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(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION:
EXTENSION OF COMPENSATION
AND**

(2) UPDATE ON THE SETTLEMENT OF COMPENSATION

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION: EXTENSION OF
COMPENSATION**

Background

Reference is made to the announcement of P.B. Group Limited (the “**Company**”) dated 23 October 2020, 5 November 2020, 25 March 2022 (the “**Announcements**”) and the first quarterly report for the three months ended 31 March 2022 dated 13 May 2022 and the interim report for the six months ended 30 June 2022 dated 12 August 2022 (“**Interim Report 2022**”) 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. Unless the context requires otherwise, the use of capitalised terms herein shall have the same meanings as defined in the Announcements.

Pursuant to the Agreement, the Vendor and the Guarantors warrant and guarantee to the Company that, the revenue of the Target Company as shown on the audited consolidated financial statements (to be prepared in accordance with the International Financial Reporting Standards) of the Target Company shall:

- (a) not less than HK\$10,000,000 for the financial year ending 31 December 2020 (the “**2020 Performance Target**”); and
- (b) not less than HK\$19,000,000 for the financial year ending 31 December 2021 (the “**2021 Performance Target**”) (each a “**Performance Target**”).

In the event that the actual revenue of the Target Company as shown in the audited consolidated financial statements of the Target Company is below the Performance Target for that relevant financial year, the Vendor and Guarantors shall delivery or procure the delivery of a banker’s draft for an amount representing the difference. For the avoidance of doubt, the maximum aggregate liability of the Vendor and the Guarantors in respect of the revenue guarantee shall not exceed the Consideration.

The Target Company had reached the 2020 Performance Target for the year ended 31 December 2020. 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 (the “**Compensation**”).

The Target Company and its subsidiaries are primarily engaged in the insurance broker (including wealth management business) and money lending businesses. The Vendor and Guarantors originally confident that the financial performance of wealth management business will make significant improvement once the business environment resume normal in the year of 2021. The Shortfall was mainly due to the following reasons:

- (a) the COVID-19 since early 2020 has unfortunately persisted, which brought lingering impacts to the operation of the Target Company during the year 2021. The economy in Hong Kong has deteriorated and Hong Kong still imposes ongoing border restrictions between Mainland China and other major cities around the global. Hence, potential Mainland Chinese customers were not able to visit Hong Kong to seek professional advice on insurance and wealth management from the Group as certain of the Group’s significant customers for the long term business were resided in Mainland China; and
- (b) some of the insurance providers have stopped offering certain popular products at the beginning of the year of 2021, in order to cater for the demand of different clients through increasing product varieties and enhance the product competitiveness, the Group introduced some new insurance providers who have the most popular products in the market at that time. The Group eventually signed the cooperation agreements in the third quarter which was later than expected.

Due to the aforesaid reasons, the wealth management business of the Group has been affected, the revenue of the Target Company was lower than expected, and therefore failed to meet the 2021 Performance Target.

Pursuant to the Agreement, the Vendor and the Guarantors are obliged to make the compensation to the Company within ten business days after the Purchaser at any time after the delivery of the audited financial statements of Target Company for the relevant financial year deliver a notice (the “**Notice**”) of exercise of the Purchaser’s rights to the Vendor and the Guarantors.

The Notice

On 25 March 2022, the audited financial statements of the Target Company for the financial year ended 31 December 2021 was delivered to the Company, however, due to the outbreak of the fifth wave of COVID-19, the Company had adopt the work-from-home policy and the Notice in writing was served to the Vendor and Guarantors on 25 April 2022, when the Company resumed normal working in the office.

Extension of Compensation

Upon received the Notice, the Vendor and Guarantors approached the Company and expressed their difficulties in arranging their personal fund from a Mainland Chinese bank as they were unable to visit Mainland China to arrange the fund due to the lock down of major cities in Mainland China. The Vendor and Guarantors made written request to the Company to extend the settlement of the Compensation.

Reasons for the Extensions

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 Vendor 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 "**1st Extension**"), the Vendor and Guarantors at that time were hoping and expecting that by the end of July 2022, the travel restrictions between Mainland China and Hong Kong will be released and they will be able to arrange their fund from Mainland China.

As disclosed in the Interim Report 2022, the Compensation remains unsettled due to ongoing border restrictions between Mainland China and Hong Kong. Notwithstanding the continuance of border restrictions, further discussions were made between the Company with the Vendors and the Guarantors, on 12 August 2022, the Vendors and the Guarantors have mutually agreed to extend the time for the settlement of the Compensation on or before 30 September 2022 (the "**2nd Extension**").

The Directors are of the opinion that the delay in settlement was mainly attributable to the extraordinary and unexpected circumstances caused by the COVID-19 pandemic and were beyond the control of the Vendor and Guarantors. In light of the above, the Directors (including the independent non-executive Directors) consider that the 1st Extension and 2nd Extension are fair and reasonable, the transactions contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GEM Listing Rules Implications

At the material time when the 1st Extension and 2nd Extension were made, given that the highest applicable percentage ratio in respect of the Compensation is greater than 5% but less than 25%, as calculated under Rule 19.07 of the GEM Listing Rules, the 1st Extension and the 2nd Extension constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of 1st Extension and 2nd Extension, the Vendor, P.B. Asia Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability which is owned as to 50% by Dr. CHAN Man Fung (“**Dr. Chan**”) and 50% by Mr. PUI Wai Lun (“**Mr. Pui**”). The Guarantors, being Dr. Chan and Mr. Pui, are the Co-chairmen, executive directors and substantial shareholders of the Company who aggregately holding 55.06% of the issued share capital of the Company. Both the Vendor and Guarantors are therefore connected party and/or persons of the Company under Chapter 20 of the GEM Listing Rules.

The 1st Extension and 2nd Extension also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios in respect of the Compensation are less than 25% and the total consideration (i.e. the Compensation amounted to approximately HK\$8.8 million) is less than HK\$10,000,000, the 1st Extension and 2nd Extension is subject to the notification and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements pursuant to Rule 20.74(2) of the GEM Listing Rules.

Dr. Chan and Mr. Pui are considered to have a material interest in the 1st Extension and 2nd Extension and therefore has abstained from voting on the resolutions in relation to the 1st Extension and 2nd Extension (collectively “**Extensions**”) proposed to the Board. Save as disclosed above, none of the Directors who attended the Board meeting has a material interest nor is required to abstain from voting in respect of the relevant Board resolutions.

During approval of the Extensions by the Company at the relevant time, the Board having considered that i) the Vendor and the Guarantors agreed the Compensation and the Extensions were merely extended the payment dates which did not involve the variation of terms of revenue guarantee contained in the Agreement; and ii) the revenue guarantee was not a factor for determine the Consideration when entered into the Agreement on 23 October 2020, the Extensions will not alter the Consideration contained in the Agreement. The Board considered that the Extensions were not a material change in the terms of the Agreement. Moreover, the Compensation originally from the Agreement as a contract term which is not involved in any new transaction between the Vendor and the Guarantors and the Company, and therefore of the view that the Extensions exempt from compliance with the requirements under Chapter 20 of the GEM Listing Rules. As such, the Company had made disclosures of the Extensions in its quarterly results announcement and quarterly report for the three months ended 31 March 2022 on 13 May 2022 and interim results announcement and interim report for the six months ended 30 June 2022 on 12 August 2022.

After having received the guidance and clarification from the Stock Exchange, the Company noted that Extensions constitute provision of financial assistance to be provided by the Group to a connected person and thus a connected transaction of the Company in accordance with Chapter 20 of the GEM Listing Rules. The Company did not comply with the applicable reporting and announcement requirements under the GEM Listing Rules at the time of 1st Extension and 2nd Extension.

Remedial Actions

The Company deeply regrets its non-compliance with the Listing Rules (the “**Non-compliance**”) but the Company would like to stress that the Non-Compliance was inadvertent and the Company had no intention to withhold any information relating to the Extensions from disclosure.

While this non-compliance was discovered, the immediate remedial measures were taken by the Company. The Company has provided the guidance material and training, in particular, regarding definition of notifiable transactions under the GEM Listing Rules for the Directors and relevant staff members of the Group in order to strengthen and reinforce their existing knowledge with respect to notifiable transactions. To prevent similar incident from occurring in the future, the Company also implemented the following remedial measures:

- (1) ongoing trainings will be developed and provided to the Directors and relevant staff members of the Group to enhance their awareness and knowledge on the legal and regulatory requirements, and also to allow them to keep abreast of the latest development of the GEM Listing Rules;
- (2) the management of the Company is designated to monitor notifiable transactions and prevent the non-disclosure of notifiable transactions from happening again;
- (3) the Company shall, as and when appropriate and necessary, consult professional adviser(s) before entering into possible notifiable transaction.

(2) UPDATE ON THE SETTLEMENT OF COMPENSATION

As at the date of this announcement, the Vendor and the Guarantors have compensated the Company the Shortfall. Accordingly, each of the Vendor and the Guarantors has fulfilled its/his obligations in accordance with the Agreement in relation to the 2021 Performance Target.

The Directors are of the view that the failure to meet the 2021 Performance Target will not pose any material adverse impact on the financial position and business operations of the Group as a whole.

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

Hong Kong, 30 September 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; and (ii) three independent non-executive Directors, namely Mr. YIP Chong Ho Eric, Mr. CHOW Chi Hang Tony and Dr. Kwok Hiu Fung.

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 “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.