustment from the principal amount of the Convertible Bond (I) at the Completion; and
- (b) in respect of Vendor II, the Adjustment shall be deducted from the cash consideration payable to Vendor II at the Completion.

The Consideration will be settled by internal resources, the proposed issue of the Convertible Bond (I) and the gross proceeds from the proposed issue of the Convertible Bond (II) (details of which are set out below in this announcement). If the Acquisition Agreement is terminated for whatever reasons, the Deposit shall be refunded to the Purchaser within five Business Days after the notice of the termination upon Vendor II’s written notice under the Acquisition Agreement.

Basis of the Consideration

The Consideration was determined after arm’s length negotiations with reference to (i) the net asset value of the Target Group being approximately HK\$16.0 million as at 30 April 2022, (ii) the corporations wholly-owned by the Target Company licensed to carry out Type 1 (dealing in the securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, (iii) the past financial and operating performance of the Target Group and the latest financial position of the Target Group as at 31 March 2022; (iv) the business and development prospects of the Target Group; and (v) the factors set out in the section headed “Reasons for and benefits of the Acquisition” below.

Condition precedent

The Completion shall be subject to the following conditions precedent having been satisfied or fulfilled:

- (a) the passing by the Shareholders by way of poll at a general meeting of a resolution in accordance with the GEM Listing Rules to approve (i) the Acquisition Agreement and the transactions contemplated thereunder; (ii) the creation and issue of the Convertible Bond (I) and the allotment and issue of the Conversion Shares (I) pursuant to the exercise of Conversion Rights (I); and (iii) the Specific Mandate;
- (b) the Purchaser having conducted a due diligence review on the Target Group and being reasonably satisfied with the results thereof;

- (c) all other approvals, consents and acts required for the Purchaser entering into or executing the transactions under the Acquisition Agreement being obtained and completed including but not limited to the listing of and permission to deal in the Conversion Shares having been granted by the Stock Exchange and which has not been revoked as at the Completion Date;
- (d) the Purchaser having obtained regulatory approvals from the SFC in respect of the change in Shareholders of the Target Company;
- (e) all other necessary approvals, consents, authorisations and licenses in relation to the transactions contemplated under the Acquisition Agreement having been obtained;
- (f) the Vendors' warranties under the Acquisition Agreement remaining true, accurate and not misleading at the Completion and no events having occurred that would result in any breach of any of the Vendors' warranties or other provisions of the Acquisition Agreement by the Vendors;
- (g) the Target Group maintaining all relevant permits and licenses for its operation;
- (h) there being no changes to the responsible officers of each of TFAML and TFSL; and
- (i) no material adverse change or prospective material adverse change in the Target Group's business, operations, financial conditions or prospects has occurred since the signing of the Acquisition Agreement.

Completion

Completion shall take place on a date agreed by the Purchaser and the Vendors after the date of fulfilment of the Conditions Precedent (or such later date as the Purchaser and the Vendors may agree). If the Conditions Precedent are not fulfilled on or before 31 March 2023 (or other date as the parties may agree), the Acquisition Agreement shall lapse.

Upon the Completion, the Company will directly hold a total of 100% of the total issued shares of the Target Company. As a result, the financial results of the Target Group will be consolidated into the financial statements of the Company.

THE CONVERTIBLE BOND (I)

The principal terms of the Convertible Bond (I) to be issued to satisfy part of payment of the Consideration.

Principal terms of the Convertible Bond (I) are arrived at after arm's length negotiations between the Company and Vendor I and are summarized as follows:

Issuer:	The Company
Principal amount:	HK\$10,000,000
Maturity date:	The date falling the expiration of two years after the First Issue Date (the “ Maturity Date ”)
Interest rate:	The Convertible Bond (I) bear interest on the outstanding principal amount from and including the First Issue Date at the rate of 2.5% per annum (the “ Interest ”) payable annually in arrears from the First Issue Date.
Conversion Price:	The initial Conversion Price is HK\$0.8 per Conversion Share, subject to adjustments set out in the section headed “Adjustments to the Conversion Price” below.

The initial Conversion Price of HK\$0.8 per Conversion Share represents:

- (i) a premium of approximately 33.33% over the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement;
- (ii) a premium of approximately 30.29% over the average closing price of approximately HK\$0.614 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the date of the Acquisition Agreement; and
- (iii) a premium of approximately 38.65% over the average closing price of approximately HK\$0.577 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Acquisition Agreement.

The Conversion Price was determined after arm's length negotiations between the Vendor I and the Company with reference to the prevailing market price of the Shares. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustments to the Conversion Price: The initial Conversion Price shall from time to time be subject to adjustment in accordance with this section:

- (i) any alteration to the value of the Shares as a result of consolidation or subdivision;
- (ii) issue of Shares credited as fully paid to the Shareholders by way of (a) capitalisation of profits or (b) a scrip dividend;
- (iii) the payment or making of any capital distribution to the Shareholders;
- (iv) the issue of Shares to Shareholders by the Company by way of rights, or issue or grant to Shareholders, by way of rights, options or warrants to subscribe for new Shares, at less than 90% of the Current Market Price per Share;
- (v) the issue of any securities (other than Shares or options or warrants to subscribe for new Shares) by the Company to Shareholders by way of rights;
- (vi) the issue by the Company wholly for cash of any Shares by the Company of any options or warrants to subscribe for new Shares in each case at a price per Share which is less than 90% of the Current Market Price per Share;

- (vii) the issue wholly for cash by the Company of any securities (other than the Convertible Bond (I) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares or securities which by their terms might be redesignated as Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the Current Market Price per Share; and
- (viii) any modification of the rights of conversion, exchange, subscription or redesignation attaching to any such securities as mentioned above (other than the Convertible Bond (I) and any adjustment of the Conversion Price in accordance with the terms applicable to such securities) so that following such modification the consideration per Share is less than 90% of the Current Market Price.

Conversion Shares (I):

Assuming the Conversion Rights (I) are exercised in full at the initial Conversion Price, the maximum of 12,500,000 Conversion Shares (I) represent (i) approximately 9.26% of the equity interest of the Company as at the date of this announcement; and (ii) approximately 6.76% of the equity interest of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there will be no change in the total number of issued Shares from the date of this announcement up to the full conversion of the Convertible Bonds).

Conversion Period:

The period commencing from the First Issue Date and up to 4:00 p.m. on the Maturity Date (the “**Conversion Period**”).

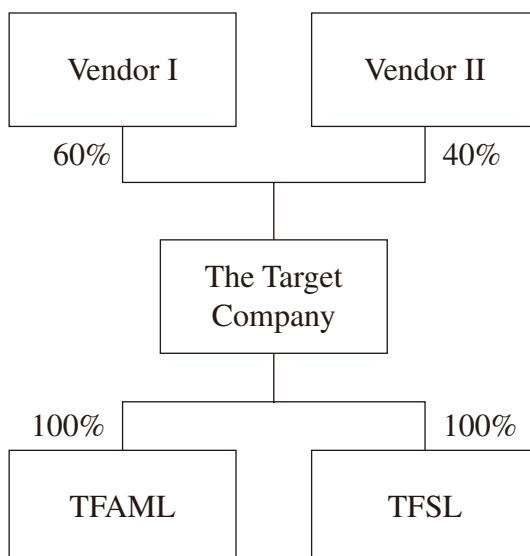
- Conversion Rights (I): The bondholder has the right to convert the whole or part of the outstanding principal amount of the Convertible Bond (I) (in the amount of HK\$100,000 or integral multiples thereof) at any time during the Conversion Period, provided that the Convertible Bond (I) may not be converted, to the extent if following such conversion, such bondholder and parties acting in concert, taken together, will become obliged to make a mandatory offer under Rule 26 of the Takeovers Code. Upon conversion of the rights attached to the Convertible Bond (I), there are no restrictions imposed on the subsequent sale of the Conversion Shares (I).
- Redemption at maturity: Any of the Convertible Bond (I) which remains outstanding by 4:00 p.m. on the Maturity Date shall be automatically converted into Conversion Shares (I) upon the Maturity Date at the then prevailing Conversion Price.
- For the avoidance of doubt, there shall not be any mandatory conversion of the Convertible Bond (I) on the Maturity Date if such conversion will result in a bondholder and his/her/its respective parties acting in concert triggering a mandatory general offer and in such event, the balance of the Convertible Bond (I) not converted into Conversion Shares (I) will be redeemed by the Company at a redemption amount equal to the principal amount of the Convertible Bond (I) and such sum shall be payable to the bondholder on the Business Day immediately following the Maturity Date.
- Redemption prior to maturity: The Company may at any time before the Maturity Date and from time to time by serving at least ten (10) days' prior written notice on the bondholder(s) with the total amount proposed to be redeemed from the bondholder specified therein, redeem the Convertible Bond (I) (in whole or in part) at 100% of the principal amount of such Convertible Bond (I) together with payment of interest accrued up to the date of such early redemption.

- Redemption on default: Upon the occurrence of an event of default, the bondholder(s) may, unless such event of default has been waived in writing by them, by notice in writing require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bond (I) at the redemption amount which is equivalent to the principal amount of the Convertible Bond (I) and such sums shall become due and payable on the 10th Business Day after the date of such notice.
- Transferability: The Convertible Bond (I) (or any part thereof) shall not be assigned or transferred without the prior written consent of the Company.
- Ranking: The Conversion Shares (I) shall rank pari passu in all respects among themselves and with all other existing Shares in issue at the date of conversion.
- Application of Listing: No application shall be made to the Stock Exchange for the listing of the Convertible Bond (I). The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares (I).

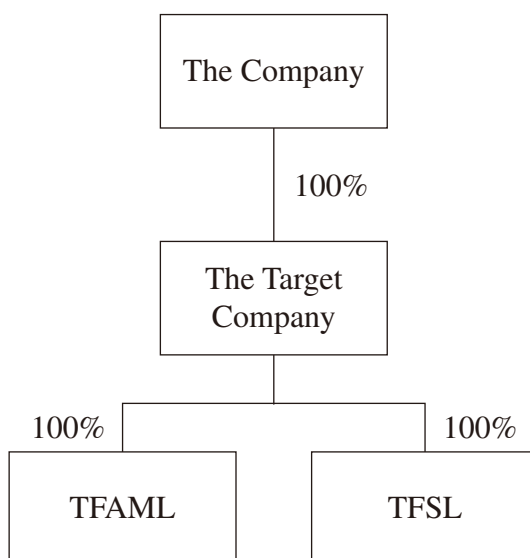
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Set out below are the shareholding structures of the Target Group (i) as at the date of the Acquisition Agreement and (ii) immediately upon the Completion:

(i) As at the date of Acquisition Agreement



(ii) Immediately upon the Completion



INFORMATION ON THE COMPANY

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.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company incorporated in the BVI.

The Target Group is principally engaged in finance and fintech business. The Target Company wholly-owns each of TFAML and TFSL. TFSL is licensed to carry out Type 1 (dealing in the securities), while TFAML is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Set out below is a summary of the key financial information extracted from the consolidated financial information of the Target Group for the financial year ended 31 March 2021 and 31 March 2022:

	For the year ended 31 March 2021 <i>HKD'000</i> (audited)	For the year ended 31 March 2022 <i>HKD'000</i> (unaudited)
Revenue	3,150	2,126
Loss before taxation	1,160	2,940
Loss after taxation	1,160	2,940

As at 30 April 2022, the Target Group had unaudited consolidated net assets value of approximately HK\$16.0 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As announced in the announcement of the Company dated 13 May 2022 (the “**Voluntary Announcement**”), 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. To enhance the Group’s future competitiveness and influence, the Group has a preliminary plan to develop new business segments on the basis of consolidating its existing businesses. According to report of the Stock Exchange, the Stock Exchange raised \$318.9 billion in initial public offerings in 2021, with a very active new stock market and the successful launch of the Stock Exchange most successful futures product, the MSCI China A50 Connect Index Futures. In 2022 first quarter, the average daily trading amount of Bond Connect Northbound reached a new quarterly high of RMB33.9 billion; over 150 listing applications are being processed; and Stock Exchange has welcomed a series of new products including the SPAC and diverse ETFs. As stated in the Voluntary Announcement, according to the Fintech 2025 of HKMA and the Financial Plan of the People’s Bank of China, the Board believes that 2025 will be a key point for the development of fintech in Hong Kong, during which time the financial industry of Hong Kong will continue evolving.

The Board believes that the finance and fintech industry has a promising prospect, and that developing finance will enable the Group to benefit from diversified revenue streams. The Acquisition will allow the Group to extend its business presence in the financial services and fintech industry mainly through the provision of various financial services including securities trading, underwriting, providing investment advice based on algorithms, and asset management service through the Target Group. The Board believes that the Acquisition will drive the development of the Company’s financial business and accelerate its expansion.

The Board considers that the Acquisition and the terms of the Acquisition Agreement, including the Consideration, are on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

(II) THE PLACING OF CONVERTIBLE BOND (II)

The Board is pleased to announced that, on 23 May 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure not less than six (6) Placees (unless otherwise agreed by the Company), on a best effort basis to subscribe for the Convertible Bond (II) of an aggregate principal amount of up to HK\$30,000,000 with Conversion Price of HK\$0.8.

The Placing Agreement

The principal terms of the Placing Agreement are set out below:

Date: 23 May 2022 (after trading hours)

Issuers: the Company

Placing Agent: Astrum Capital Management Limited

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing of Convertible Bond (II)

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to, on a best effort basis, procure not less than six (6) Placees (unless otherwise agreed by the Company) to subscribe for the Convertible Bond (II) of an aggregate principal amount of up to HK\$30 million with the Conversion Price of HK\$0.8. In the event that the number of Placees falls below six (6), the Placing Agent shall use its best endeavours to comply with the GEM Listing Rules, including to disclosure of details of the Placee(s) including but not limited to the names of such Placee(s).

Placing commission

In consideration of the services of the Placing Agent in relation to the Placing and provided that completion occurs in accordance with the Placing Agreement, the Company shall pay to the Placing Agent a commission of 2% of the aggregate principal amount of the Convertible Bond (II) successfully placed by the Placing Agent on behalf of the Company in pursuance of its obligations in the Placing Agreement.

Placees

The choice of Placee(s) shall be determined solely by the Placing Agent, subject to the requirements of the GEM Listing Rules (in particular, the Placing Agent shall use all reasonable endeavours to ensure that the Placee(s) shall be third parties independent from the Company and its associates and from the Directors, chief executive or substantial Shareholders of the Company or its subsidiaries or any of their respective associates.

Conditions precedent to the Placing

The Placing is conditional upon the following matters:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Conversion Shares (II) to be issued upon the exercise of conversion rights under the bond instrument;
- (b) the Company having obtained all necessary consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable; and
- (c) the approval of the Shareholders at the EGM having been obtained in respect of the Placing Agreement, the issue of the Convertible Bond (II) and the allotment and issue of the Conversion Shares (II) under the Specific Mandate.

Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the conditions set out in (a) to (c) above on or before the Placing Long Stop Date, but if any of the conditions shall not be so satisfied the Placing Agreement shall terminate, upon which the parties shall not have any claim against the other for costs, damages, compensation or otherwise.

Termination

The Placing Agent shall be entitled to, by written notice to the Company, terminate the Placing Agreement at any time prior to the Placing Completion Date upon the occurrence of:

- (a) any introduction of any new law or regulations or any change in existing law or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not unique to any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Bond (II) to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions (including without limitation, a suspension or limitation on trading in securities generally on the Stock Exchange) which would materially and adversely affect the Placing to potential investor(s) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

The Placing Agent, shall be entitled to, by written notice to the Company at any time prior to the Placing Completion Date, to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement if:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcements relating to the Placing Agreement or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in this Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated, and shall, in its absolute opinion, determine that any such untrue or inaccurate representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agreement may be terminated by either party at any time prior to the Placing Completion Date if the other party fails or refuses to comply with the terms of the Placing Agreement as applicable to it and such failure or refusal is material in the context of the Placing.

In the event that the Placing Agreement is terminated pursuant to the above, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except: (i) in relation to antecedent breaches arising prior to such termination; (ii) the Company shall remain liable for the payment of all costs and expenses referred to in the Placing Agreement already incurred or to be incurred by the Placing Agent in consequence of such termination; and (iii) that the governing law provisions shall remain in full force and effect.

Completion of the Placing

Placing Completion shall take place on the Placing Completion Date.

THE CONVERTIBLE BOND (II)

Principal terms of the Convertible Bond (II) are arrived at after arm's length negotiations between parties. Save and except for the principal amount of the Convertible Bond (II) which shall be HK\$30,000,000, the principal terms of the Convertible Bond (II) are substantially the same as those of the Convertible Bond (I) as referred to in the section headed "The Convertible Bond (I)" above.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

As set out in the section headed "The Acquisition" above, the cash portion of the Consideration (excluding the Deposit) for the Acquisition is HK\$9,000,000 which shall be settled upon the Completion.

The gross proceeds of the Placing will be HK\$30,000,000 and the net proceeds of the Placing will be HK\$29,400,000. The net price per Conversion Share will be HK\$0.784. The Company intends to apply the net proceeds as to HK\$9,000,000 to satisfy the Consideration and the remaining balance of up to HK\$20,400,000 to increase the paid-up share capital and liquid capital of the Target Group.

Depending on the type of regulated activity, licensed corporations have to maintain at all times paid-up share capital and liquid capital not less than the specified amounts according to the FRR. The FRR sets out the computation of a number of variables in respect of all the liquid assets and ranking liabilities of a licensed corporation and its liquid assets must exceed its ranking liabilities. If a licensed corporation conducts more than one type of regulated activity, the minimum paid-up share capital and liquid capital that it must maintain shall be the higher or the highest amount required amongst those regulated activities. If a licensed corporation offers credit facilities to its customers who would like to purchase securities on a margin basis, or provides financing for applications of shares in connection with public offerings, it must monitor its liquid capital level continuously in order to satisfy the FRR requirements. If the margin requirement of the licensed corporation increases, it would be required to maintain additional liquid capital.

The following table summarises the minimum paid-up capital that a licensed corporation is required to maintain for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities:

Regulated activity	Minimum paid up share capital
Type 1	HK\$10,000,000
(a) in the case where the corporation provides securities margin financing	
(b) in any other case	
Type 4	HK\$5,000,000

Minimum liquid capital

Pursuant to the FRR, a licensed corporation shall maintain a minimum liquid capital at all time of an amount the higher of (a) and (b) below:

- (a) The amount of:
 - (i) HK\$100,000 where the licensed corporation is licensed for Type 4 regulated activity in the case where the licensed corporation is subject to the licensing condition that it shall not hold assets;
 - (ii) HK\$500,000 where the licensed corporation is licensed for Type 1 regulated activity in the case where the licensed corporation is an approved introducing agent or trader;

- (iii) HK\$3,000,000 where the licensed corporation is licensed for Type 1 regulated activity in the case where the licensed corporation provides securities margin financing; or
 - (iv) HK\$3,000,000 where the licensed corporation is licensed in any other case for Type 1 and Type 4 regulated activities.
- (b) 5% of the aggregate of the licensed corporation's on-balance sheet liabilities including provisions made for liabilities already incurred or for contingent liabilities but excluding certain amounts stipulated in the definition of "adjusted liabilities" under the SFO.

The Board believes that by increasing the Target Group's paid-up share capital and liquid capital, the Target Group can significantly improve its competitiveness and profitability.

In the event that the Acquisition is terminated for whatever reasons, the net proceeds of the Placing will be used to acquire other potential targets or invest into other business opportunities or for other business developments.

The Board considers that the Placing Agreement, including the Conversion Price, are on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds (assuming there will be no change in the total number of issued Shares from the date of this announcement up to the full conversion of the Convertible Bonds)

	(i) As at the date of this announcement		(ii) Immediately upon full conversion of the Convertible Bonds (assuming there will be no change in the total number of issued Shares from the date of this announcement up to the full conversion of the Convertible Bonds)	
	<i>Number of Shares</i>	<i>Approximate</i>	<i>Number of Shares</i>	<i>Approximate</i>
<i>Substantial Shareholder</i>				
Ms. Wong Fei Heung Terbe (Notes 2 and 3)	23,350,000	17.29%	23,350,000	12.62%
China New Economy Fund Limited	25,958,750	19.23%	25,958,750	14.03%
Vendor I	–	–	12,500,000	6.76%
<i>Public Shareholders</i>				
Placee(s) to be procured by the Placing Agent	–	–	37,500,000	20.27%
Other Public Shareholders	85,691,250	63.48%	85,691,250	46.32%
Total	<u>135,000,000</u>	<u>100%</u>	<u>185,000,000</u>	<u>100.00%</u>

Notes:

1. This is for illustration purpose only. According to Placing Agreement, a Bondholder shall not exercise any Conversion Rights, and the Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights, the Bondholder and/or parties acting concert with it would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for the Shares held by the Company's other Shareholders.
2. Ms. Wong Fei Heung Terbe (“**Ms. Wong**”) legally and beneficially owns the entire issued share capital of Success Run International Limited (“**Success Run**”). Therefore, Ms. Wong is deemed, or taken to be, interested in all the 18,350,000 Shares held by Success Run for the purpose of SFO. Ms. Wong is the sole director of Success Run.
3. Ms. Wong legally and beneficially owns the entire issued share capital of Lion Spring Enterprises Limited (“**Lion Spring**”). Therefore, Ms. Wong is deemed, or taken to be, interested in all the 5,000,000 Shares held by Lion Spring for the purpose of the SFO. Ms. Wong is the director of Lion Spring.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of Announcement	Event	Net proceeds raised (Approximated)	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
1 September 2021	Placing of new shares under general mandate	HK\$7.3 million	Approximate HK\$4.3 million for repayment of accounts payable which are overdue for more than 180 days and approximately HK\$3 million for general working capital of the Group	All net proceeds have been fully utilised as intended.
24 February 2022	Rights issue on the basis of three rights shares for every two shares	HK\$44.55 million	(i) approximately HK\$3.1 million for repayment of the principal amount and interest accrued thereon of the Promissory Notes to be due six months after the date of issue of the Promissory Notes (i.e. 13 June 2022); (ii) approximately HK\$20 million for the acquisition of a new office premise and the relevant renovation cost;	All net proceeds have been fully utilised as intended. The net proceeds in the amount of HK\$0.7 million have been utilised as intended.

Date of Announcement	Event	Net proceeds raised (Approximated)	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
			(iii) approximately HK\$7 million for recruitment of additional full-time staff who will be responsible for implementing and overseeing quality control to enhance the Group's operational capacity and efficiency in foundation and site formation works and bored piling works, as well as additional full-time staff who will be responsible for business development to acquire more business opportunities and broaden the sources of income;	All net proceeds had not been utilised.
			(iv) approximately HK\$3 million for business development and marketing expenses in order to expand the Group's customer base and acquire more projects; and	The net proceeds in the amount of HK\$1.0 million have been utilised as intended.
			(v) the remaining balance of approximately HK\$9.5 million for general working capital due to the tightened cash flow of the Group as a result of the negative impacts of the COVID-19 pandemic on the foundation industry including supply chain disruptions, workforce shortages due to illness and preventative quarantines, and work stoppages due to measures imposed by the government, as disclosed in the Prospectus.	The net proceeds in the amount of HK\$2.0 million have been utilised as intended.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in past 12 months immediately prior to the date of this announcement.

SPECIFIC MANDATE

The Conversion Shares will be allotted and issue under the Specific Mandate to be approved by the Shareholders at the EGM. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

GENERAL

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The EGM will be convened for the purpose of considering and, if thought fit, approving the Acquisition Agreement and the Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds, the allotment and issue of the Conversion Shares, and the grant of the Specific Mandate. A circular containing, among other things, (i) further details of the Convertible Bonds; (ii) further details of the Placing Agreement; and (iii) a notice convening the EGM, will be despatched to the Shareholders in due course.

The Acquisition is subject to all the conditions under the Acquisition Agreement, being satisfied (or, if applicable, waived) and therefore may or may not become unconditional. If any of the conditions is not satisfied (or, if applicable, waived), the Acquisition will not proceed. Completion of the Placing is subject to the conditions precedent as set out in the Placing Agreement having been fulfilled within the prescribed timeframe. As such, the Placing may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“%”	per cent.
“Acquisition”	the acquisition of the 100% equity interest of the Target Company by the Purchaser from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 23 May 2022 entered into after trading hours between the Vendors and the Purchaser in respect of the Acquisition

“Adjusted NAV”	the net asset value of the Target Group as at the date being the third Business Day immediately preceding the Completion Date or such other date as the parties may agree in writing
“Adjusted Consideration”	the final Consideration after the adjustment in accordance to the Adjusted NAV
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the Board of Directors
“Bondholder(s)”	the Vendor I and the Placee(s) and/or any person who is for the time being the registered holder of the Convertible Bond (I) and/or Convertible Bond (II)
“Business Day(s)”	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“BVI”	the British Virgin Islands
“Company”	Beaver Group Holding Company Limited, a company incorporated in Cayman Island with limited liability whose issued share are listed on GEM (stock code: 8275)
“Completion Date”	the date of Completion, which shall be a date agreed by the parties in writing after all the conditions precedent as set out in the Acquisition Agreement have been fulfilled or satisfied (unless otherwise waived under and pursuant to the Acquisition Agreement)
“Completion”	the completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition, being HK\$20,000,000 (subject to adjustment)
“Conversion Price”	HK\$0.8 per Conversion Share (subject to adjustment)

“Conversion Rights (I)”	the rights attaching to each Convertible Bond (I) to convert the principal amount or a part thereof into Shares
“Conversion Rights (II)”	the rights attaching to each Convertible Bond (II) to convert the principal amount or a part thereof into Shares
“Conversion Share(s) (I)”	in the case of the Conversion Rights (I) of Convertible Bond(s) (I) having been exercised in full, a maximum of 12,500,000 new Shares to be allotted and issued by the Company pursuant to the terms and conditions contained in the Convertible Bond (I), which, upon conversion of the Convertible Bonds in their entirety, shall represent approximately 6.76% of the enlarged issued shares capital of the Company as enlarged by the allotment and issue of the Conversion Shares
“Conversion Share(s) (II)”	in the case of the Conversion Rights of Convertible Bond (II) having been exercised in full, a maximum of 37,500,000 new Shares to be allotted and issued by the Company pursuant to the terms and conditions contained in the Convertible Bond (II), which, upon conversion of the Convertible Bonds in their entirety, shall represent approximately 20.27% of the issued shares capital of the Company as enlarged by the allotment and issue of the Conversion Shares
“Conversion Share(s)”	collectively, Conversion Share(s) (I) and Conversion Share(s) (II)
“Convertible Bond (I)”	the 2.5% unsecured redeemable convertible bond(s) in the aggregate principal amount of HK\$10,000,000 to be issued by the Company to the Vendor I for settlement and discharge of part of the Consideration in accordance with the Acquisition Agreement
“Convertible Bond (II)”	the 2.5% unsecured redeemable convertible bonds in the aggregate principal amount of up to HK\$30,000,000 to be issued by the Company under the Placing Agreement
“Convertible Bond(s)”	collectively, Convertible Bond (I) and Convertible Bond (II)

“Current Market Price”	in respect of a Share at a particular date, the average of the price published in the Stock Exchange’s daily quotation sheets for one Share for the five consecutive dealing days ending on the dealing day immediately preceding such date
“Deposit”	a refundable deposit of HK1,000,000 payable under the Acquisition Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting convened by the Company to approve, among other matters, the Acquisition and the issue of the Convertible Bonds and the grant of the Specific Mandate
“Financial Plan”	Financial Technology Development Plan (2022–2025) posted by the People’s Bank of China on 31 December 2021
“First Issue Date”	the initial date of issue of the Convertible Bond(s) under and pursuant to the Placing Agreement and the Acquisition Agreement
“FRR”	Cap. 571N Securities and Futures (Financial Resources) Rules of Hong Kong legislation
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKMA”	The Hong Kong Monetary Authority
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	Any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons
“Placing”	the placement of the Convertible Bond (II) pursuant to the Placing Agreement
“Placing Agent”	Astrum Capital Management Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the agreement dated 23 May 2022 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Completion Date”	A date falling within five Business Days after the fulfilment of the conditions set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing
“Placing Long Stop Date”	31 December 2022 or such later date as the Company and the Placing Agent may agree in writing
“Purchaser”	the Company
“Sale Share(s)”	100 issued shares of the Target Company, which represents 100% of the issued share capital of the Target Company as at the date of this announcement and as at Completion. The Sale Shares are owned as to 60 issued shares of the Target Company by Vendor I and 40 issued shares of the Target Company by Vendor II
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holders of the Shares for the time being
“Specific Mandate”	the specific mandate to be granted to the Directors to allot, issue and deal with not more than 50,000,000 Conversion Shares in aggregate at the EGM
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs published by the SFC
“Target Company”	Tiger Faith Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owns each of TFAML and TFSL
“Target Group”	the group of companies comprising the Target Company, TFAML and TFSL
“TFAML”	Tiger Faith Asset Management Limited, being a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Target Company, and a corporation licensed to carry on Type 4 (advising securities) and Type 9 (asset management) regulated activities under the SFO
TFSL	Tiger Faith Securities Limited, being a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Target Company, and a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO

“Vendor I” an individual and an Independent Third Party

“Vendor II” an individual and an Independent Third Party

“Vendors” collectively, Vendor I and Vendor II

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

Hong Kong, 23 May 2022

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date.