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(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

This announcement, containing the full text of the 2022 first quarterly report of the Company, complies with the relevant requirements of the GEM Listing Rules of Stock Exchange in relation to information to accompany preliminary announcements of the first quarterly results. This 2022 first quarterly results announcement of the Company is available for viewing on the websites of Stock Exchanges at www.hkex.com.hk and of the Company at www.thepbg.com.

FIRST QUARTERLY RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 (the "Reporting Period"), together with the comparative unaudited figures for the corresponding period in 2021 as follows:

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

For the three months ended 31 March 2022

		Three months ended	
		31 March	
	<i>Notes</i>	2022	2021
		CNY'000	CNY'000
		(Unaudited)	(Unaudited)
Revenue	3	15,838	15,416
Cost of sales		(9,077)	(8,565)
		<hr/>	<hr/>
Gross profit		6,761	6,851
Other income		154	399
Selling and distribution costs		(2,026)	(2,591)
Administrative and other expenses		(5,662)	(5,561)
Finance costs		(120)	(113)
		<hr/>	<hr/>
Loss before taxation		(893)	(1,015)
Income tax expenses	5	(135)	(87)
		<hr/>	<hr/>
Loss for the period		(1,028)	(1,102)
Other comprehensive loss for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(309)	(14)
		<hr/>	<hr/>
Total comprehensive loss for the period		(1,337)	(1,116)
		<hr/>	<hr/>
Loss for the period attributable to owners of the Company	6	(1,028)	(1,102)
		<hr/>	<hr/>
Total comprehensive loss for the period attributable to owners of the Company		(1,337)	(1,116)
		<hr/>	<hr/>
Loss per share (CNY):			(Re-represented)
Basic and diluted	6	(0.65) cents	(1.27) cents
		<hr/>	<hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Share capital CNY'000	Share premium CNY'000	Other reserve CNY'000	Statutory reserve CNY'000	Safety fund and production maintenance fund CNY'000	Foreign currency translation reserve CNY'000	Accumulated losses CNY'000	Total CNY'000
At 1 January 2021 (audited)	6,753	130,704	23,351	6,390	1,552	282	(75,714)	93,318
Loss for the period	-	-	-	-	-	-	(1,102)	(1,102)
Exchange difference arising on translation of financial statement of foreign operation	-	-	-	-	-	(14)	-	(14)
Other comprehensive loss for the period	-	-	-	-	-	(14)	-	(14)
Total comprehensive loss for the period	-	-	-	-	-	(14)	(1,102)	(1,116)
Appropriation to statutory reserve	-	-	-	57	-	-	(57)	-
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	-	-	38	-	(38)	-
At 31 March 2021 (unaudited)	<u>6,753</u>	<u>130,704</u>	<u>23,351</u>	<u>6,447</u>	<u>1,590</u>	<u>268</u>	<u>(76,911)</u>	<u>92,202</u>
At 1 January 2022 (audited)	13,261	146,974	23,351	7,609	1,694	(182)	(67,958)	124,749
Loss for the period	-	-	-	-	-	-	(1,028)	(1,028)
Exchange difference arising on translation of financial statement of foreign operation	-	-	-	-	-	(309)	-	(309)
Other comprehensive loss for the period	-	-	-	-	-	(309)	-	(309)
Total comprehensive loss for the period	-	-	-	-	-	(309)	(1,028)	(1,337)
Appropriation to statutory reserve	-	-	-	115	-	-	(115)	-
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	-	-	35	-	(35)	-
At 31 March 2022 (unaudited)	<u>13,261</u>	<u>146,974</u>	<u>23,351</u>	<u>7,724</u>	<u>1,729</u>	<u>(491)</u>	<u>(69,136)</u>	<u>123,412</u>

Notes:

(i) Other reserve

It represents (a) the capital contribution from the previous controlling shareholder, Mr. Li Feile of Feishang International Holdings Limited ("Feishang International") during the fiscal year of 2002 to 2003; and (b) the difference between the nominal value of the issued share capital of the Company and share capital of the then holding company, Feishang International, upon the group reorganisation.

(ii) Statutory reserve

As required by applicable law and regulations, entities established and operated in the People's Republic of China (the "PRC") shall set aside/appropriate a portion of its after tax profits of each period to fund statutory reserve. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.

(iii) Safety fund and production maintenance fund

As stipulated by the State Administration of Work Safety of the PRC, Wuhu Feishang Non-metallic Material Company Limited* (蕪湖飛尚非金屬材料有限公司) ("Feishang Material") is required to accrue the safety production fund and the production maintenance fund which is based on the production volume for the utilisation of future safety production expense.

* For identification purpose only

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 July 2015 and its shares were listed on the GEM of the Stock Exchange on 29 December 2015.

The address of the registered office of the Company is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and the address of the principal place of business of the Company is Room 402A, 4/F., Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong.

The Company is an investment holding Company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in bentonite mining, production and sales of drilling mud and pelletising clay and financial service business.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial results for the three months ended 31 March 2022 have been prepared in accordance with the applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 31 March 2022 are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2021. The Group has adopted new or revised standards, amendments to standards and interpretations of IFRSs which are effective for accounting periods commencing on or after 1 January 2022. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies.

The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2022 of the Group are presented in Chinese Yuan ("CNY"), which is also the functional currency of the Company. CNY is the currency of the primary economic environment in which the principal subsidiary of the Company operates (the functional currency of the principal subsidiary).

3. REVENUE

Revenue represents the sales of drilling mud and pelletising clay, wealth management service income, loan interest income and guarantee service fee income.

	Three months ended 31 March	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Drilling mud	5,663	3,410
Pelletising clay	7,652	9,845
Total revenue of bentonite mining	13,315	13,255
Wealth management services income	1,652	1,581
Loan interest income	583	297
Guarantee service fee income	288	283
Total revenue of financial services	2,523	2,161
Total revenue	15,838	15,416

Geographical information

The Group's revenue is mainly derived from customers located in the People's Republic of China (the "PRC") and Hong Kong. Information about the Group's revenue by the geographical location in which the customers operate is detailed below:

	Three months ended 31 March	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
PRC excluding Hong Kong	13,603	13,538
Hong Kong	2,235	1,878
Total revenue	15,838	15,416

4. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. Information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

For management purpose, the Group has two reportable and operating segments: (i) bentonite mining, production and sales of drilling mud and pelletising clay and (ii) financial services business.

5. INCOME TAX EXPENSES

	Three months ended 31 March	
	2022	2021
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	204	101
Deferred taxation:		
Current period	(69)	(14)
	<hr/>	<hr/>
	135	87
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) No provision for Hong Kong profits tax has been made in the financial statements as the Group has sufficient tax losses brought forward to cover the estimated assessable profit for the Reporting Period (three months ended 31 March 2021: Nil).
- (c) Under the Law of the PRC on EIT (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of the subsidiary established in the PRC other than Feishang Material is 25% for both periods.
- (d) Feishang Material was recognised as a High Technology Enterprise and subject to PRC income tax at 15% in accordance with the EIT Law effective for both periods.

6. LOSS PER SHARE

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

Three months ended 31 March	
2022	2021
CNY'000	CNY'000
(Unaudited)	(Unaudited)

Loss

Loss attributable to the owners of the Company
for the purpose of basic and diluted
loss per share

(1,028)	(1,102)
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Three months ended 31 March	
2022	2021
(Unaudited)	(Unaudited)
	(Re-represented)

Number of shares

Weighted average number of ordinary shares for
the purpose of basic and diluted loss
per share (*'000 shares*)

159,114	86,790
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(Re-represented)

Basic and diluted loss per share (CNY)

(0.65) cents	(1.27) cents
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The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding for both periods.

7. DIVIDEND

The Board has resolved not to declare any interim dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Bentonite Mining

In early 2022, COVID-19 resurged and spread rapidly in the major cities of China. The government implemented strict epidemic prevention measures to control and curb the spread of virus, such as lockdowns of various cities and requirements to observe home quarantine. These stringent measures brought some negative effects to the production and the logistics across cities. The situation was worsened by the government steps to curb overcapacity in the iron and steel industry. This resulted in a drop in the downstream demand for the pelletising clay. Despite this, the management was successful in expanding the customer base of drilling mud. Although the sale volume of pelletising clay decreased by approximately 32.9%, the sale volume of drilling mud increased by approximately 30.5% compared to the corresponding period in 2021. As a result, the company could maintain a similar total sale level of bentonite during the Reporting Period.

Financial Services

Apart from the production and sale of bentonite products in the People's Republic of China (the "PRC"), the Group has also carried out its business on financial services in Hong Kong through its wholly-owned subsidiaries – P.B. Nikyo Wealth Management Limited (formerly known as Nikyo Insurance Brokers Limited) ("P.B. Nikyo") and P.B. Credit Limited (formerly known as P.B. Investment limited) ("P.B. Credit") as well as generating financial guarantee fee income through Wuhu Feishang Non-metal Materials Co., Limited* (蕪湖飛尚非金屬材料有限公司), a wholly-owned subsidiary of the Group in the PRC. The financial services of the Group include the wealth management services, money lending business and financial guarantee fee income. P.B. Nikyo is a company incorporated in Hong Kong with limited liability and is a licensed insurance intermediary under the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong). It is also registered as an MPF Corporate Intermediary with the Mandatory Provident Fund Schemes Authority in accordance with the Mandatory Provident Fund Intermediary Certificate issued by the Mandatory Provident Fund Schemes Authority. P.B. Credit is a company incorporated in Hong Kong with limited liability and has been carried on business as a money lender under the Money Lenders Ordinance.

Wealth Management Services

In the first quarter of 2022, the outbreak of COVID-19 and its consequential travel restrictions situation have unfortunately persisted, it stopped new business sales from Mainland Chinese visitors. Moreover, due to severe outbreak of Omicron, the fifth wave of COVID-19, it seriously damaged the new business sales to local customer. In Feb and Mar of 2022, most of office and non-emergency job has arranged home office policy, it led to no face-to-face meeting to potential or current customers.

Nevertheless, we strived to navigate our businesses of wealth management services during this challenging period. Our immediate priority was to ensure the safety of our employee while providing uninterrupted service to our customers, agents and business partners. We strive to develop Hong Kong's domestic customer market, because of containment measures limiting face-to-face sales, we develop more communication channel such as telephone, web-meeting and so on. We also coordinated with our business partner and optimize the business flow with agency force as well as administrative support.

The revenue was stable in the first quarter of 2022 as compared with 2021. Our agency team member continued to boost the recovery in sales momentum in Hong Kong's domestic customer markets.

Money Lending Business

Hong Kong's GDP contracted by 4.0% in the first quarter of 2022 from a year earlier together the private consumption fell by 5.4% in real terms in the first quarter from a year earlier. At the same time, the seasonally adjusted unemployment rate rose by 0.5% from 4.5% in December 2021 – February 2022 to 5.0% in January – March 2022. The economic activities and business sentiment have been affected by COVID-19.

The banks' attitudes have become more conservative under the worsened economic environment so that more enterprises and individuals which may have difficulty in obtaining funding of loans from commercial banks. This may provide potential opportunities for licensed money lenders. Under the weakening economy in Hong Kong, the Group has become more cautious to expand the money lending business and to adopt measures and procedures to optimize the risks profile of loans.

In addition, the Company has applied the proceeds from the right issues in 2021 for supporting the expansion of the money lending business of the Group, the loan interest income has an approximately 96.3% growth from approximately CNY297,000 for the three months ended 31 March 2021 to approximately CNY583,000 for the Reporting Period.

FINANCIAL REVIEW

Revenue

The overall revenue increased by 2.7% from approximately CNY15.4 million for the three months ended 31 March 2021 to approximately CNY15.8 million for the Reporting Period. The increase in revenue was mainly contributed by the growth of revenue of approximately CNY0.4 million of financial services business in Hong Kong.

The revenue of bentonite mining showed no significant change for the Reporting Period. The drop in the volume sold of pelletising clay was offset by the increase in volume sold of drilling mud.

Gross Profit and Gross Margin

The overall gross profit slightly decreased by approximately 1.3% from approximately CNY6.9 million for the three months ended 31 March 2021 to approximately CNY6.8 million for the Reporting Period, and the overall gross profit margin decreased from approximately 44.4% for the three months ended 31 March 2021 to approximately 42.7% for the Reporting Period. The slightly decrease in the overall gross profit margin and in the overall gross profit was mainly due to the increase in commission cost of wealth management services.

The gross profit and gross margin of bentonite mining were approximately the same as the corresponding period in 2021.

Other Income

Other income decreased by 61.4% from approximately CNY399,000 for the three months ended 31 March 2021 to approximately CNY154,000 for the Reporting Period. The decrease was mainly due to the decrease in bank interest income.

Selling and Distribution Costs

The selling and distribution costs decreased by approximately 21.8% from approximately CNY2.6 million for the three months ended 31 March 2021 to approximately CNY2.0 million for the Reporting Period. Due to temporary shutdowns of our major client, the Group could not arrange and deliver the pelletising clay as usual.

Administrative and Other Expenses

The administrative and the other expense showed no significant change for the Reporting Period.

Finance Costs

No material fluctuation was noted during the Reporting Period.

Income Tax Expense

The Group had an income tax expense of approximately CNY135,000 for Reporting Period as compared to income tax expenses approximately CNY87,000 for the three months ended 31 March 2021.

Loss for the Period

Due to the combined effect of the aforesaid factors, the loss for the period attributable to the owners of the Company for the Reporting Period was approximately CNY1,028,000, a decrease of approximately CNY74,000 from approximately CNY1,102,000 for the three months ended 31 March 2021.

Currency Exposure and Management

Since the majority of the Group's business activities are transacted in CNY, the Directors consider that the Group's risk in foreign exchange is insignificant.

Contingent Liabilities

As at 31 March 2022, the Group did not have any significant contingent liabilities.

OUTLOOK

Due to the outbreak of COVID-19 in early 2022 in major cities of the PRC, the Chinese economy will inevitably face more challenges and further slow down. Within the bentonite industry, uncertainties brought by the Russo-Ukrainian War, the outbreak of COVID-19 in the mainland in early 2022 and international trade conflicts will cause market competition to further intensify and prices to fluctuate. Meanwhile, the new series of real estate market regulation and control policies and the PRC's ambitious target to achieve carbon neutrality by 2060 are expected to adversely affect the iron and steel and the traditional energy industries in the long term, which will negatively impact the Group's business by imposing pressures on demand for pelletising clay and drilling mud. The Group strives to maintain the sales volume of its bentonite products by improving product quality and adhering to the "selling more with lower margin" strategy, and yet the Group may not be able to maintain the current level of gross profit margin in the long run. The Group intends to continue expanding its customer base and market share by boosting product awareness of its bentonite products, refining its production technology and developing new products with a view to enhance the Group's overall competitiveness to cope with the risks and uncertainties of the business environment.

As Hong Kong's exit strategy for COVID-19 needs to balance virus risks and reopening of border, the Group expects that the business environment in financial services, would remain challenging in the year 2022. However, with the expectation of increasing awareness in wealth management in recent years, as well as the probable easing of travel restrictions between Hong Kong and Mainland China eventually, the Group remains cautiously optimistic in the medium and long-term development of this business segment in Hong Kong. Meanwhile, the Group will cautiously monitor market change and impose robust control measures to improve cost efficiency and risk management in order to provide a solid foundation for sustainable growth in the future.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group did not have significant capital commitments.

DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a dividend for the Reporting Period (three months ended 31 March 2021: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"), were set out below:

Name of Directors or chief executives	Long/Short position	Capacity	Number of Shares	Notes	Percentage of the issued shares (%)
CHAN Man Fung	Long Position	Interests of a controlled corporation	80,925,690	1	50.86
	Long Position	Beneficial owner	6,682,000		4.20
			87,607,690		55.06
PUI Wai Lun	Long Position	Interests of a controlled corporation	80,925,690	1	50.86

Notes:

1. P.B. Asia Holdings Limited is owned as to 50% by Dr. CHAN Man Fung and 50% by Mr. PUI Wai Lun. By virtue of the SFO, Dr. CHAN Man Fung and Mr. PUI Wai Lun are deemed to be interested in these 80,925,690 Shares.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 12 December 2015 (the “Share Option Scheme”), under which the Board may, at its discretion, offer any Eligible Participant (as hereinafter defined) options to subscribe for the Shares subject to the terms and conditions stipulated therein. The Share Option Scheme is valid and effective for a period of 10 years from the Listing Date (the “Scheme Period”). The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of Eligible Participants to the Group by granting options to them as incentives or rewards. An Eligible Participant may include any (a) executive, employee, director, consultant, adviser and/or agent of any member of the Group; and (b) any other person who has contributed to the success of the listing of the Company on GEM, in each case, as determined by the Board.

As at 31 March 2022, no options had been granted, exercised or cancelled pursuant to the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2022, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholders	Long/short position	Capacity	Number of shares	Notes	Percentage of the issued shares (%)
Mr. ZHANG Qiang	Long position	Beneficial owner	27,500,000		17.28
Ms. WANG Jie	Long position	Interest of spouse	27,500,000	1	17.28
P.B. Capital Advanced Fund SPC – P.B. Capital Advance Fund 1 Segregated Portfolio	Long position	Beneficial owner	11,176,200		7.02
P.B. Asia Holdings Limited	Long position	Beneficial owner	80,925,690		50.86

Notes:

1. Ms. WANG Jie is the spouse of Mr. ZHANG Qiang. Therefore, Ms. WANG Jie is deemed to be interested in the Shares in which Mr. ZHANG Qiang is interested.

Save as disclosed above, as at 31 March 2022, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Throughout the Reporting Period, the Company has complied with the code provisions as set out in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by Directors in respect of the shares of the Company (the “Code of Conduct”). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct throughout the Reporting Period. The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Required Standard of Dealings for senior management and any individuals who may have access to inside information in relation to the securities of the Company.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors and controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group and any other conflicts of interests which such person had or may have with the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company although there are no restrictions against such rights under the laws of Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries throughout the Reporting Period.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no other significant investment, material acquisition and disposal during the Reporting Period.

PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, there was sufficient public float of not less than 25% of the Company's issued Shares as required under the GEM Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective internal control and risk management systems. Such systems are in place and designed to manage risks and provide reasonable assurance against any material misstatement or loss in order to safeguard the interests of the shareholders and the assets of the Group against unauthorized use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

As at 31 March 2022 and the date of this report, save as disclosed otherwise, the business environment and regulatory environment in which the Group operates have not witnessed any material change, and internal operations and management and financial operations have been running smoothly, and thereby no other major risk factors need to be disclosed separately. In accordance with the CG Code contained in Appendix 15 to the GEM Listing Rules, the Group continuously improves the risk management and internal control systems and updates a number of policies. The Board believes that these measures will strengthen the risk management and internal control systems of the Group.

OTHER INFORMATION

Non-fulfillment of Revenue Guarantee in Relation to the Acquisition of the Entire Issued Share Capital of P.B. One Capital Holdings Limited

Reference is made to the announcements dated 23 October 2020, 5 November 2020 and 27 March 2022 (the “Announcements”) in relation to, among other things, the acquisition of the entire issued share capital of the P.B. One Capital Holdings Limited (formerly known as P.B. Group Limited, the “Target Company”) involving issue of Consideration Shares under the General Mandate and the update of revenue guarantee. Unless the context requires otherwise, the use of capitalised terms herein shall have the same meanings as defined in the Announcements.

According to the audited financial statements of Target Company dated 25 March 2022, the revenue of the Target Company for the year ended 31 December 2021 was approximately HK\$10.2 million, which is less than the 2021 Performance Target of HK\$19 million (the “Shortfall”). The Vendors and the Guarantors shall make a compensation of approximately HK\$8.8 million to the Group.

Having considered the Shortfall was mainly due to (i) the unexpected circumstances caused by COVID-19 resulting in border restrictions between Mainland China and Hong Kong which causing a drop in Mainland China customer's demand of insurance and wealth management services and (ii) in consideration of the travel restriction abroad to Mainland China resulting in a delay in the flow of funds for the Vendors and the Guarantors in Mainland China, on 13 May 2022, the Company, the Vendors and the Guarantors have mutually agreed to extend the time for the settlement of the compensation on or before 31 July 2022.

The Directors of the Company also confirmed that there is no change to the terms of revenue guarantee as stated in the Agreement since its execution up to the date of this report.

Prepayment to Suppliers

Reference was made to the Company's 2018, 2019, 2020 and 2021 Annual Reports, 2019, 2020 and 2021 Interim Reports, regarding the failure of the suppliers namely Lituo Enterprise (HK) Limited, Trade Rosy Global Limited and Kai Muk Company to refund the trade deposits in the total amount of approximately CNY57.8 million to the Company. The Company has:

- i. instituted legal proceedings against Lituo Enterprise (HK) Limited on 18 October 2018 to recover outstanding deposits amounted to HK\$10,930,000 under High Court Action No. 2449 of 2018. Lituo Enterprise (HK) Limited filed its defence on 28 November 2018. Upon counsel's advice, the Company considered to have taken out summary proceedings against Lituo Enterprise (HK) Limited pursuant to Order 14 of the Rules of High Court, Cap 4A of the Laws of Hong Kong. However, after thoroughly considered the evidence of the case, counsel advised that it would be quite difficult to obtain summary Judgment against Lituo Enterprise (HK) Limited by way of summary proceedings and advised that the case should proceed normally to trial. The Company adopted such advice given by counsel and thereby decided not to proceed to summary proceedings. Accordingly, the Company's legal representatives have followed the normal civil procedures in proceedings. The parties to the proceedings have sought usual order of directions for fixing timeline for the parties to make discovery of documents and exchange of statements of witnesses. On 31st March 2022, the Court made an order nisi giving case management directions and fixed a timetable for the proceedings. The parties to the proceedings are in the stage of discovery. The case is in progress;
- ii. instituted legal proceedings against, Lituo Enterprise (HK) Limited and another company ("the 2nd Defendant") which was the payee designated by Lituo Enterprise (HK) Limited under the underlying contract, to recover outstanding deposits amounted to HK\$35,000,000 under High Court Action No. 2450 of 2018. Lituo Enterprise (HK) Limited filed its defence on 28 November 2018. Whereas the 2nd Defendant, which is incorporated in British Virgin Islands (BVI), has never responded to the case and on 15 May 2020, the court granted final judgment against the 2nd Defendant upon the Company's application. Thereafter, the Company had appointed BVI lawyers to execute and enforce the Judgement by way of presenting a winding-up petition against the 2nd Defendant; and the Eastern Caribbean Supreme Court in the High Court of Justice Virgin Islands made an order, ordering, inter alia, that the 2nd Defendant be wound up and that Mr. John David Ayres of FTI Consulting (BVI) Limited and Mr. Chow Wai Shing Daniel of FTI Consulting (BVI) Limited ("the Liquidators") be appointed as joint and several liquidators of the 2nd Defendant. Subsequent to the said order, the Liquidators wrote to the Company on 15 June 2021 with the aim of (1) notifying the Company that the Liquidators did not intend to call a

meeting of creditors and (2) requesting the Company to submit a Proof of Debt Form in respect of the indebtedness owed by the 2nd Defendant. The Company had duly completed the Proof of Debt form and returned the same to the Liquidators. Then on 17 June 2021, the Liquidators issued a First Report dated 17 June 2021 to the creditors of the 2nd Defendant including the Company reporting, inter alia, the steps taken since their appointment (“the First Report”). According to the First Report, the Liquidators served on the 2nd Defendant notice of the liquidation at its registered office as well as wrote to the director of the 2nd Defendant requesting her to complete a Statement of Affairs and Director’s Questionnaire Form, as stipulated by BVI laws but the director of the 2nd Defendant was not cooperative and refused to provide any details in relation to the affairs of the 2nd Defendant, however. The Liquidators are now in the course of locating if the 2nd Defendant has any assets overseas and the liquidation of the 2nd Defendant is still in progress;

- iii. issued demand letter to Trade Rosy Global Limited requesting the refund of deposits amounted HK\$14,500,000 on 1 November 2018. Trade Rosy Global Limited does not respond and has failed and/or refused to pay the deposit or any part thereof. Thereafter, there had been discussion by the Company with its legal adviser to explore the alternate legal action to institute winding up proceedings against Trade Rosy Global Limited in British Virgin Islands. However, based on the limited information about Trade Rosy Global Limited and its lack of response, the Board considered that the lengthy period of time and substantial legal costs and expenses to be incurred if it were to initiate legal proceedings against Trade Rosy Global Limited to recover the deposit. Accordingly, the Board considered that it would be in the best interest of the Company and its shareholders as a whole to refrain from taking any further action against Trade Rosy Global Limited for the time being until there is a better chance to seek meaningful remedial actions to recover the deposit from Trade Rosy Global Limited; and
- iv. instituted legal proceedings against Tong Chung Ming trading as Kai Muk Company to recover the remaining balance of a deposit amounted HK\$8,530,000 under High Court Action No. 1767 of 2018. The trial of the case was heard from 7 to 10 December 2020. By a Judgment dated 20 January 2021, it was adjudged that Tong Chung Ming shall pay to the Company the sum of HK\$8,530,000 with interests and costs of the proceedings as well. The Company tends to execute and enforce the Judgment and in January 2021 the Company is seeking leave from the Court to file a Petition against Tong Chung Ming trading as Kai Muk Company. The enforcement procedures are on-going.

The Company will make further announcement(s) and/or update the above in its financial reports to inform its Shareholders and potential investors of any material development of the above court proceedings or recovery of judgment debt as and when appropriate.

EVENTS AFTER THE REPORTING PERIOD

Retirement of an independent non-executive Director

Reference is made to the announcement of the Company dated 12 May 2022, Mr. Zhang Kun (“Mr. Zhang”), an independent non-executive Director, will retire from office of Directors by rotation at the forthcoming annual general meeting (“AGM”) currently proposed to be held on 24 June 2022. Mr. Zhang has confirmed that he has no disagreement with the Board and there are no any matters that need to be brought to the attention of the holders of securities of the Company in respect of his retirement.

Save as disclosed above, there have been no other material events occurring after the Reporting Period and up to the date of this report.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the GEM Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors, namely, Mr. YIP Chong Ho Eric (chairman of the Audit Committee), Mr. CHOW Chi Hang Tony and Mr. ZHANG Kun. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditors to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management. The unaudited condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee, which was of the opinion that the preparation of such statements complied with applicable IFRSs and that adequate disclosure has been made in respect thereof.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises (i) four executive Directors, namely Dr. CHAN Man Fung (Co-chairman), Mr. PUI Wai Lun (Co-chairman), Mr. SU Chun Xiang and Mr. PANG Ho Yin (Chief Executive Officer); and (ii) three independent non-executive Directors, namely Mr. YIP Chong Ho Eric, Mr. CHOW Chi Hang Tony and Mr. ZHANG Kun.

By Order of the Board

P.B. Group Limited

CHAN Man Fung

Executive Director and Co-chairman

Hong Kong, 13 May 2022

* *The English name is for identification purpose only*

By order of the Board
P.B. Group Limited
Chik Wai Chun
Company Secretary

Hong Kong, 13 May 2022

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Dr. CHAN Man Fung (Co-chairman), Mr. PUI Wai Lun (Co-chairman), Mr. SU Chun Xiang and Mr. PANG Ho Yin (Chief Executive Officer); and (ii) three independent non-executive Directors, namely Mr. YIP Chong Ho Eric, Mr. CHOW Chi Hang Tony and Mr. ZHANG Kun.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the day of its publication. This announcement will also be published on the Company’s website at www.thepbg.com.