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(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

MAJOR TRANSACTIONS: CONSTRUCTION AGREEMENTS IN RELATION TO CONSTRUCTION OF FACTORY FACILITIES

CONSTRUCTION AGREEMENTS

On 29 February 2024 (after trading hours), the Wuhu Subsidiary entered into the following agreements:

- (1) the Construction Agreement A with Contractor A, pursuant to which Contractor A (as the contractor) has agreed to undertake the construction work of steel structures on the Bentonite Plant at cash consideration of RMB11,636,000 (equivalent to approximately HK\$12,799,600); and
- (2) the Construction Agreement B with Contractor B, pursuant to which Contractor B (as the contractor) has agreed to undertake the construction and demolition work of installations and facilities on the Bentonite Plant at cash consideration of RMB14,743,000 (equivalent to approximately HK\$16,217,300).

GEM LISTING RULES IMPLICATIONS

As the structures and facilities to be constructed under each of the Construction Agreements are for the Group's own use in its ordinary and usual course of business, in accordance with Rule 19.23A of the GEM Listing Rules, the transactions contemplated under the Construction Agreements are not required to be aggregated and treated as one transaction on the sole basis that the transactions form parts of one asset.

As the highest applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of each of the Construction Agreement A and the Construction Agreement B exceed 25% but not more than 100%, each of the Construction Agreement A and the Construction Agreement B 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 this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Construction Agreements and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Construction Agreements.

WRITTEN SHAREHOLDERS' APPROVAL

As at the date of this announcement, P.B. Asia holds 34,235,118 Shares, representing approximately 21.52% of the total number of issued Shares of the Company, and Bonus Eventus holds 46,690,572 Shares, representing approximately 29.34% of the total number of issued Shares of the Company. In addition, Dr. Chan, 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, Bonus Eventus and Dr. Chan, being a closely allied group of Shareholders, 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, Bonus Eventus and P.B. Asia has been obtained and may be accepted in lieu of holding a general meeting of the Company to approve the Construction Agreements and the transactions contemplated thereunder. As such, no general meeting of the Company will be convened.

GENERAL

A circular of the Company containing, among other matters, details of the Construction Agreements and the transactions contemplated thereunder, and other information as required under Rule 19.41(a) of the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 21 March 2024 for information purpose.

On 29 February 2024 (after trading hours), the Wuhu Subsidiary entered into the following agreements:

- (1) the Construction Agreement A with Contractor A, pursuant to which Contractor A (as the contractor) has agreed to undertake the construction work of steel structures on the Bentonite Plant at cash consideration of RMB11,636,000 (equivalent to approximately HK\$12,799,600); and
- (2) the Construction Agreement B with Contractor B, pursuant to which Contractor B (as the contractor) has agreed to undertake the construction and demolition work of installations and facilities on the Bentonite Plant at cash consideration of RMB14,743,000 (equivalent to approximately HK\$16,217,300).

Salient terms of each of the Construction Agreements are as follows:

(1) CONSTRUCTION AGREEMENT A

Date: 29 February 2024

Parties:

- (1) 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; and
- (2) Wuhu Maohua Steel Structure Co., Ltd.* (蕪湖茂華鋼構有限責任公司) as contractor

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Contractor A is a company established in the PRC principally engaged in industrial and civil construction, steel engineering and sale of metal products and materials in the PRC. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Contractor A and its ultimate beneficial owners, namely, Mr. Hu Ziyang* and Mr. Hu Maohua* are Independent Third Parties.

Subject matter: Contractor A shall be responsible for the processing and installation of steel structures in the integrated workshop and finished products warehouse for the Bentonite Plant

Consideration: RMB11,636,000 in total (equivalent to approximately HK\$12,799,600), which shall be settled by the Wuhu Subsidiary in cash in the following manner:

- (i) a prepayment of RMB3,490,800 (equivalent to approximately HK\$3,839,880), representing 30% of the total consideration, shall be paid within 7 days after the date of the Contractor Agreement A;
- (ii) RMB2,327,200 (equivalent to approximately HK\$2,559,920), representing 20% of the total consideration, shall be paid after completing the installation of the main steel structure;
- (iii) RMB3,490,800 (equivalent to approximately HK\$3,839,880), representing 30% of the total consideration, shall be paid after the completion of the installation of the secondary steel structure;

- (iv) RMB1,745,400 (equivalent to approximately HK\$1,919,940), representing 15% of the total consideration, shall be paid after completing the installation of gate, awning or ladder and the auxiliary components and passing the overall completion inspection; and
- (v) the remaining 5% of the total consideration shall be retained by the Wuhu Subsidiary as quality guarantee fees which shall be payable in the manner set out under the sub-section headed “Quality guarantee fees” below.

Construction period: 270 days, commencing from 11 March 2024 to 10 December 2024

Warranty period: 1 year from the date of passing the completion inspection and acceptance of the construction works

Quality guarantee fees: being the amount of RMB581,800 (equivalent to approximately HK\$639,980), representing 5% of the total consideration, which shall be payable by the Wuhu Subsidiary within 7 days after the expiry of the warranty period, provided that no quality issue has arisen

Condition precedent: The Construction Agreement A is conditional upon the Shareholders’ approval in respect of the Construction Agreement A and the transactions contemplated thereunder having been obtained.

As at the date of this announcement, the condition precedent set out above has been fulfilled given the written Shareholders’ approval obtained from Dr. Chan, Bonus Eventus and P.B. Asia.

(2) CONSTRUCTION AGREEMENT B

Date: 29 February 2024

Parties:

- (1) 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; and
- (2) Anhui Fanchang County Minquan Construction Engineering Co., Ltd.* (安徽省繁昌縣民全建築工程有限公司) as contractor

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Contractor B is a company established in the PRC principally engaged in construction and supervision of construction projects, subcontracting of construction labour, interior decoration and furnishing for residential housing, landscaping, management of municipal facilities and construction projects in the PRC. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Contractor B and its ultimate beneficial owners, namely, Mr. Li Mingquan* and Mr. Li Mingyu* are Independent Third Parties.

Subject matter: Contractor B shall be responsible for the civil construction and installation of facilities, demolition of buildings, building of equipment foundation and ancillary engineering projects for the Bentonite Plant

Consideration: RMB14,743,000 in total (equivalent to approximately HK\$16,217,300), which shall be settled by the Wuhu Subsidiary in cash in the following manner:

- (i) a prepayment of RMB1,474,300 (equivalent to approximately HK\$1,621,730), representing 10% of the total consideration, shall be paid within 7 working days from the commencement date of the construction;
- (ii) subject to reporting by Contractor B and review and approval by the Wuhu Subsidiary or a third party entrusted by the Wuhu Subsidiary, up to 80% of the total consideration shall be settled monthly in accordance with the relevant progress of the works completed under the Construction Agreement B;

- (iii) subject to reporting by Contractor B and review and approval by the Wuhu Subsidiary or a third party entrusted by the Wuhu Subsidiary, up to 95% of the total consideration, less the 80% already paid pursuant to (ii) above, shall be settled by the Wuhu Subsidiary after passing the completion inspection; and
- (iv) the remaining 5% of the total consideration shall be retained by the Wuhu Subsidiary as quality guarantee fees which shall be payable in the manner set out under the sub-section headed “Quality guarantee fees” below.

Construction period:	360 days, commencing from 11 March 2024 to 6 March 2025
Warranty period:	24 months from the date of passing the completion inspection and acceptance of the construction works
Quality guarantee fees:	being the amount of RMB737,150 (equivalent to approximately HK\$810,865), representing 5% of the total consideration, which shall be payable by the Wuhu Subsidiary within 14 days after the expiry of the warranty period, provided that no quality issue has arisen
Condition precedent:	The Construction Agreement B is conditional upon the Shareholders’ approval in respect of the Construction Agreement B and the transactions contemplated thereunder having been obtained.

As at the date of this announcement, the condition precedent set out above has been fulfilled given the written Shareholders’ approval obtained from Dr. Chan, Bonus Eventus and P.B. Asia.

BASIS OF CONSIDERATION

The consideration under each of the Construction Agreements was determined after the tendering process undertaken by the Wuhu Subsidiary. Taking into account the estimated costs of the construction works, the prevailing market price of projects of similar nature and scale, and after assessing the experience, qualifications, social credit ratings and capability of Contractor A and Contractor B which are considered satisfactory, the tenders submitted by Contractor A and Contractor B for the respective Construction Agreements were considered the most appropriate.

The consideration payable by the Wuhu Subsidiary under each of the Construction Agreements will be financed by the Group’s internal resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENTS

The Group is principally engaged in (i) bentonite mining; (ii) the production and sales of drilling mud and pelletising clay; (iii) financial service business; and (iv) rental business.

The existing Bentonite Plant is made up of old factory buildings which are short and shabby thereby constraining its production capacity and the level of automation in its production is limited due to its obsolete equipment in use. There is also room for improving the efficiency of the internal logistics and transport of materials among the currently dispersed storage of raw materials, semi-finished products and finished products. As disclosed in the annual report of the Company for the fifteen months ended 31 March 2023 and the interim report of the Company for the six months ended 30 September 2023, the Group planned to further improve its processing plant and equipment, being one of the business strategies to strengthen its market position in the bentonite industry in the PRC. In this regard, the Group intended to upgrade and expand the production line of the existing Bentonite Plant by reconstructing its integrated workshop and finished product warehouse. The construction involving installation of facilities and building of equipment foundation is conducive for the automation of production process and centralized management.

The entering into of the Construction Agreements is in line with the business plan of the Group and will further enhance its production and storage capacity in view of the continuous growth in demand for bentonite products. The completion of the construction projects will help establish a stable and efficient production line for the long-term development of the Group's bentonite business and further enhance its market competitiveness.

In view of the foregoing, the Directors consider that the terms and conditions of the Construction Agreements are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the structures and facilities to be constructed under each of the Construction Agreements are for the Group's own use in its ordinary and usual course of business, in accordance with Rule 19.23A of the GEM Listing Rules, the transactions contemplated under the Construction Agreements are not required to be aggregated and treated as one transaction on the sole basis that the transactions form parts of one asset.

As the highest applicable percentage ratios calculated in accordance with the GEM Listing Rules in respect of each of the Construction Agreement A and the Construction Agreement B exceed 25% but not more than 100%, each of the Construction Agreement A and the Construction Agreement B 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 this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Construction Agreements and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Construction Agreements.

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In accordance with Rule 19.44 of the GEM Listing Rules, a written Shareholders' approval from Dr. Chan, Bonus Eventus and P.B. Asia has been obtained and may be accepted in lieu of holding a general meeting of the Company to approve the Construction Agreements and the transactions contemplated thereunder. As such, no general meeting of the Company will be convened.

GENERAL

A circular of the Company containing, among other matters, further details of the Construction Agreements and the transactions contemplated thereunder, and other information as required under Rule 19.41(a) of the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 21 March 2024 for information purpose.

DEFINITIONS

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

“Bentonite Plant”	the bentonite production line of the factory premises of the Wuhu Subsidiary located at Xiao Keshan, Xingang Town, Fanchang County, Wuhu, Anhui Province, the PRC, with a total construction area of approximately 17,482.96 sq. metres
“Bonus Eventus”	Bonus Eventus Securities Limited, a company incorporated in the Hong Kong with limited liability which is indirectly owned as to 50% by Dr. Chan and 50% by Mr. Pui
“close associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Company”	P.B. Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8331)
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules

“Construction Agreement A”	the agreement dated 29 February 2024 entered into between the Wuhu Subsidiary and Contractor A in respect of the construction of steel structures on the Bentonite Plant
“Construction Agreement B”	the agreement dated 29 February 2024 entered into between the Wuhu Subsidiary and Contractor B in respect of the construction of installations and facilities on the Bentonite Plant
“Construction Agreements”	collectively, the Construction Agreement A and the Construction Agreement B
“Contractor A”	Wuhu Maohua Steel Structure Co., Ltd.* (蕪湖茂華鋼構有限責任公司), a company established in the PRC, which is an Independent Third Party and not related to Contractor B
“Contractor B”	Anhui Fanchang County Minquan Construction Engineering Co., Ltd.* (安徽省繁昌縣民全建築工程有限公司), a company established in the PRC, which is an Independent Third Party and not related to Contractor A
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Man Fung, the Co-chairman of the Company and an executive Director
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons
“Mr. Pui”	Mr. Pui Wai Lun, the Co-chairman of the Company and an executive Director
“P.B. Asia”	P.B. Asia Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 50% by Dr. Chan and 50% by Mr. Pui
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong
“Wuhu Subsidiary”	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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* *the English names are not official names but are provided for identification purpose only*

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1=HK\$1.10 for illustration purpose only.

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

Hong Kong, 29 February 2024

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 7 days from the date of its publication and on the Company’s website at www.thepbg.com.