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(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of P.B. Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023.

This announcement, containing the full text of the 2023 interim report of the Company for the six months ended 30 September 2023 (the “**2023 Interim Report**”), complies with the relevant requirements of the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. The printed version of the 2023 Interim Report will be dispatched to the shareholders of the Company and available for viewing on the website of the Stock Exchange at www.hkexnews.hk and of the Company at www.thepbg.com in due course in the manner as required by the GEM Listing Rules.

By order of the Board
P.B. Group Limited
CHAN Man Fung
Executive Director and Co-chairman

Hong Kong, 14 November 2023

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. PANG Ho Yin and Ms. ZONG Yan; and (ii) three independent non-executive Directors, namely Mr. CHAN Ka Wai, 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 Stock Exchange’s website at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company’s website at www.thepbg.com.

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

This report, for which the directors (the “Directors” and each a “Director”) 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 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 report 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 report misleading.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. CHAN Man Fung (*Co-chairman*)

Mr. PUI Wai Lun (*Co-chairman*)

Mr. PANG Ho Yin

Ms. ZONG Yan

(appointed on 23 August 2023)

Mr. SU Chun Xiang

(resigned on 23 August 2023)

Independent Non-executive Directors

Mr. CHAN Ka Wai

(appointed on 6 October 2023)

Mr. CHOW Chi Hang Tony

Dr. KWOK Hiu Fung

Mr. HUNG Chiu Fat

(resigned on 6 October 2023)

AUTHORISED REPRESENTATIVES

Dr. CHAN Man Fung

Ms. CHIK Wai Chun

COMPANY SECRETARY

Ms. CHIK Wai Chun

COMPLIANCE OFFICER

Mr. CHAN Man Fung

(appointed on 23 August 2023)

Mr. SU Chun Xiang

(resigned on 23 August 2023)

AUDIT COMMITTEE

Mr. CHAN Ka Wai (*Chairman*)

(appointed on 6 October 2023)

Mr. CHOW Chi Hang Tony

Dr. KWOK Hiu Fung

Mr. HUNG Chiu Fat

(resigned on 6 October 2023)

NOMINATION COMMITTEE

Mr. CHOW Chi Hang Tony (*Chairman*)

Dr. KWOK Hiu Fung

Mr. CHAN Ka Wai

(appointed on 6 October 2023)

Mr. HUNG Chiu Fat

(resigned on 6 October 2023)

REMUNERATION COMMITTEE

Mr. CHAN Ka Wai (*Chairman*)

(appointed on 6 October 2023)

Mr. CHOW Chi Hang Tony

Dr. KWOK Hiu Fung

Mr. HUNG Chiu Fat

(resigned on 6 October 2023)

AUDITORS

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Hong Kong

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COMPANY'S WEBSITE

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COMPANY'S STOCK CODE

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P R I N C I P A L S H A R E REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
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Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISER

(As to Cayman Islands Law)
Appleby Global Services (Cayman) Limited

PRINCIPAL BANKERS

Bank of China Limited (Wuhu branch)
Industrial and Commercial Bank of
China Limited (Fanchang branch)

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “Board”) of the Company hereby presents the unaudited interim results of the Group for the six months ended 30 September 2023 (the “Reporting Period”).

BUSINESS REVIEW

Bentonite Mining

China's economy showed a strong recovery in the third quarter, expanding by 4.9% year on year, benefit from the robust policies, consistent technological innovation, and industrial upgrading. Although economic activities are stabilizing, the real estate sector still requires additional policy support, and more investment needs to be attracted. The global economy is facing multiple destabilizing factors, and domestic demand needs more boost. As a result of the above factors, the downstream demand for the iron and steel industry was weaker than expected, causing a 38.9% decrease in bentonite product revenue from CNY33.6 million to CNY20.5 million for 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 (“P.B. Nikyo”) and P.B. Credit Limited (“P.B. Credit”) as well as generating financial guarantee fee income through Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司), a wholly-owned subsidiary of the Company in the PRC. The financial services of the Group include the wealth management services, money lending business and financial guarantee services.

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.

* For identification purpose only

Wealth Management Services

By effect of the travel restriction has finally been cancelled as well as the ease of pandemic of Covid-19, the business environment was returned to normal. The Group's business of wealth management services also achieved a strong business growth during the Reporting Period. The Group's strategies for wealth management business were the expansion and enhancement of the quality of sales team and maintain the competitiveness of the sales products.

Key performance indicator of wealth management services

		Six months ended 30 September		
		2023	2022	Change
Value of new business (<i>note 1</i>)	<i>HK\$'000</i>	1,363	2,015	(32.4%)
Revenue of general insurance	<i>HK\$'000</i>	874	375	133.1%
Persistency Rate of insurance policy	<i>Percentage</i>	98.4	98.0	0.4%
Agency force	<i>Number of agent</i>	53	54	(1.9%)

Note 1:

The value of new business is defined as the annualised first year commission, which is the basic commission paid to agency force, generated from the insurance policy of long-term insurance business issued during the Reporting Period.

The overall revenue of wealth management income was increased both contributed by the increase of commission income from business of long-term insurance and general insurance. Although the value of new business was decreased by 32.4% from approximately HK\$2.0 million for the six months ended 30 September 2022 to approximately HK\$1.4 million for the Reporting Period, the revenue of long-term business was supported by the renewal of insurance policy. Furthermore, there was strong growth of revenue from business of general insurance which was increased by 133.1% from approximately HK\$0.4 million for the six months ended 30 September 2022 to approximately HK\$0.9 million for the Reporting Period.

Money Lending Business

The demand for loans is correlated to consumer and business sentiment which can then be reflected in the level of domestic economic activities. Led by inbound tourism and private consumption, the Hong Kong economy continued to recover in the third quarter of 2023, it is an opportunity for licensed money lenders to expand the business. The Group was cautious to expand the money lending business and to adopt measures and procedures to optimize the risks profile of loans.

Property Investment

The Group holds the property for investment purpose and has leased out the property for generating stable rental income and gaining from long-term capital appreciation. The rental income derived from the investment property is approximately CNY45,000 during the Reporting Period (six months ended 30 September 2022: approximately CNY28,000).



Business Strategies Review with Progress of Implementation

The Group aims to strengthen its market position for bentonite mining business in the PRC. In order to achieve this objective, the Group intends to pursue the following strategies. The following table sets out the Group's business strategies as disclosed in the 2022/23 Annual Report with the actual progress of implementation as at 30 September 2023.

Business Strategy	Implementation Plan	Progress of Implementation as of 30 September 2023
Broaden customer base and develop product recognition	<p>(i) Collaborating with external institutions in the PRC for the development of new technologies and new bentonite products to cater for high-valued downstream markets other than iron ore pelletising and civil engineering;</p> <p>(ii) attending and participating in industry forums and events to network with other industry professionals and potential customers; and</p> <p>(iii) expanding sales and marketing team to further enhance sales and marketing activities.</p>	<p>(i) The Group has completed techno-economic viability study of two new bentonite products as mentioned below. The external institutions are currently conducting laboratory-scale testing of the two products. In addition, the internal research and development team was working on the multifunctional pelletising clay; and it was also working with the external institutions on the techno-economic viability of several other new bentonite products and processing technologies;</p> <p>(ii) The management team had attended and participated in an industry seminar and established contacts with several industry experts and potential customers to explore cooperation opportunities and there were one new drilling mud customers and three pelletising clay customers starting their purchase with the Group in 2019; and</p> <p>(iii) The Group was in the process of recruiting more experienced personnel for sales and marketing.</p>
Development of new production technology and new products	Signing collaboration agreements with two universities and one research institute.	Completed techno-economic viability study of two new products: (a) polyaniline/montmorillonite nano-composite conductive coating materials; and (b) titanium dioxide/montmorillonite nano-composite materials and photocatalytic.
Recruitment of more talents	Recruiting more experienced personnel who possess abundant knowledge and rich experience in various aspects of the business, including mine design and construction, mining, processing, sales and marketing and research and development of principal products.	The Group was in the process of recruiting more experienced personnel for processing, sales and marketing, and research and development.
Acquisition of other non-metal mines	Evaluating any potential targets meeting the criteria when opportunities arise.	The Company entered memorandum of understanding with the potential vendor to acquire certain equity interest in a company in the PRC principally engaging in mining, processing and sales of black marble (dolerite) mine on 14 February 2017. As per the result of the Company's internal assessment, the acquisition is not viable and is abandoned.

Business Strategy

Improvement of plant and equipment

Implementation Plan

Upgrading current processing plant by, among others, purchasing new processing equipment such as Raymond Mill, modifying the rotary drum dryer and construction of new storage bins for storing pelletising clay.

Progress of Implementation as of 30 September 2023

Completed the feeding system for one pelletising clay production line;

Completed the construction of new storage facilities for pelletising clay;

Completed the expansion of storage facilities for dried bentonite ore to be processed into drilling mud;

Replaced the old forklift truck;

Replaced a transformer in the processing plant;

Completed the modification of existing rotary drum dryer;

Purchased one new flour mill;

Completed the modification of existing transformer room;

Purchased one electric motor and one electric belt scale;

Purchased and completed the construction of two new storage tanks;

Purchased one flour mill and fittings of the machine;

Purchased two forklift trucks;

Purchased one transformer;

Purchased four dedusting machines;

Purchased one oil-immersed power transformer;

Purchased two vacuum circuit breakers;

Purchased one 5R Raymond Mill;

Purchased one analysis machine;

Purchased one mixing drum;

Purchased one drying raw soil belt conveyor;

Purchase one screw machine (200KW); and

Purchase one electric machine.

Mine Property Summary

The Group holds the mining rights to Huanghu Bentonite Mine. The following table sets out certain information of the mine and details of the mining licence.

Location	Huanghu Bentonite Mine Fanchang county, Wuhu city, Anhui province
Equity Interest held by the Group	100%
Date of initial commercial production	Commercial production of pelletising clay in 2004 and drilling mud in 2010
Permitted mining right area	2,1311 km ²
Mining method	Open-pit
Mining depth/elevation limit	From 57 mASL to -23 mASL
Permitted annual production capacity	230,000 m ³ (equivalent to approximately 400,000 tonnes)
Validity period of current licence	10 March 2023 to 10 March 2024
Reserve data (as of 31 December 2020) <i>(Note 1)</i>	Dry
Proved reserve <i>(metric tonnes)</i>	1,720,000
Probable reserve <i>(metric tonnes)</i>	4,724,000
Total <i>(metric tonnes)</i>	6,444,000
Reserve data (as of 30 September 2023) <i>(Note 2)</i>	Dry
Proved reserve <i>(metric tonnes)</i>	1,398,000
Probable reserve <i>(metric tonnes)</i>	4,539,000
Total <i>(metric tonnes)</i>	5,937,000
Average quality of bentonite	
Active montmorillonite	47.0%
Colloid index	61.1 ml/15g
Swelling capacity	8.7 ml/g
Capital expenditure for the six months ended 30 September 2023	CNY98,000
Output for the six months ended 30 September 2023 <i>(metric tonnes)</i>	44,000

Notes:

- (1) The reserve data as of 31 December 2020 is extracted from the independent technical report dated 29 March 2021 (the "SRK report") prepared by SRK Consulting (Hong Kong) Limited under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy.

- (2) The reserve data as of 30 September 2023 has been substantiated by the Group's internal expert by adjusting those reserve extracted by the Group's mining activities from January 2021 to September 2023 from the proved reserve figure as of 31 December 2020. All assumptions and technical parameters set out in the SRK report have not been materially changed and are continued to apply to the reserve data as of 30 September 2023.
- (3) There is no exploration activity carried out by the Group during the Reporting Period.

Compliance

As at 30 September 2023, as stated in "Business – Legal proceedings and regulatory compliance – Regulatory non-compliance" of the Prospectus, in relation to the incidents of non-compliance with the applicable laws and regulations including those relating to environmental protection, land rehabilitation, safety, etc., the Group had already taken remedial actions and implemented relevant internal control measures. All these aspects have been in compliance with applicable laws and regulations as at the date of this report. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those which have significant impact on the Group.

Risk Management and Internal Control

The Board has overall responsibility for the effective risk management and internal control systems of the Group and is committed to the maintenance of good corporate governance, practices and procedures of the Group. The Board believes that all the major risk factors relevant to the Group have already been listed in "Risk factors" of the Prospectus. As at 30 September 2023 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 revised Corporate Governance Code (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.

FUND RAISING ACTIVITIES

Use of Listing Proceeds

In respect of the listing proceeds from the initial public offering of the Company in 2015 was approximately HK\$12.7 million.

Set out below is the revised timeline, as disclosed in the Company's announcement dated 21 March 2016, from the Listing Date to 31 December 2017 for the Group to deploy the net proceeds raised from the Placing taking into account the actual placing price of HK\$0.32 per share in accordance with the implementation of future plans, and the actual use of net proceeds up to the date of this report:

Revised timeline as disclosed in the Company's announcement dated 21 March 2016								
From Listing Date up to 31 December 2015	For the six months ended 30 June 2016	For the six months ending 31 December 2016	For the six months ended 30 June 2017	For the six months ending 31 December 2017	Total net proceeds	Approximate percentage of proceeds	Actual use of net proceeds up to 31 March 2023	Actual use of net proceeds up to 30 September 2023
(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	%	(HK\$ million)	(HK\$ million)
Development of production technology for new products	-	-	-	7.7	7.7	60.6	6.3	7.7
Improvement of plant and equipment	-	0.4	4.6	-	5.0	39.4	5.0	5.0
Total	-	0.4	4.6	7.7	12.7	100	11.3	12.7

Notes:

- (1) The proceeds was scheduled to be utilised in the payment of research and development fee and payment for the patents of production technology by various collaborating institutes by the end of 2017. However, payment has not been made for the intended uses as the research results were not as anticipated.

The Group spent around HK\$7.7 million on new product development and research up to 30 September 2023. The new products include high-tech certified burst-resistant pelletising clay and saltwater tolerant drilling mud.

As at 30 September 2023, the Group has fully utilized the proceeds to develop and research new products.

- (2) As at 31 December 2021, the Group has fully utilized the proceeds to upgrade current processing plant, purchase new processing equipment, modify the rotary drum dryer and construction of new store bins for storing pelletizing clay.

FINANCIAL REVIEW

Revenue

Breakdown of the Group's Revenue

	For the six months ended 30 September			
	2023		2022	
	<i>CNY'000</i>	%	<i>CNY'000</i>	%
	(Unaudited)		(Unaudited)	
Drilling mud	11,028	38.5	13,613	33.6
Pelletising clay	9,484	33.2	19,975	49.3
Total revenue of bentonite mining	20,512	71.7	33,588	82.9
Wealth management services income	6,450	22.6	5,020	12.3
Loan interest income	1,014	3.5	1,337	3.3
Guarantee service fee income	566	2.0	561	1.4
Total revenue of financial services	8,030	28.1	6,918	17.0
Rental income	45	0.2	28	0.1
Total rental income	45	0.2	28	0.1
Total revenue	28,587	100	40,534	100.0

Breakdown of the Group's Sales Volume and Average Selling Price by Products

	For the six months ended 30 September			
	2023		2022	
	Sales	Average	Sales	Average
	volume	selling price	volume	selling price
	(tonnes)	(CNY/tonne)	<i>(tonnes)</i>	<i>(CNY/tonne)</i>
Drilling mud	24,303	453.8	25,607	531.5
Pelletising clay	20,518	462.2	39,973	499.6

The overall revenue decreased by 29.5% from approximately CNY40.5 million for the six months ended 30 September 2022 to approximately CNY28.6 million for the Reporting Period. The decrease in revenue was due to combined effect of (i) increase of revenue of financial services and (ii) decrease of revenue of bentonite mining.

The revenue of bentonite products decreased approximately 38.9% from approximately CNY33.6 million to approximately CNY20.5 million during the Reporting Period. The decrease in revenue was mainly due to the downturn of the iron and steel industry, the market demand for bentonite products continued to slacken.

The revenue of financial services increased by approximately 16.1% from approximately CNY6.9 million for the six months ended 30 September 2022 to approximately CNY8.0 million for the Reporting Period. The increase in revenue of financial services for the Reporting Period was mainly due to combined effect of (i) the increase of approximately 28.5% in wealth management services income and (ii) decrease of approximately 24.2% in loan interest income comparing to the corresponding period in 2022. The decrease of loan interest income was mainly attributable to the reduction of loan portfolios size during the six months ended 30 September 2023 when compared with the corresponding period in 2022.

Cost of Sales

Breakdown of the Group's Cost of Sales

Cost Items	For the six months ended 30 September			
	2023		2022	
	CNY'000 (Unaudited)	%	CNY'000 (Unaudited)	%
Extraction costs	972	5.5	1,122	5.0
Processing costs				
– Air-drying costs	894	5.0	1,473	6.6
– Consumables, materials and supplies	3,419	19.3	6,421	28.6
– Depreciation and amortisation	548	3.1	544	2.4
– Staff costs	1,786	10.1	2,460	11.0
– Transportation costs	1,413	8.0	2,360	10.5
– Utility costs	1,759	9.9	2,423	10.8
– Others	1,092	6.2	1,017	4.5
Sales tax and surcharges	1,184	6.7	1,014	4.5
Total cost of bentonite mining	13,067	73.8	18,834	83.9
Commission expense of wealth management services	4,663	26.2	3,600	16.1
Total cost of financial services	4,663	26.2	3,600	16.1
Total cost	17,730	100.0	22,434	100.0

Breakdown of the Group's Cost of Sales of Bentonite Mining by Products

	For the six months ended 30 September					
	2023			2022		
	CNY/tonne	CNY'000 (Unaudited)	%	CNY/tonne	CNY'000 (Unaudited)	%
Drilling mud	298.3	7,248	55.0	276.0	7,067	37.7
Pelletising clay	283.6	5,819	45.0	294.4	11,767	62.3
		13,067	100.0		18,834	100.0

The overall cost of sales decrease by 21.0% from approximately CNY22.4 million for the six months ended 30 September 2022 to approximately CNY17.7 million for the Reporting Period. The decrease in cost of sales was caused by combined effect of (i) increase of commission expenses of wealth management services and (ii) decrease of cost of bentonite mining business.

The commission expense of wealth management services increased by approximately 29.5% from approximately CNY3.6 million for the six months ended 30 September 2022 to approximately CNY4.7 million for the Reporting Period. The increase in the commission expense of wealth management services mainly caused by the increase of approximately 28.5% in revenue of wealth management services income for the Reporting Period comparing to the corresponding period in 2022.

The total cost of sales of bentonite mining decreased by approximately 30.6% from approximately CNY18.8 million for the six months ended 30 September 2022 to approximately CNY13.1 million for the six months ended 30 September 2023. The decrease in the total cost of sales was mainly due to the decline in output and decrease of revenue of bentonite mining.

The cost of sales for drilling mud increased by approximately 2.6% from approximately CNY7.1 million for the six months ended 30 September 2022 to approximately CNY7.2 million for the six months ended 30 September 2023. The increase in the cost of sales for drilling mud was mainly due to the increase in unit processing cost from CNY276.0 per tonne for the six months ended 30 September 2022 to approximately CNY298.3 per tonne for the six months ended 30 September 2023.

The cost of sales for pelletising clay decreased by approximately 50.6% from approximately CNY11.8 million for the six months ended 30 September 2022 to approximately CNY5.8 million for the six months ended 30 September 2023. The decrease in the cost of sales for pelletising clay was due to the sales volume decline sharply from approximately 40,000 tonne for the six months ended 30 September 2022 to approximately 20,500 tonne for the six months ended 30 September 2023.

Gross Profit and Gross Profit Margin

Gross Profit and Gross Margin

Breakdown of the Group's Gross Profit and Gross Profit Margin

	For the six months ended 30 September			
	2023		2022	
	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	margin
	CNY'000	%	CNY'000	%
	(Unaudited)		(Unaudited)	
Drilling mud	3,780	34.3	6,546	48.1
Pelletising clay	3,665	38.6	8,208	41.1
Bentonite Mining	7,445	36.3	14,754	43.9
Wealth management services	1,787	27.7	1,420	28.3
Loan interest income	1,014	100.0	1,337	100.0
Guarantee services fee income	566	100.0	561	100.0
Financial services	3,367	41.9	3,318	48.0
Rental income	45	100.0	28	100.0
Total	10,857	38.0	18,100	44.7

The overall gross profit decreased by approximately 40.0% from approximately CNY18.1 million for the six months ended 30 September 2022 to approximately CNY10.9 million for the Reporting Period, and the overall gross profit margin decreased from approximately 44.7% for the six months ended 30 September 2022 to approximately 38.0% for the Reporting Period. The decrease in overall gross profit margin was mainly due to the decrease in gross profit margin of bentonite mining business and gross profit margin of financial services business.

Gross profit for the sale of drilling mud decreased by approximately 42.3% from approximately CNY6.5 million for the six months ended 30 September 2022 to approximately CNY3.8 million for the six months ended 30 September 2023, with the gross profit margin for the sale of drilling mud decreasing from approximately 48.1% for the six months ended 30 September 2022 to approximately 34.3% for the six months ended 30 September 2023. The lower sales volume and higher unit cost resulted in a decrease in both gross profit and gross margin.

Gross profit for the sale of pelletising clay decreased by approximately 55.3% from approximately CNY8.2 million for the six months ended 30 September 2022 to approximately CNY3.7 million for the six months ended 30 September 2023, with the gross profit margin for the sale of pelletising clay decreased from approximately 41.1% for the six months ended 30 September 2022 to approximately 38.6% for the six months ended 30 September 2023. The decrease in gross profit margin for pelletising clay was attributed to the decline in both sales volume and unit selling price.

The increase of gross profit of financial services was contributed by the combined effect of (i) increase of gross profit of wealth management services and (ii) decrease of loan interest income. Gross profit for the wealth management services increased by approximately 25.8% from approximately CNY1.4 million for the six months ended 30 September 2022 to CNY1.8 million for the Reporting Period, while the gross profit margin of wealth management services decreased from approximately 28.3% for the six months ended 30 September 2022 to approximately 27.7% for the Reporting Period.

Other Income

No material fluctuation was noted for the other income during the Reporting Period.

Selling and Distribution Expenses

The selling and distribution expenses decreased by approximately 19.0% from approximately CNY2.2 million for the six months ended 30 September 2022 to approximately CNY1.8 million for the Reporting Period. This was primarily due to the decrease in sales volume of pelletising clay and drilling mud for the Reporting Period.

Administrative and Other Expenses

The administrative and other expenses increased by approximately 23.5% from approximately CNY12.2 million for the six months ended 30 September 2022 to approximately CNY15.1 million for the Reporting Period. The increase was primarily due to the (i) increase of currency value of Hong Kong Dollars comparing to the corresponding period in last year so that the administrative expenses of Hong Kong business was translated in to a higher value in reporting currency of CNY; and (ii) increase of legal and professional fee, staff cost and office expenses for the Reporting Period.

Finance Costs

The finance costs increase by approximately 10.7% from approximately CNY244,000 for the six months ended 30 September 2022 to approximately CNY270,000 for the Reporting Period. The increase was mainly due to the increase of lease interest expenses.

Income Tax Credit/(Expense)

The Group had an income tax credit of approximately CNY0.8 million for the Reporting Period and income tax expense of approximately CNY1.0 million for the six months ended 30 September 2022. The income tax credit was mainly due to the increase of deferred tax assets generated from increase of tax loss assets.

(Loss)/profit 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 CNY5.1 million, a decrease of approximately CNY8.1 million from the profit for the period of approximately CNY3.0 million for the six months ended 30 September 2022.

Liquidity and Financial Resources

As at 30 September 2023, the Group had net current assets of approximately CNY93.6 million (31 March 2023: approximately CNY95.4 million).

As at 30 September 2023, the Group had cash and cash equivalents of approximately CNY37.9 million (31 March 2023: approximately CNY29.0 million) which was mainly dominated in CNY.

As at 30 September 2023, the Group had a general bank facility of CNY20 million (31 March 2023: CNY20 million) which was secured by pledged bank deposit.

Gearing Ratio

As at 30 September 2023, the gearing ratio was nil (31 March 2023: nil) as the Group was not in need of any material debt financing during the reporting period.

Capital Commitments

As at 30 September 2023, the Group did not have significant capital commitments (31 March 2023: Nil).

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 30 September 2023, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed 131 full time employees (as at 30 September 2022: 132) for its principal activities. Employees' costs (including Directors' emoluments) amounted to CNY12.7 million for the Reporting Period (six months ended 30 September 2022: CNY11.0 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

EVENTS AFTER THE REPORTING PERIOD

There is no material event undertaken by the Company or the Group subsequent to 30 September 2023 and up to the date of this report.

OUTLOOK

In 2023, the effects of the pandemic have gradually diminished. The government has decided to implement policies that focus on stimulating the economy. A range of targeted and supportive fiscal and monetary policies, along with industrial policies, will be successively implemented, supporting China's economy to speed up its current recovery trend. This will revive domestic household spending, kickstart the local economy and in time bring benefits to the economic recovery. The recovery in the manufacturing industry and the investments in infrastructure construction will support bentonite demand from downstream industries including the iron and steel and energy sectors. However, with the increasing overall downward pressure, the Group expected that the challenges in 2024 would continue to exist, the price of raw materials and energy might not be able to decrease in the short run and the profit level would remain relatively weak.

Within the bentonite industry, uncertainties brought by the Russo-Ukrainian War, economic downward pressure, and lack of market confidence will cause it hard to reverse the current situation in short term. Meanwhile, the PRC's ambitious target to achieve carbon neutrality by 2060 and takes measures to control the capacity and output of the iron and steel, will negatively impact the Group's business by imposing pressures on demand for pelletising clay and drilling mud. The Group strives to upgrade products to meet the customer requirement for energy conservation and emission reduction, and maintain the sales volume of its bentonite products by improving product quality and adhering to the "selling more with lower margin" strategy. In addition, 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 enhancing the Group's overall competitiveness to cope with the risks and uncertainties of the business environment.

For the financial services business, with the expectation of increasing awareness in wealth management in recent years, as well as the lifting of quarantine for arrivals and an end to the ban on outbound travel were major steps on the path towards normality, 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.

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 currently comprises three independent non-executive Directors, namely, Mr. CHAN Ka Wai (chairman of Audit Committee), Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung. 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 and the interim report 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.

APPRECIATION

The Board would like to take this opportunity to express its appreciation to the staff and management team of the Group for their hard work and dedication during the Reporting Period. The Board would also like to express its sincere gratitude to all the shareholders of the Company for their continuous support.

By Order of the Board

P.B. Group Limited

CHAN Man Fung

Executive Director and Co-chairman

Hong Kong, 14 November 2023

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2023, the interests and short positions of the Directors and chief executives of the Company in the shares (the "Share(s)"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings"), were set out below:

Name of Directors	Long/Short position	Capacity	Number of Shares	Notes	Approximate percentage of the issued Shares (%)
CHAN Man Fung	Long Position	Interests of a controlled corporation	34,235,118	1	21.52
	Long Position	Interests of a controlled corporation	46,690,572	2	29.34
	Long Position	Beneficial owner	6,682,000		4.20
			87,607,690		55.06
PUI Wai Lun	Long Position	Interests of a controlled corporation	34,235,118	1	21.52
	Long Position	Interests of a controlled corporation	46,690,572	2	29.34
			80,925,690		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 34,235,118 Shares.
2. Bonus Eventus Securities Limited is indirectly 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 46,690,572 Shares.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and 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 or short positions which they were 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 Required Standard of Dealings.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, 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 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	Approximate percentage of the issued Shares (%)
Mr. ZHANG Qiang	Long position	Beneficial owner	27,500,000	17.28
Ms. WANG Jie (<i>Note 1</i>)	Long position	Interest of spouse	27,500,000	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	34,235,118	21.52
Bonus Eventus Securities Limited	Long position	Beneficial owner	46,690,572	29.34

Note:

- 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 30 September 2023, no other persons or corporations (other than the Directors and chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares 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.

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 29 December 2015 (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.

During the Reporting Period, no share option was granted, exercised, cancelled or lapsed and outstanding under the Share Option Scheme.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code (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' INTERESTS 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 the Cayman Islands.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, any of the Company's listed securities throughout the Reporting Period.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of Directors since 31 March 2023 and up to the date of this report are as follows:

- Ms. ZONG Yan has been appointed as an executive Director with effect from 23 August 2023.
- Dr. CHAN Man Fung has been appointed as a compliance officer of the Company with effect from 23 August 2023.
- Mr. SU Chun Xiang has resigned as an executive Director and a compliance officer of the Company with effect from 23 August 2023.
- Mr. CHAN Ka Wai has been appointed as an independent non-executive Director, the chairman of the Audit Committee, the chairman of the remuneration committee of the Company (the "Remuneration Committee") and a member of the nomination committee of the Company (the "Nomination Committee") with effect from 6 October 2023.

- Mr. HUNG Chiu Fat has resigned as an independent non-executive Director, the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 6 October 2023.

Save as disclosed above, the Directors are not aware of any other change in the information of Directors and chief executives of the Company required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules as at the date of this report.

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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 September 2022: Nil).

OTHER INFORMATION

Prepayment to Suppliers

Reference was made to the Company's 2018, 2019, 2020, 2021 and 2022/23 Annual Reports, 2019, 2020, 2021, 2022 Interim Reports and 2022 Second Interim Report regarding the failure of the suppliers namely Lituo Enterprise (HK) Limited and Kai Muk Company to refund the trade deposits in the total amount of approximately HK\$54.46 million to the Company. The Company has:

- i. instituted legal proceedings against Lituo Enterprise (HK) Limited ("Lituo") on 18 October 2018 to recover outstanding deposits amounted to HK\$10,930,000 under High Court Action No. 2449 of 2018. Lituo filed its defence on 28 November 2018. Upon counsel's advice, the Company considered to have taken out summary proceedings against Lituo 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 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. After

the parties had completed discovery of evidence exhibit, and upon counsel's advice, the company attempted to consolidate with the action of HCA 2450 of 2018 ("HCA 2450") by taking out a Summons dated 6 February 2023 returnable on 9 February 2023. However, at the hearing, the Court dismissed the Company's summons, but ordered that the two cases be heard together. The parties have completed the discovery of documentary evidence and exchanged the statements of witnesses of the case. A Case Management Conference has been fixed for 7 December 2023.

- ii. instituted legal proceedings against, Lituo and another company (the "2nd Defendant") which was the payee designated by Lituo under the underlying contract, to recover outstanding deposits amounted to HK\$35,000,000 under High Court Action No. 2450 of 2018. Lituo 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 (replaced by Mr. Aaron Gardner pursuant to the order made by the BVI court on 14 March 2022) of FTI Consulting (BVI) Limited and Mr. Chow Wai Shing Daniel of FTI Consulting (Hong Kong) Limited (the "Joint Liquidators") be appointed as joint and several liquidators of the 2nd Defendant. Subsequent to the said order, the Joint Liquidators wrote to the Company on 15 June 2021 with the aim of (1) notifying the Company that the Joint 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 Joint Liquidators. Then on 17 June 2021, the Joint 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 Joint 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 Joint Liquidators are now in the course of locating if the 2nd Defendant has any assets overseas and they are of the view that a substantial amount of asset of the 2nd Defendant may be located in Singapore. To this end, the Joint Liquidators initiated an application in Singapore, seeking to apply for recognition of their liquidators' status in Singapore. On 6 July 2022, the Singaporean Court granted an order

to this effect. The Joint Liquidators are still in the course of locating the asset of the 2nd Defendant in Singapore. The liquidation of the 2nd Defendant is in progress. On the other hand, the Company sought advice from counsel on the merits of the case against Litu, whereupon it is counsel's advice that the case should consolidate with HCA 2449 of 2018 ("HCA 2449"). The Company therefore on 6 February 2023 took out a Summons applying for the case to be consolidated with HCA 2449 returnable on 9 February 2023. At the hearing, the Court rejected the Company's Summons but ordered that the two cases be heard together. The parties have completed the discovery of documentary evidence and exchanged the statements of witnesses of the case. A Case Management Conference has been fixed for 7 December 2023.

- iii. 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 Court has raised a lot of requisitions on the way of service of the statutory demand on the Tong Chung Ming, which was by way of substitute service; and we are now in the course of answering the requisitions raised. 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.

Back-to-back Guarantee Agreement

Reference were made to the announcements of the Company dated 30 July 2018, 29 July 2019, 24 July 2020, 28 July 2021, 28 July 2022, 18 August 2022, 22 August 2022 and 28 July 2023, the circular of the Company dated 26 August 2022 and 18 August 2023 in relation to the provision of financial guarantee services. On 28 July 2023, a Renewal Agreement to renew the Back-to-back Guarantee Agreement was entered by Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司), a wholly-owned subsidiary of the Company established in the PRC (the "Wuhu Subsidiary"), pursuant to which the Wuhu Subsidiary has agreed to provide financial guarantee to the Borrower by means of pledging its deposit in the sum of CNY20 million for procuring the Borrower to obtain the loan of CNY19 million provided by the lending bank. In return, the Wuhu Subsidiary shall receive a guarantee fee of 6%

of the amount of deposit pledged by the Wuhu Subsidiary. The Board considers that the provision of Guarantee in favour of the Borrower will better utilise the Group's cash in return for a stable interest income.

As the highest applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Renewal Agreement exceed 25%, the Renewal Agreement constitutes a major transaction on the part of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of 28 July 2023, P.B. Asia Holdings Limited holds 34,235,118 Shares, representing approximately 21.52% of the total number of issued Shares of the Company, and Bonus Eventus Securities Limited holds 46,690,572 Shares, representing approximately 29.34% of the total number of issued Shares of the Company. In addition, Dr. CHAN Man Fung, being the co-chairman and executive Director, directly holds 6,682,000 Shares, representing approximately 4.2% of the total number of issued Shares of the Company. Accordingly, P.B. Asia Holdings Limited, Bonus Eventus Securities Limited and Dr. CHAN Man Fung are interested in an aggregate of 87,607,690 Shares, representing approximately 55.06% of the total number of issued Shares of the Company.

In accordance with Rule 19.44 of the GEM Listing Rules, a written Shareholders' approval from Dr. CHAN Man Fung, Bonus Eventus Securities Limited and P.B. Asia Holdings Limited has been obtained and accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Renewal Agreement. As such, no general meeting of the Company will be convened.

A circular of the Company containing, among other matters, details of the Renewal Agreement and the transactions contemplated thereunder, and other information as required under Rule 19.41(a) of the GEM Listing Rules, was despatched to the Shareholders on 18 August 2023.

Save as disclosed above, there is no material event undertaken by the Company or the Group during the Reporting Period and up to the date of this report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2023

	Notes	Three months ended 30 September 2023		Six months ended 30 September 2023	
		CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)	CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Revenue	3	14,073	19,354	28,587	40,534
Cost of sales		(8,715)	(10,697)	(17,730)	(22,434)
Gross profit		5,358	8,657	10,857	18,100
Other income	4	611	859	1,098	1,102
Selling and distribution expenses		(778)	(763)	(1,773)	(2,189)
Administrative and other expenses		(8,555)	(6,950)	(15,100)	(12,231)
Finance costs	5	(142)	(123)	(270)	(244)
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss	15	21	(187)	(675)	(478)
(Loss)/profit before tax		(3,485)	1,493	(5,863)	4,060
Income tax credit/(expense)		678	(487)	797	(1,047)
(Loss)/profit for the period	7	(2,807)	1,006	(5,066)	3,013
Other comprehensive income for the period					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		103	2,600	1,910	4,771
Total comprehensive (loss)/income for the period		(2,704)	3,606	(3,156)	7,784
(Loss)/profit for the period attributable to owners of the Company		(2,807)	1,006	(5,066)	3,013
Total comprehensive (loss)/income for the period attributable to owners of the Company		(2,704)	3,606	(3,156)	7,784
(Loss)/earnings per share (CNY):					
Basic and diluted	9	(1.76) cents	0.63 cents	(3.18) cents	1.89 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		30 September 2023	31 March 2023
	<i>Notes</i>	CNY'000 (Unaudited)	<i>CNY'000</i> (Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	11,862	13,825
Right-of-use assets		3,126	3,589
Investment property	<i>11</i>	2,609	2,457
Intangible assets	<i>12</i>	4,984	4,997
Deferred tax assets		1,231	364
Restricted bank balances	<i>14</i>	14,380	14,137
		38,192	39,369
Current assets			
Inventories		5,415	5,313
Trade, guarantee service fee, loan and loan interest, bills and other receivables	<i>13</i>	54,137	63,631
Financial assets at fair value through profit or loss	<i>15</i>	1,794	2,340
Pledged bank deposits	<i>14</i>	20,000	20,000
Bank balances and cash	<i>14</i>	38,545	29,655
		119,891	120,939
Current liabilities			
Trade and other payables	<i>16</i>	24,558	23,138
Lease liabilities		475	887
Income tax payables		1,232	1,535
		26,265	25,560
Net current assets		93,626	95,379
Total assets less current liabilities		131,818	134,748

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30 September 2023

	30 September	31 March
	2023	2023
<i>Notes</i>	<i>CNY'000</i>	<i>CNY'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Asset retirement obligations	9,918	9,661
Deferred tax liabilities	–	23
Deferred income	165	173
	<hr/> 10,083 <hr/>	<hr/> 9,857 <hr/>
Net assets	<u>121,735</u>	<u>124,891</u>
Capital and reserves		
Share capital	<i>17</i> 13,261	13,261
Reserves	108,474	111,630
	<hr/> 121,735 <hr/>	<hr/> 124,891 <hr/>
Total equity	<u>121,735</u>	<u>124,891</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital	Share premium	Other reserve	Statutory reserve	Safety fund and production maintenance fund	Foreign currency translation reserve	Accumulated losses	Total
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
At 1 April 2022 (unaudited)	13,261	146,974	23,351	7,724	1,729	(491)	(69,136)	123,412
Profit for the period	-	-	-	-	-	-	3,013	3,013
Exchange difference arising on translation of financial statement of foreign operation	-	-	-	-	-	4,771	-	4,771
Other comprehensive income for the period	-	-	-	-	-	4,771	-	4,771
Total comprehensive income for the period	-	-	-	-	-	4,771	3,013	7,784
Appropriation to statutory reserve	-	-	-	571	-	-	(571)	-
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	-	-	(75)	-	75	-
At 30 September 2022 (unaudited)	<u>13,261</u>	<u>146,974</u>	<u>23,351</u>	<u>8,295</u>	<u>1,654</u>	<u>4,280</u>	<u>(66,619)</u>	<u>131,196</u>
At 1 April 2023 (audited)	13,261	146,974	23,351	8,731	1,880	2,695	(72,001)	124,891
Loss for the period	-	-	-	-	-	-	(5,066)	(5,066)
Exchange difference arising on translation of financial statement of foreign operations	-	-	-	-	-	1,910	-	1,910
Other comprehensive income for the period	-	-	-	-	-	1,910	-	1,910
Total comprehensive (loss)/income for the period	-	-	-	-	-	1,910	(5,066)	(3,156)
Appropriation to statutory reserve	-	-	-	1,250	-	-	(1,250)	-
At 30 September 2023 (unaudited)	<u>13,261</u>	<u>146,974</u>	<u>23,351</u>	<u>9,981</u>	<u>1,880</u>	<u>4,605</u>	<u>(78,317)</u>	<u>121,735</u>

Notes:

(i) OTHER RESERVE

It represents (a) the capital contribution from the previous controlling shareholder, Mr. Li Feilie 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 PRC shall set aside/appropriate a portion of its after tax profits of each year 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-metal Material Co., 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 funds which is based on the production volume annually for the utilisation of future safety production expense.

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended	
	30 September	
<i>Note</i>	2023	2022
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	9,004	16,137
NET CASH USED IN INVESTING ACTIVITIES	(164)	(2,987)
NET CASH USED IN FINANCING ACTIVITIES	(517)	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,323	13,150
CASH AND CASH EQUIVALENTS AT 1 APRIL	29,001	14,323
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	561	2,182
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	37,885	29,655

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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. P.B. Asia Holdings Limited held 34,235,118 Shares, representing approximately 21.52% of the total number of issued Shares and Bonus Eventus Securities Limited held 40,690,572 Shares, representing approximately 29.34% of the total number of issued Shares. P.B. Asia Holdings Limited and Bonus Eventus Securities Limited are owned and indirectly owned as to 50% by Dr. CHAN Man Fung and 50% by Mr. PUI Wai Lun. In addition, Dr. Chan Man Fung directly holds 6,682,000 Shares, representing approximately 4.2% of the total number of issued Shares.

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 1601, 16/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, financial services business and rental business.

The condensed consolidated interim financial statements 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).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the Reporting Period have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2023 are consistent with those adopted in the Group's annual financial statements for the 15-month period ended 31 March 2023. 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 April 2023. 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 six months ended 30 September 2023 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 AND 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 three reportable and operating segments: (i) bentonite mining, production and sales of drilling mud and pelletising clay, (ii) financial services business and (iii) property investment.

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

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

	Three months ended 30 September		Six months ended 30 September	
	2023 (Unaudited) CNY'000	2022 (Unaudited) CNY'000	2023 (Unaudited) CNY'000	2022 (Unaudited) CNY'000
Drilling mud	5,703	7,842	11,028	13,613
Pelletising clay	4,787	7,653	9,484	19,975
Total revenue of bentonite mining	10,490	15,495	20,512	33,588
Wealth management services income	2,760	2,862	6,450	5,020
Loan interest income	512	693	1,014	1,337
Guarantee service fee income	288	283	566	561
Total revenue of financial services	3,560	3,838	8,030	6,918
Rental income	23	21	45	28
Total rental income	23	21	45	28
Total revenue	14,073	19,354	28,587	40,534

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical information

The following table provides an analysis of the Group's revenue from external customers based on geographical location of the customers:

	Three months ended 30 September		Six months ended 30 September	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Hong Kong	3,295	3,576	7,509	6,385
PRC excluding Hong Kong	10,778	15,778	21,078	34,149
Total revenue	<u>14,073</u>	<u>19,354</u>	<u>28,587</u>	<u>40,534</u>

4. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Bank interest income	519	460	683	610
Release of government grant for property, plant and equipment	13	13	13	13
Government grant	4	195	8	243
Other losses	75	191	394	236
	<u>611</u>	<u>859</u>	<u>1,098</u>	<u>1,102</u>

5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)	2023 CNY'000 (Unaudited)	2022 CNY'000 (Unaudited)
Interest expenses on lease liability	13	-	13	-
Unwinding of discount on provision for dismantlement	129	123	257	244
	<u>142</u>	<u>123</u>	<u>270</u>	<u>244</u>

6. INCOME TAX (CREDIT)/EXPENSE

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	CNY'000	CNY'000	CNY'000	CNY'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
PRC Enterprise Income Tax ("EIT")	-	483	-	1,006
Hong Kong Profits Tax	71	-	71	-
Deferred taxation:				
Current period	(749)	4	(868)	41
	(678)	487	(797)	1,047

Notes:

- Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- Hong Kong profits tax is provided at the rate of 16.5% on the Group's estimated assessable profit for the Reporting Period (six months ended 30 September 2022: nil).
- Under the Law of the PRC on EIT ("EIT Law") and implementation regulation of the EIT Law, the tax rate of the subsidiaries established in the PRC other than Feishang Material is 25% for both periods.
- Feishang Material was recognised as a High Technology Enterprise and subject to EIT law at 15% for both periods.

7. (LOSS)/PROFIT FOR THE PERIOD

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	CNY'000	CNY'000	CNY'000	CNY'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period				
has been arrived at				
after charging:				
Amortisation of				
intangible asset	18	18	36	36
Amortisation of prepaid lease				
payments	10	10	20	20
Amount of inventories				
recognised as an expenses	5,762	8,203	11,883	17,820
Exchange loss/(gain), net	17	(197)	(169)	(373)
Depreciation of property,				
plant and equipment	441	390	965	798
Depreciation of right-of-use				
assets	140	-	419	-
Amortisation of land-use right	23	20	46	40

8. DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period, nor has any dividend been proposed since the end of the Reporting Period (six months ended 30 September 2022: nil).

9. (LOSS)/EARNINGS PER SHARE

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

Three months ended 30 September 2023		Six months ended 30 September 2023	
<i>CNY'000</i>	<i>CNY'000</i>	<i>CNY'000</i>	<i>CNY'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

(Loss)/earnings

(Loss)/earnings for the
purpose of basic and
diluted earnings per share

<u>(2,807)</u>	<u>1,006</u>	<u>(5,066)</u>	<u>3,013</u>
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Three months ended 30 September 2023		Six months ended 30 September 2023	
<i>CNY'000</i>	<i>CNY'000</i>	<i>CNY'000</i>	<i>CNY'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of shares

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

<u>159,114</u>	<u>159,114</u>	<u>159,114</u>	<u>159,114</u>
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Basic and diluted (loss)/
earnings per share (*CNY*)

<u>(1.76) cents</u>	<u>0.63 cents</u>	<u>(3.18) cents</u>	<u>1.89 cents</u>
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Note:

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group spent approximately CNY164,000 (six months ended 30 September 2022: approximately CNY241,000) on acquisition of property, plant and equipment.

During the Reporting Period, the Group has disposed certain property, plant and equipment with an aggregate carrying values of CNY1,267,000 (six months ended 30 September 2022: CNY353,000) for no cash proceeds (six months ended 30 September 2022: nil), resulting in a loss on disposal of CNY1,267,000 (six months ended 30 September 2022: CNY353,000).

11. INVESTMENT PROPERTY

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Fair value at the beginning of period/year	2,457	–
Additions	–	2,611
Net loss from fair value adjustment	–	(191)
Exchange adjustments	152	37
	<hr/>	<hr/>
Fair value at the end of period/year	<u>2,609</u>	<u>2,457</u>

12. INTANGIBLE ASSETS

During the six months end 30 September 2023, the Group did not spend any expenditure (six months ended 30 September 2022: nil) in relation to the mining site.

13. TRADE, BILLS AND OTHER RECEIVABLES

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Trade receivables – goods	6,623	7,787
Trade receivables – wealth management services	1,123	883
Guarantee service fee receivables	200	800
Less: loss allowance	(110)	(110)
	7,836	9,360
Loan and loan interest receivables	16,644	18,077
Less: loss allowance	(1,735)	(1,634)
	14,909	16,443
Bill receivables	9,673	14,215
Prepayments and deposits	8,878	8,544
Other receivables	14,187	16,869
Less: loss allowances	(1,346)	(1,800)
	54,137	63,631

As at 30 September 2023 and 31 March 2023, trade receivables from contracts with customers amounted to approximately CNY7,836,000 and approximately CNY9,360,000 respectively.

The Group offers revolving credit to one of its customer amounted approximately CNY400,000 as at 30 September 2023 (31 March 2023: one customer amounted approximately CNY400,000). This revolving credit provides for a predetermined credit limit that may be outstanding at any one time based on their background, credit history, length of business relationship and historical transaction amounts. The Group generally evaluates the credit limits granted to the customer annually upon renewal of the relevant sales agreements and upon special request from the customers. The Group held charges on such customers' vehicles as collaterals over the balance of approximately CNY400,000 as at 30 September 2023 (31 March 2023: approximately CNY400,000). Such collateral is not transferable and rentable and can be realised by the Group at first priority upon the liquidation or deregistration of such customer. For the remaining balances of approximately CNY26,923,000 as at 30 September 2023 (31 March 2023: approximately CNY24,586,000), the Group does not hold any collateral over these amounts.

13. TRADE, BILLS AND OTHER RECEIVABLES (Cont'd)

The Group allows credit period ranging from 5 days upon receipt of invoice to three months from the receipt of goods by or invoices to its trade customers. The following is an ageing analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the Reporting Period.

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Within 30 days	7,764	9,173
31 to 60 days	47	54
61 to 90 days	25	25
Over 90 days	–	108
	<hr/>	<hr/>
Total	<u>7,836</u>	<u>9,360</u>

As at 30 September 2023 and 31 March 2023, all of the bills receivables were aged within 180 days.

The following is ageing analysis on loan and loan interest receivables based on their respective contractual maturity date.

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Within 30 days	12,334	11,742
31 to 60 days	779	–
61 to 90 days	–	351
Over 90 days	1,796	4,350
	<hr/>	<hr/>
	<u>14,909</u>	<u>16,443</u>

14. RESTRICTED BANK BALANCES, PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Restricted bank balances

Restricted bank balances represent restricted cash set aside by the Group in banks placed for the settlement of asset retirement obligations for future environmental rehabilitation. The restricted bank balances carried at prevailing market rates ranging from 0.35% to 3.24% per annum (31 March 2023: 0.01% to 3.24% per annum) during the Reporting Period.

Pledged bank deposits

Pledged bank deposits represented deposit pledged to banks to secure general banking facilities granted to an independent third party. During the Reporting Period, the bank deposit of CNY20,000,000 (31 March 2023: CNY20,000,000) has been pledged to secure short-term bank borrowing of the independent third party and was therefore classified as current asset. The pledged bank deposits carry interest rates at 2.1% per annum (31 March 2023: 1.95% per annum) and will be released upon the expiry of the relevant banking facilities.

Bank balances and cash

Bank balances and cash include the following for the purposes of the condensed consolidated statement of cash flows:

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Cash at bank and in hand	37,885	26,025
Short-term bank deposits	660	3,630
	<hr/>	<hr/>
Bank balances and cash shown in the condensed consolidated statement of financial position	38,545	29,655
Less: Bank deposits with a maturity of more than three months	(660)	(654)
	<hr/>	<hr/>
Cash and cash equivalents shown in the condensed consolidated statement of cash flows (<i>Note</i>)	<u>37,885</u>	<u>29,001</u>

Note:

Bank balances and bank deposits carried at prevailing market rates ranging from 0.2% to 1.6% per annum during the Reporting Period (31 March 2023: 0.10% to 1.89% per annum).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Equity securities listed in Hong Kong	<u>1,794</u>	<u>2,340</u>

As at 30 September 2023, the fair values of equity securities listed in Hong Kong were determined based on the quoted market closing prices available on the Stock Exchange. During the six months period ended 30 September 2023, a decrease in fair value of approximately CNY675,000 (six months ended 30 September 2022: 478,000) was recognised in profit or loss. The equity securities were held in a portfolio designated by management of the Group as held for trading and are classified as current asset as at 30 September 2023.

16. TRADE AND OTHER PAYABLES

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Trade payables (<i>Note a</i>)	5,094	5,201
Other payables and accruals	19,106	17,861
Contract liabilities (<i>Note b</i>)	358	76
	<u>24,558</u>	<u>23,138</u>

16. TRADE AND OTHER PAYABLES (Cont'd)

(a) Trade payables

The following is an ageing analysis of trade payables presented based on invoice date at the end of the Reporting Period.

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Within 30 days	4,731	4,930
31 to 60 days	247	100
61 to 90 days	42	58
Over 90 days	74	113
Total	<u>5,094</u>	<u>5,201</u>

The average credit period granted is 30 days.

(b) Contract liabilities

The Group has recognised the following revenue-related to contract liabilities:

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Contract liabilities arising from:		
Sales of goods	<u>358</u>	<u>76</u>

16. TRADE AND OTHER PAYABLES (Cont'd)

(b) Contract liabilities (Cont'd)

The deposit of the Group received on sales of drilling mud and pelletising clay remains as a contract liability until the date the goods are delivered to customers.

Movements in contract liabilities:

	As at 30 September 2023 CNY'000 (Unaudited)	As at 31 March 2023 CNY'000 (Audited)
Balance as at 1 April	76	3,576
Decrease in contract liabilities as a result of recognising revenue during the reporting period/year that was included in the contract liabilities at the beginning of the reporting period/year	(76)	(3,565)
Increase in contract liabilities as a result of receipt in advance of sales of drilling mud and pelletising clay not yet delivered at reporting period/year ended	358	65
As at 30 September/31 March	<u>358</u>	<u>76</u>

17. SHARE CAPITAL

	Number of shares		Share capital <i>(Equivalent to)</i>
			<i>HK\$'000</i> <i>CNY'000</i>
Ordinary share of HK\$0.1 each			
Authorised			
31 March 2023 and 30 September 2023	<u>1,000,000,000</u>	<u>100,000</u>	
Issued and fully paid			
At 31 March 2023 and 30 September 2023	<u>159,114,400</u>	<u>15,911</u>	<u>13,261</u>

18. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to written resolution of the Company passed on 12 December 2015 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 28 December 2025. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

No share options have been granted, exercised, expired, lapsed, cancelled and outstanding during the Reporting Period (six months ended 30 September 2022: nil).

19. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the Group has entered into the following transactions with related parties.

Compensation to key management personnel

The remuneration of directors of the Company and other members of key management during the period was as follow:

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	CNY'000	CNY'000	CNY'000	CNY'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	224	207	447	414
Post employment benefit	4	4	8	8
	<u>228</u>	<u>211</u>	<u>455</u>	<u>422</u>

The remuneration of the directors of the Company and key executives is determined with regards to the performance of individuals.

19. RELATED PARTY TRANSACTIONS (Cont'd)

Related party relationship	Notes	Type of transaction	Transaction amount			
			Three months ended		Six months ended	
			30 September	2022	30 September	2022
			2023	2022	2023	2022
			CNY'000	CNY'000	CNY'000	CNY'000
			(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Company controlled by member of key management personnel	(i)	Accounting fees	137	129	273	258
	(i)	Professional fee	183	–	365	–
Director	(ii)	Acquisition of an investment property	–	–	–	2,611
Company controlled by the common directors	(iii)	Secretarial fees	345	283	689	566
	(iii)	Consultancy fee	327	–	327	–
			327	–	327	–

Related party relationship	Notes	Type of transaction	Transaction amount	
			As at 30 September	As at 31 March
			2023	2023
			CNY'000	CNY'000
			(Unaudited)	(Audited)
Director	(iv)	Other payables	23	21

Notes

- (i) Accounting fees were paid to a company directly owned by key management personnel of the Group.
- (ii) The investment property acquired was originally owned by an executive director, Dr. CHAN Man Fung.
- (iii) Secretarial fees and consultancy fee were paid to companies controlled by directors.
- (iv) The amounts are unsecured, interest free and has no fixed terms of repayment. The amounts due to directors are amounted at approximately HK\$24,000 as at 30 September 2023 (31 March 2023: approximately HK\$24,000).