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*(incorporated in Cayman Islands with limited liability)*

**(Stock code: 8331)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024**

### **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.**

*This announcement, for which the directors (the “Directors” and each the “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 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](http://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](http://www.thepbg.com).*

The board (the “Board”) of Directors of the Company announces the consolidated financial results of the Group for the year ended 31 March 2024 (the “Financial Year” or “Reporting Period”) together with the comparative figures for the corresponding for the 15-month period ended 31 March 2023 (the “Comparative Period”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	<b>Year ended 31 March 2024 CNY'000</b>	Period from 1 January 2022 to 31 March 2023 CNY'000
Revenue	5	<b>64,716</b>	92,295
Cost of sales		<b>(42,973)</b>	(52,071)
Gross profit		<b>21,743</b>	40,224
Other income, other gains/(loss), net	6	<b>4,571</b>	(1,260)
Selling and distribution expenses		<b>(3,287)</b>	(6,780)
Administrative expenses		<b>(29,773)</b>	(32,710)
Finance costs	7	<b>(541)</b>	(615)
Loss before tax	8	<b>(7,287)</b>	(1,141)
Income tax credit/(expenses)	9	<b>206</b>	(1,594)
Loss for the year/period		<b>(7,081)</b>	(2,735)
Other comprehensive income for the year/period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		<b>1,662</b>	2,877
Total comprehensive (expense)/income for the year/period		<b>(5,419)</b>	142
Loss for the year/period attributable to owners of the Company		<b>(7,081)</b>	(2,735)
Total comprehensive (expense)/income for the year/period attributable to owners of the Company		<b>(5,419)</b>	142
<b>Losses per share:</b>			
Basic (CNY)	11	<b>(4.45) cents</b>	(1.72) cents
Diluted (CNY)	11	<b>(4.45) cents</b>	(1.72) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		19,066	13,825
Right-of-use assets		2,609	3,589
Investment property		2,426	2,457
Intangible assets		4,936	4,997
Deferred tax assets		543	364
Restricted bank balances		14,345	14,137
		<u>43,925</u>	<u>39,369</u>
<b>Current assets</b>			
Inventories		5,715	5,313
Trade, guarantee service fee, loan and loan interest, bills and other receivables	12	53,218	63,631
Financial assets at fair value through profit or loss		1,551	2,340
Pledged bank deposit		20,000	20,000
Bank balances and cash		27,445	29,655
		<u>107,929</u>	<u>120,939</u>
<b>Current liabilities</b>			
Trade and other payables	13	20,892	23,138
Lease liabilities		–	887
Income tax payables		1,150	1,535
		<u>22,042</u>	<u>25,560</u>
<b>Net current assets</b>		<u>85,887</u>	<u>95,379</u>
<b>Total assets less current liabilities</b>		<u>129,812</u>	<u>134,748</u>

		<b>As at 31 March 2024 CNY'000</b>	As at 31 March 2023 CNY'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Asset retirement obligations		<b>10,182</b>	9,661
Deferred tax liabilities		–	23
Deferred income		<b>158</b>	173
		<u><b>10,340</b></u>	<u>9,857</u>
<b>Net assets</b>		<u><b>119,472</b></u>	<u>124,891</u>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<b>13,261</b>	13,261
Share premium and reserves		<b>106,211</b>	111,630
		<u><b>119,472</b></u>	<u>124,891</u>
Total equity		<u><b>119,472</b></u>	<u>124,891</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

### 1. GENERAL INFORMATION

P.B. Group Limited 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 of Hong Kong Limited (the “Stock Exchange”) on 29 December 2015.

The address of the registered office of the Company is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and the address of the principal place of business of the Company is Room 1601, 16th Floor, 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 the bentonite mining, production and sales of drilling mud and pelletising clay, financial service business and rental business.

The consolidated financial statements are presented in Chinese Yuan (“CNY”), which is different from the Company’s functional currency of Hong Kong dollars (“HK\$”).

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

#### New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current year and/or on the disclosures set out in these consolidated financial statements.

### Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of all amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2024 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 4. SEGMENT REPORTING

Information reported to the chief operating decision maker (being the Directors), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered of the Group. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

For each of the business units, the Directors review internal management reports on a monthly basis. Segment information below is presented in a manner consistent with the way in which information is reported internally to the Directors for the purposes of resource allocation and performance assessment.

For the year ended 31 March 2024, the Group is organised into business units based on its products and services and has three (for the period ended 31 March 2023: three) reportable segments as described below.

The following describes the operations in each of the Group's reportable segments:

<b>Reporting segment</b>	<b>Nature</b>	<b>Place of operation</b>
Bentonite mining operation	Bentonite mining, production and sales of drilling mud and pelletising clay	The PRC
Financial service business	Provision of wealth management services, money lending services and provision of financial services	Hong Kong ("HK") and The PRC
Property investment business	Properties for rental income potential and/or for capital appreciation	HK

	<b>Year ended 31 March 2024 CNY'000</b>	Period from 1 January 2022 to 31 March 2023 CNY'000
<b>Revenue from contracts with customer within the scope of IFRS 15:</b>		
Bentonite mining operation	43,823	76,543
Financial service business		
– Wealth management service income	17,774	11,188
– Guarantee service fee income	1,132	1,415
	<u>62,729</u>	<u>89,146</u>
<b>Revenue from other sources</b>		
Financial service business		
– Loan interest income	1,896	3,079
Property investment business	91	70
	<u>1,987</u>	<u>3,149</u>
Total	<u><u>64,716</u></u>	<u><u>92,295</u></u>

#### **Reportable segment revenue, profit, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets include all tangible assets, intangible assets, restricted bank balances, deferred tax assets and current assets with the exception of other corporate assets managed by head office.

Segment liabilities include trade and other payables, lease liabilities, income tax payables, asset retirement obligations, deferred tax liabilities and deferred income attributable to the activities of the individual segments managed directly by the segments with the exception of other payables managed by head office.

The reportable segments of the Group as described below represents the Group's strategic business units. The following describes the operations in each of the Group's reportable segments:

**For the year ended 31 March 2024**

	Bentonite mining operation <i>CNY'000</i>	Financial service business <i>CNY'000</i>	Property investment business <i>CNY'000</i>	Unallocated <i>CNY'000</i>	Total <i>CNY'000</i>
<b>Revenue from external customers and reportable segment revenue</b>	<u>43,823</u>	<u>20,802</u>	<u>91</u>	<u>-</u>	<u>64,716</u>
Reportable segment results	1,814	(384)	68	-	1,498
Bank interest income	902	4	-	1	907
Other income, other (losses)/gains, net	(1,471)	366	(163)	3,663	2,395
Finance costs	(522)	(19)	-	-	(541)
Unallocated corporate expenses	-	-	-	(12,815)	(12,815)
Net (provision)/reversal of expected credit loss on trade, loan and loan interest receivables and other receivables	<u>(26)</u>	<u>1,220</u>	<u>-</u>	<u>75</u>	<u>1,269</u>
<b>Profit/(loss) before tax</b>	<u>697</u>	<u>1,187</u>	<u>(95)</u>	<u>(9,076)</u>	<u>(7,287)</u>
Income tax credit	<u>100</u>	<u>106</u>	<u>-</u>	<u>-</u>	<u>206</u>
<b>Profit/(loss) for the year</b>	<u>797</u>	<u>1,293</u>	<u>(95)</u>	<u>(9,076)</u>	<u>(7,081)</u>
<b>As at 31 March 2024</b>					
<b>Assets</b>					
Reportable segment assets	117,127	20,020	2,426	-	139,573
Unallocated corporate assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,281</u>	<u>12,281</u>
Consolidated total assets	<u>117,127</u>	<u>20,020</u>	<u>2,426</u>	<u>12,281</u>	<u>151,854</u>
<b>Liabilities</b>					
Reportable segment liabilities	22,613	4,630	24	-	27,267
Unallocated corporate liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,115</u>	<u>5,115</u>
Consolidated liabilities	<u>22,613</u>	<u>4,630</u>	<u>24</u>	<u>5,115</u>	<u>32,382</u>
<b>Other segment information</b>					
Addition of property, plant and equipment	8,595	-	-	68	8,663
Depreciation of property, plant and equipment	1,285	263	-	93	1,641
Depreciation of right-of-use assets	93	927	-	-	1,020
Amortisation of intangible assets	84	-	-	-	84
Loss on disposal/write off of property, plant and equipment	1,804	-	-	-	1,804
Fair value loss on investment property	-	-	163	-	163
Fair value loss on financial assets at FVTPL	-	-	-	908	908
Net provision/(reversal) of expected credit loss on trade, loan and loan interest receivables and other receivables	<u>26</u>	<u>(1,220)</u>	<u>-</u>	<u>(75)</u>	<u>(1,269)</u>



For the period from 1 January 2022 to 31 March 2023

	Bentonite mining operation CNY'000	Financial service business CNY'000	Property investment business CNY'000	Unallocated CNY'000	Total CNY'000
<b>Revenue from external customers and reportable segment revenue</b>	<u>76,543</u>	<u>15,682</u>	<u>70</u>	<u>–</u>	<u>92,295</u>
Reportable segment results	11,146	1,144	45	–	12,335
Bank interest income	860	1	–	2	863
Other income, other gains/(losses), net	836	506	(191)	(631)	520
Finance costs	(615)	–	–	–	(615)
Unallocated corporate expenses	–	–	–	(11,601)	(11,601)
Net reversal/(provision) of expected credit loss on trade, loan and loan interest receivables and other receivables	117	(2,501)	–	(259)	(2,643)
<b>Profit/(loss) before tax</b>	<u>12,344</u>	<u>(850)</u>	<u>(146)</u>	<u>(12,489)</u>	<u>(1,141)</u>
Income tax expenses	(1,565)	(29)	–	–	(1,594)
<b>Profit/(loss) for the period</b>	<u>10,779</u>	<u>(879)</u>	<u>(146)</u>	<u>(12,489)</u>	<u>(2,735)</u>
<b>As at 31 March 2023</b>					
<b>Assets</b>					
Reportable segment assets	115,691	26,634	2,457	–	144,782
Unallocated corporate assets	–	–	–	15,526	15,526
Consolidated total assets	<u>115,691</u>	<u>26,634</u>	<u>2,457</u>	<u>15,526</u>	<u>160,308</u>
<b>Liabilities</b>					
Reportable segment liabilities	23,104	3,099	23	–	26,226
Unallocated corporate liabilities	–	–	–	9,191	9,191
Consolidated liabilities	<u>23,104</u>	<u>3,099</u>	<u>23</u>	<u>9,191</u>	<u>35,417</u>
<b>Other segment information</b>					
Addition of property, plant and equipment	888	269	–	410	1,567
Addition of investment property	–	–	2,611	–	2,611
Addition of right-of-use asset	605	842	–	–	1,447
Depreciation of property, plant and equipment	1,803	329	–	103	2,235
Depreciation of right-of-use assets	102	–	–	–	102
Amortisation of intangible assets	141	–	–	–	141
Loss on disposal/write off of property, plant and equipment	128	–	–	–	128
Gain on lease modification	(450)	–	–	–	(450)
Fair value loss on investment property	–	–	191	–	191
Fair value loss on financial assets at FVTPL	–	–	–	655	655
Net (reversal)/provision of expected credit loss on trade, loan and loan interest receivables and other receivables	(117)	2,501	–	259	2,643

#### Information about geographical areas

The Group's revenue from sales of drilling mud and pelletising clay are derived from the customers based in the PRC (country of domicile). Financial service business and property investment business are located in Hong Kong. Locations are determined according to principal place of operating the businesses.

The non-current assets excluding financial assets and deferred tax assets are based on the physical locations of the assets.

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Hong Kong	3,696	4,825
Mainland China	25,341	20,043
	<u>29,037</u>	<u>24,868</u>

#### Information about major customers

Revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Group were as follows:

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Customer A*	11,187	26,020
Customer B* (Note)	–	11,279
	<u>11,187</u>	<u>37,300</u>

\* Relating to bentonite mining operation

Note:

The customer does not contribute over 10% of the total revenue of the Group during the current year.

#### Information about major products

The following is an analysis of the Group's revenue from sales of its major products to external customers under bentonite mining operation:

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Drilling mud	20,146	28,484
Pelletising clay	23,677	48,059
	<u>43,823</u>	<u>76,543</u>

## 5. REVENUE

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

	<b>Year ended 31 March 2024 CNY'000</b>	Period from 1 January 2022 to 31 March 2023 CNY'000
<b>Types of goods</b>		
Drilling mud	20,146	28,484
Pelletising clay	23,677	48,059
<b>Types of services</b>		
Financial service business		
– Wealth management service income	17,774	11,188
– Loan interest income	1,896	3,079
– Guarantee service fee income	1,132	1,415
Property investment business		
– Rental income	91	70
	<u>64,716</u>	<u>92,295</u>

The disaggregation of the Group's revenue from contracts with customers were as follows:

### Timing of revenue recognition under IFRS 15

At a point in time		
– Sales of drilling mud and pelletising clay	43,823	76,543
– Wealth management service income	17,774	11,188
At over time		
– Guarantee service fee income	1,132	1,415
	<u>62,729</u>	<u>89,146</u>
Revenue from other sources		
– Loan interest income	1,896	3,079
– Rental income	91	70
	<u>1,987</u>	<u>3,149</u>
	<u>64,716</u>	<u>92,295</u>

## 6. OTHER INCOME, OTHER GAINS/(LOSSES), NET

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
<b>Other income</b>		
Bank interest income	907	863
Government grants	150	563
Release of government grant for property, plant and equipment	15	99
Sundry income	409	89
	<u>1,481</u>	<u>1,614</u>
<b>Other gains/(losses), net</b>		
Fair value loss on investment property	(163)	(191)
Fair value loss on financial assets at FVTPL	(908)	(655)
Loss on disposal/written off of property, plant and equipment	(1,804)	(128)
Gain on lease modification	–	450
Exchange gain, net	124	293
Write off of other payable	4,572	–
Net reversal/(provision) of expected credit loss on trade, loan and loan interest receivables and other receivables	1,269	(2,643)
	<u>4,571</u>	<u>(1,260)</u>

## 7. FINANCE COSTS

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Interest expense on lease liability	19	–
Unwinding of discount on provision for dismantlement	522	615
	<u>541</u>	<u>615</u>

## 8. LOSS BEFORE TAX

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Loss before tax is arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	1,421	1,571
Salaries, wages, allowances and other benefits	13,989	19,094
Contributions to retirement benefits scheme (excluding directors' and chief executive's emoluments)	1,067	1,581
	<u>16,477</u>	<u>22,246</u>
Total staff costs		
Auditor's remuneration	731	913
Depreciation of property, plant and equipment	1,641	2,235
Depreciation of right-of-use assets	1,020	102
Amortisation of intangible assets	84	141
Amount of inventories recognised as an expense	18,624	41,581
Exchange gain, net	(124)	(293)
Research and development cost	2,850	3,850
Expenses related to short-term leases – office premise and plant and equipment	3,684	10,291
Rental income from investment properties less direct operating expenses of CNY18,000 (for the period ended 31 March 2023: CNY7,000)	(73)	(63)
	<u>(73)</u>	<u>(63)</u>

## 9. INCOME TAX (CREDIT)/EXPENSES

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	–	1,565
Hong Kong Profits Tax	22	62
Over-provision in previous period	(31)	–
	<u>(9)</u>	<u>1,627</u>
Deferred tax:		
Current year/period	(197)	(33)
	<u>(197)</u>	<u>(33)</u>
	<u>(206)</u>	<u>1,594</u>

*Notes:*

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the “Regime”) is first effective for the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of the qualifying group entity is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Hong Kong profits tax for the year ended 31 March 2024 and the period ended 31 March 2023 is provided based on the Regime.
- (iii) Under the Law of the PRC on EIT (the “EIT Law”) and implementation regulation of the EIT Law, the tax rate of the subsidiaries established in the PRC other than Wuhu Feishang Non-metal Material Co., Ltd.\* (蕪湖飛尚非金屬材料有限公司) (“Feishang Material”) is 25% for the fiscal year/period.
- (iv) Feishang Material was recognised as a High Technology Enterprise and subject to EIT Law at 15% for the year/period.

## 10. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the Reporting Period (for the period ended 31 March 2023: nil).

## 11. LOSSES PER SHARE

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

	<b>Year ended 31 March 2024 CNY'000</b>	Period from 1 January 2022 to 31 March 2023 CNY'000
<b>Losses</b>		
Losses for the purpose of basic and diluted losses per share	<u>(7,081)</u>	<u>(2,735)</u>
	<b>Year ended 31 March 2024</b>	Period from 1 January 2022 to 31 March 2023
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted losses per share ('000 share)	<u>159,114</u>	<u>159,114</u>
Basic and diluted losses per share (CNY)	<u>(4.45) cents</u>	<u>(1.72) cents</u>

The diluted losses per share is same as basic losses per share for the year ended 31 March 2024 and the period ended 31 March 2023 as there were no potential ordinary shares in issue for the year/period.

\* *For identification purpose only*

**12. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES**

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Trade receivables – goods	9,584	7,787
Trade receivables – wealth management services	1,054	883
Guarantee service fee receivables	–	800
Less: allowance for credit losses	(144)	(110)
	<u>10,494</u>	<u>9,360</u>
Loan and loan interest receivables	14,158	18,077
Less: allowance for credit losses	(1,932)	(1,634)
	<u>12,226</u>	<u>16,443</u>
Bills receivables	12,610	14,215
Deposits	396	326
Prepayments	8,647	8,218
Amount due from a director ( <i>Note (b)</i> )	77	–
Other receivables ( <i>Note (a)</i> )	9,137	16,869
Less: allowance for credit losses	(369)	(1,800)
	<u>53,218</u>	<u>63,631</u>

As at 31 March 2024, trade receivables from contracts with customers amounted to CNY10,494,000 (as at 31 March 2023: CNY9,360,000).

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 credit losses 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 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Within 30 days	10,238	9,173
31 to 60 days	222	54
61 to 90 days	29	25
Over 91 days	5	108
	<u>10,494</u>	<u>9,360</u>

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

	<b>As at 31 March 2024 CNY'000</b>	As at 31 March 2023 CNY'000
Within 30 days	<b>9,569</b>	11,742
31 to 60 days	<b>3</b>	–
61 to 90 days	–	351
Over 91 days	<b>2,654</b>	4,350
	<u><b>12,226</b></u>	<u>16,443</u>

As at 31 March 2024 and 31 March 2023, all of the bills receivables were aged within 180 days.

(a) Include in other receivables were refundable deposits paid to agents for the Group's business strategy of searching and acquisition potential projects of non-metal mine business of CNY7,888,000 (as at 31 March 2023: CNY10,386,000).

(b) The amount due from a director is non-trade in nature, interest-free and repayable on demand.

### 13. TRADE AND OTHER PAYABLES

	<b>As at 31 March 2024 CNY'000</b>	As at 31 March 2023 CNY'000
Trade payables ( <i>Note (a)</i> )	<b>4,956</b>	5,201
Other payables and accruals	<b>15,790</b>	17,832
Contract liabilities ( <i>Note (b)</i> )	<b>126</b>	76
Amount due to a related company ( <i>Note (c)</i> )	<b>9</b>	8
Amounts due to directors ( <i>Note (d)</i> )	<b>11</b>	21
	<u><b>20,892</b></u>	<u>23,138</u>



(a) **Trade payables**

The following is an ageing analysis of trade payable presented based on invoice date at the end of the reporting period.

	<b>As at 31 March 2024 CNY'000</b>	<b>As at 31 March 2023 CNY'000</b>
Within 30 days	<b>4,376</b>	4,930
31 to 60 days	<b>350</b>	100
61 to 90 days	<b>217</b>	58
91 to 365 days	<b>13</b>	113
	<hr/> <b>4,956</b> <hr/>	<hr/> 5,201 <hr/>

The average credit period granted is 30 days.

(b) **Contract liabilities**

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

	<b>As at 31 March 2024 CNY'000</b>	<b>As at 31 March 2023 CNY'000</b>
Contract liabilities arising from:		
Sale of goods	<hr/> <b>126</b> <hr/>	<hr/> 76 <hr/>

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. The significant increase in contract liabilities in current year was mainly due to goods delivered to customers and revenue recognised before the end of reporting period.

(c) The amount due to a related company is non-trade in nature, interest-free and repayable on demand.

(d) The amounts due to directors are non-trade in nature, interest-free and repayable on demand.

#### 14. SHARE CAPITAL

	<b>Number of ordinary shares HK\$0.1 each</b>	<i>HK\$'000</i>	<b>Share capital</b> (Equivalent to) <i>CNY'000</i>
Authorised			
As at 1 January 2022, 31 March 2023 and 31 March 2024	<u>1,000,000,000</u>	<u>100,000</u>	
Issued and fully paid			
As at 1 January 2022, 31 March 2023 and 31 March 2024	<u>159,114,400</u>	<u>15,911</u>	<u>13,261</u>

#### 15. RECLASSIFICATION OF COMPARATIVES

Certain comparative figures have been reclassified in the consolidated results, which have no effect on previous reported accumulated losses, to conform with the current year's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Bentonite Mining

In 2023, faced with a complex international environment and challenging reform, development, and stabilization issues, the People's Republic of China (the "PRC") increased its efforts in macroeconomic regulation, implemented more aggressive fiscal policies, and introduced precise and effective monetary policies. As a result of these measures, the PRC achieved a year-on-year increase in Gross Domestic Product ("GDP") of 5.2%, with infrastructure and manufacturing investment rising due to the government's growth stabilization policy. However, real estate investment experienced sluggish operation. These factors led to weak downstream demand for the iron and steel industry, resulting in a 42.7% decrease in bentonite product revenue from CNY76.5 million to CNY43.8 million along with a drop in profit margin from 42.4% to 36.4% in the Financial Year compared to the Comparative Period.

#### Financial Services

Apart from the production and sale of bentonite products in 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 Feishang Materials, a wholly-owned subsidiary of the Group in the PRC. The financial services of the Group include the wealth management services, money lending business and financial guarantee fee income.

P.B. Nikyo is a company incorporated in Hong Kong with limited liability and is a licensed insurance intermediary under the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong). It is also registered as an MPF Corporate Intermediary with the Mandatory Provident Fund Schemes Authority in accordance with the Mandatory Provident Fund Intermediary Certificate issued by the Mandatory Provident Fund Schemes Authority. P.B. Credit is a company incorporated in Hong Kong with limited liability and has been carried on business as a money lender under the Money Lenders Ordinance.

## ***Wealth Management Services***

For the overall market trends analysis, by reference to the provisional statistics released by the Insurance Authority, the total gross premiums in Hong Kong's insurance market decreased by 1.1% in 2023, amounting to HK\$549.7 billion. This decline was attributed to various macroeconomic factors, including economic uncertainties and market volatility. Despite the overall decline, the first quarter of 2024 showed a promising start with the insurance industry growing by 12%, indicating a potential recovery and increased consumer confidence. The total revenue premiums for in-force long term business decreased by 1.8% to HK\$482.4 billion in 2023. For the first quarter of 2024, there was a 14.0% rise from the previous year for long-term business of total revenue premiums, which totaled HK\$144.3 billion. Total gross premiums for general insurance business grew by 4.1% to HK\$67.3 billion, with net premiums increasing by 2.7% to HK\$43.3 billion. In the first quarter of 2024, the gross and net premiums of general insurance business were HK\$20.8 billion increased by 0.9% and HK\$13.1 billion increased by 5.3% respectively.

For the year ended 31 March 2024, our Group's wealth management and insurance brokerage services demonstrated significant growth and resilience despite market fluctuations. The value of new business increased from approximately HK\$4.7 million in 2023 to approximately HK\$6.4 million in 2024, marking a substantial growth of approximately 36%. This increase reflects our enhanced marketing strategies. The persistency rate of insurance policies improved from 99.69% in 2023 to 99.79% in 2024. The persistency rate was also maintained at a high level which indicated a high level of customer satisfaction and trust in our services. The number of agents decreased from 56 to 53. Despite this reduction, our strategic focus on productivity and efficiency has ensured that service levels and client satisfaction remain high.

### ***Key performance indicator of wealth management services***

		<b>Year ended 31 March 2024</b>	Period from 1 January 2022 to 31 March 2023	Change
Value of new business ( <i>note 1</i> )	<i>HK\$'000</i>	<b>6,380</b>	4,693	35.9%
Persistency Rate of insurance policy	<i>Percentage</i>	<b>99.79</b>	99.69	0.1%
Agency force	<i>Number of agent</i>	<b>53</b>	56	(5.4)%

#### *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 issued during the Financial Year.

## ***Money Lending Business***

The credit market in Hong Kong showed strength and expansion in 2023, backed by solid economic performance and effective risk management practices. The market's health was reflected in the low non-performing loan ratios and the rising demand for personal and business loans. Hong Kong's economy expanded by 3.2% in 2023, recovering from the pandemic-related slowdown. The market is expected to maintain its growth in 2024, supported by stable economic conditions and favorable regulatory environments. However, possible risks such as global economic volatility and increasing interest rates require close monitoring and strategic planning. As per press release of reputable credit agency, the demand for personal loans declined by 8.7% year-on-year ("YoY") in the fourth quarter of 2023, despite a 4.0% YoY increase in enquiry volumes, suggesting higher consumer interest in personal loan. The average new loan size increased by 2.9% YoY as lenders issued more new loans to lower-risk borrowers who typically receive larger loan amounts. Capitalizing on the market opportunity, the Group has followed a cautious and consistent business strategy to grow the money lending business in order to achieve a higher risk-adjusted return for the loans receivable.

### *Internal control procedures for credit and lending services*

To monitor the credit status of borrowers, the management of money lending business and credit control team review the loan portfolio of the Group regularly and conduct comprehensive review over the credit policies and control procedures annually to ensure the Group's interests are well-protected. The Company has put in place clear credit policies, guidelines and controls procedures covering the entire life cycle of money lending operation, which are summarised as follows:

- **Loan application**      Upon receipt of loan application from potential borrower, a series of know-your-client ("KYC") procedures are performed by our credit control team. The KYC procedures include interviewing the applicants to understand their financial needs and repayment abilities, inspecting supporting documents to verify their information submitted, performing background research and on-site visiting. The credit control team summarises the results of the KYC procedures and reports to the management of money lending department for recommendations of approval.
  
- **Loan approval**      With reference to the application information and the KYC result, the credit control team make recommendations to the management of money lending department in terms of approvability, credit limit, interest rate and length of loan period. Factors being taken into account in considering the loan application include:
  - 1) the financial ability of the applicant, namely, their assets, liabilities and income;
  - 2) the past credit records of the applicant;
  - 3) prevalent market interest rates; and
  - 4) the availability of guarantee or provision of collateral.

If the management of money lending business approved the loan application, a set of loan documents together with the loan agreement are prepared and arranged among the borrower, the guarantor (if any) and the Group. Once the loan is properly documented and executed, the borrower can request for loan drawdown in accordance with the loan agreement.

- Loan monitoring and repayment collection      The management of money lending business monitor and review the loan portfolio regularly. A loan summary is prepared by the credit control team and indicates changes and maturity of each loan.

In response to the mature loans, the credit control team reminds the borrowers with the repayment schedules via phone calls, email or text messages. In case of overdue loans or default, the management of money lending department determine the follow up actions including issue demand letter, seize of collateral, request guarantor for repayment and commence legal proceeding if necessary.

### *Size and Diversity of Loans Receivable*

	Interest rate, terms, maturity for 2024, and securities obtained	As at 31 March 2024 Carrying amount CNY'000	Percentage to the total gross carrying amount	Interest rate, terms, maturity for 2023	As at March 2023 Carrying amount CNY'000	Percentage to the total gross carrying amount
Customer 1	18% per annum, 3 years term, maturity within 1 year, unsecured	2,077	14.7%	17% per annum, 4 years term, maturity within 3 years, unsecured	3,203	17.7%
Customer 2	17% per annum, 4 years term, maturity within 2 years, unsecured	1,995	14.1%	13% per annum, 1 year term, maturity immediately, unsecured	1,839	10.2%
Customer 3	12% per annum, 4 years term, maturity within 2 years, unsecured	1,975	13.9%	18% per annum, 3 years term, maturity within 2 years, unsecured	1,829	10.1%
Customer 4	16% per annum, 4 years term, maturity within 2 years, unsecured	1,674	11.8%	12% per annum, 4 years term, maturity within 4 years, unsecured	1,673	9.2%
Customer 5	18% per annum, 3 years term, maturity within 1 year, unsecured	1,471	10.4%	13% per annum, 1 year term, maturity immediately, unsecured	1,511	8.4%
Others		4,966	35.1%		8,022	44.4%
Total gross carrying amount		14,158	100%		18,077	100%

The loan interest income was decreased from approximately CNY3.1 million in 2022/23 15-month Period to approximately CNY1.9 million in 2024 12-month Period. The decrease was due to (i) the shorter period of 3 months for the Reporting Period and (ii) the cautious money lending strategy resulted in lower amount of loan being approved and granted. As at 31 March 2024, a total principal amount and accrued interest of approximately decreased to CNY14.2 million (2023: CNY18.1 million). Except for the regular internal assessment of the impairment loss of loan receivables, the Group also engaged an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date.

*Breakdown of Loans Receivable by categories*

<b>Client type</b>	<b>As at 31 March 2024 CNY'000</b>	<b>As at 31 March 2023 CNY'000</b>	<b>Terms</b>
Corporate client	<b>1,995</b>	4,603	unsecured with personal guarantee
Personal client	<b>12,163</b>	13,474	unsecured
	<b><u>14,158</u></b>	<b><u>18,077</u></b>	

*Ageing analysis of Loans Receivables*

<b>Ageing analysis</b>	<b>2024 CNY'000</b>	<b>2023 CNY'000</b>
within 30 days	<b>10,000</b>	12,183
31-60 days	<b>4</b>	–
61-90 days	–	360
91-180 days	<b>541</b>	–
over 180 days	<b>3,613</b>	5,534
	<b><u>14,158</u></b>	<b><u>18,077</u></b>

*Impairment Assessment of Loans Receivable*

	<b>As at 31 March 2024</b>		<b>As at 31 March 2023</b>	
	<b>Amount of allowance CNY'000</b>	<b>Percentage to the total allowance</b>	<b>Amount of allowance CNY'000</b>	<b>Percentage to the total allowance</b>
Customer 1	<b>90</b>	4.7%	80	4.9%
Customer 2	<b>83</b>	4.3%	329	20.1%
Customer 3	<b>86</b>	4.5%	53	3.2%
Customer 4	<b>70</b>	3.6%	51	3.1%
Customer 5	<b>63</b>	3.3%	241	14.7%
Others	<b>1,540</b>	79.6%	880	54.0%
	<b><u>1,932</u></b>	<b><u>100.0%</u></b>	<b><u>1,634</u></b>	<b><u>100.0%</u></b>

There was total 20 (2023: 24) number of loans receivable as at 31 March 2024.

Based on the assessment of following expected credit loss (the “ECL”) model, The carrying amount of expected credit loss (i.e. impairment loss) increased by approximately CNY298,000 from approximately CNY1,634,000 as at 31 March 2023 to approximately CNY1,932,000 as at 31 March 2024. The increase of impairment on loan receivables for the year ended 31 March 2024 was mainly attributable to (i) the increase of market risk in assessment of impairment and (ii) delay payment of certain borrowers due to their personal financial hardships and emergencies which have affected the repayment ability of the several borrowers. The money lending department had taken active collection procedures to recover the loan receivables. Those borrowers of defaulted loan receivables committed again to repay the remaining loan receivables as per the repayment schedule.

### **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 CNY91,000 during the Reporting Period (Comparative Period: approximately CNY70,000).

### **Key Performance**

The revenue of the Group was approximately CNY64.7 million during the Financial Year, compared to revenue of approximately CNY92.3 million recorded in the Comparative Period. The decrease was due to combined effect of the (i) decrease of revenue of bentonite mining and loan interest income; and net-off the effect of (ii) increase of revenue of wealth management services. The loss attributable to shareholders has an approximately 158.9% increase from approximately CNY2.7 million in the Comparative Period to loss of approximately CNY7.2 million in the Financial Year. The increase of loss attributable to shareholders was due to combined effect of (i) the decrease of revenue in both business of bentonite mining and financial services; net-off with the effect of (ii) the increase of other gains; and (iii) decrease of both administrative expenses and selling and distribution expenses. Based on the above variations, the losses per share of the Group increased by approximately 158.7% from CNY1.72 cents in the Comparative Period to approximately CNY4.45 cents for the Reporting Period. In consistent, the loss on equity also increased by approximately 170.6% from approximately 2.19% in the Comparative Period to approximately 5.93% in the Financial Year. By the loss incurred for the Reporting Period, the net assets per share decreased by approximately 3.8% from approximately CNY0.78 in the Comparative Period to approximately CNY0.75 in the Financial Year. The trade receivables collection period of the Group increased from 130 days in the Comparative Period to 149 days in the Financial Year due to the increase of trade receivables of business of bentonite mining in the Financial Year.



		<b>Year ended</b> <b>31 March</b> <b>2024</b>	Period from 1 January 2022 to 31 March 2023	Variance
Revenue	<i>CNY'000</i>	<b>64,716</b>	92,295	(29.9)%
Losses attributable to shareholders	<i>CNY'000</i>	<b>(7,081)</b>	(2,735)	158.9%
Losses per share	<i>CNY</i>	<b>(4.45) cents</b>	(1.72) cents	158.7%
Losses on equity	<i>%</i>	<b>(5.93)</b>	(2.19)	170.6%
Net assets per share	<i>CNY</i>	<b>0.75</b>	0.78	(3.8)%
Trade receivables collection period	<i>Days</i>	<b>149</b>	130	14.6%

## FINANCIAL REVIEW

### Items of the Consolidated Statement of Profit or Loss

<b>Items</b>	<b>Year ended</b> <b>31 March</b> <b>2024</b> <i>CNY'000</i>	Period from 1 January 2022 to 31 March 2023 <i>CNY'000</i>	<b>Change</b> <i>(%)</i>
Revenue	<b>64,716</b>	92,295	(29.9)
Cost of sales	<b>(42,973)</b>	(52,071)	(17.5)
Gross profit	<b>21,743</b>	40,224	(45.9)
Other income, other gains/(loss), net	<b>4,571</b>	(1,260)	462.8
Selling and distribution expenses	<b>(3,287)</b>	(6,780)	(51.5)
Administrative expenses	<b>(29,773)</b>	(32,710)	9.0
Finance costs	<b>(541)</b>	(615)	12.0
Income tax credit/(expenses)	<b>206</b>	(1,594)	112.9
Loss for the year/period	<b>(7,081)</b>	(2,735)	158.9

## Revenue

### *Breakdown of the Group's Revenue by bentonite mining, financial services and property investment*

	Year ended 31 March 2024		Period from 1 January 2022 to 31 March 2023	
	CNY'000	%	CNY'000	%
Drilling mud	20,146	31.1	28,484	30.9
Pelletising clay	23,677	36.6	48,059	52.1
Total revenue of bentonite mining	43,823	67.7	76,543	83.0
Wealth management services income	17,774	27.5	11,188	12.1
Loan interest income	1,896	2.9	3,079	3.3
Guarantee service fee income	1,132	1.8	1,415	1.5
Total revenue of financial services	20,802	32.2	15,682	16.9
Rental income	91	0.1	70	0.1
Total revenue	64,716	100.0	92,295	100

### *Breakdown of the Group's Sales Volume and Average Selling Price by bentonite mining*

	Year ended 31 March 2024		Period from 1 January 2022 to 31 March 2023	
	Sales volume (tonnes)	Average selling price (CNY/tonne)	Sales volume (tonnes)	Average selling price (CNY/tonne)
Drilling mud	45,049	447.2	61,687	461.8
Pelletising clay	44,037	537.7	86,461	555.8

The overall revenue decreased by approximately 29.9% from approximately CNY92.3 million in the Comparative Period to approximately CNY64.7 million in the Financial Year. The decrease in revenue was due to the combined effect of (i) shorter financial period of 12 months of the Reporting Period compared to 15 months of the Comparative Period; (ii) decrease of revenue of bentonite mining and net-off with the effect of (iii) increase of revenue of financial services.

The revenue of drilling mud and pelletising clay decreased by approximately CNY8.3 million and CNY24.4 million respectively in the Financial Year compared to the Comparative 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. For drilling mud, the sales volume decreased by approximately 27.0% from approximately 61,687 tonnes to approximately 45,049 tonnes in the Financial Year compared to the Comparative Period, and the average selling price decreased by approximately 3.2% from approximately CNY461.8 to approximately CNY447.2 per tonne. For pelletising clay, sales volume decreased by approximately 49.1%, from approximately 86,461 tonnes to approximately 44,037 tonnes in the Financial Year compared to the Comparative Period. This decrease was primarily due to reduced output from one of the top 5 customers. The average selling price for the pelletising clay decreased by approximately 3.3%, from approximately CNY555.8 to approximately CNY537.7 per tonne.

The revenue of financial services increased by approximately CNY5.1 million or 32.6% from approximately CNY15.7 million in the Comparative Period to approximately CNY20.8 million during the Financial Year. The increase in revenue of financial services for the Financial Year was mainly contributed by the increase of approximately 58.9% in wealth management services income and net off with the decrease of approximately 38.4% in loan interest income comparing to the Comparative Period.

The increase of rental income was due to the increase of monthly rental income from renewal of tenancy agreement and the rental income generated for the Comparative Period was only 7 months since the acquisition of the investment property by the Group in April 2022. It is expected that the investment property could generate stable rental income.

## Cost of Sales

### *Breakdown of the Group's Cost of Sales*

Cost Items	Year ended 31 March 2024		Period from 1 January 2022 to 31 March 2023	
	CNY'000	%	CNY'000	%
Extraction costs	1,656	3.9	3,140	6.0
Processing costs				
– Air-drying costs	2,155	5.0	3,118	6.0
– Consumables, materials and supplies	8,872	20.6	14,798	28.4
– Depreciation and amortisation	1,155	2.7	1,566	3.0
– Staff costs	3,589	8.4	6,032	11.6
– Transportation costs	3,544	8.2	5,589	10.7
– Utility costs	4,027	9.4	6,206	11.9
– Others	1,447	3.4	1,291	2.5
Sales tax and surcharges	1,430	3.3	2,332	4.5
<b>Total cost of bentonite mining</b>	<b>27,875</b>	<b>64.9</b>	<b>44,072</b>	<b>84.6</b>
Commission expenses of wealth management services	15,098	35.1	7,999	15.4
<b>Total cost of financial services</b>	<b>15,098</b>	<b>35.1</b>	<b>7,999</b>	<b>15.4</b>
<b>Total cost</b>	<b>42,973</b>	<b>100.0</b>	<b>52,071</b>	<b>100.0</b>

### *Breakdown of the Group's Cost of Sales of bentonite mining by Product*

Cost Items	Year ended 31 March 2024			Period from 1 January 2022 to 31 March 2023		
	Average cost of sales CNY/tonne	Total cost of sales CNY'000	%	Average cost of sales CNY/tonne	Total cost of sales CNY'000	%
Drilling mud	313.4	14,118	50.6	279.7	17,253	39.1
Pelletising clay	312.4	13,757	49.4	310.2	26,819	60.9
<b>Total cost of bentonite mining</b>		<b>27,875</b>	<b>100.0</b>		<b>44,072</b>	<b>100.0</b>

The overall cost of sales decreased by approximately 17.5% from approximately CNY52.1 million in the Comparative Period to approximately CNY43.0 million during the Financial Year. The decrease in cost of sales was mainly due to the combined effect of (i) decrease in cost of sales of bentonite mining net-off by the effect of (ii) increase of cost of commission expenses of wealth management services.

The total cost of sales of bentonite mining decreased by approximately 36.8% from approximately CNY44.1 million to CNY27.9 million in the Financial Year compared to the Comparative Period. The decrease in the total cost of sales was mainly caused by the decline in output as the sales volume decreased.

The cost of sales for drilling mud decreased by approximately 18.2%, from approximately CNY17.3 million to approximately CNY14.1 million in the Financial Year compared to the Comparative Period. The decrease in the cost of sales for drilling mud was mainly due to:

- 1) An increase in the unit processing cost from approximately CNY279.7 per tonne to approximately CNY313.4 per tonne.
- 2) A decrease in the sales volume of drilling mud from approximately 61,687 tonnes to approximately 45,049 tonnes.

The cost of sales for pelletising clay decreased by approximately 48.7% from approximately CN26.8 million to approximately CNY13.8 million in the Financial Year compared to the Comparative Period. The decrease in the cost of sales for pelletising clay was caused by the sharp decline in sale volume from 86,461 tonnes to approximately 44,037 tonnes.

The commission expense of wealth management services increased by approximately CNY7.1 million or 88.7% from approximately CNY8.0 million for the Comparative Period to approximately CNY15.1 million for the Financial Year. The increase of commission expense of wealth management services was by to the increase of wealth management services income and the increase of commission rate paid to the agency force.

## Gross Profit and Gross Margin

### *Breakdown of the Group's Gross Profit and Gross Profit Margin by bentonite mining, financial services and property investment*

	Year ended 31 March 2024		Period from 1 January 2022 to 31 March 2023	
	Gross profit CNY'000	Gross profit margin %	Gross profit CNY'000	Gross profit margin %
Drilling mud	6,028	29.9	11,231	39.5
Pelletising clay	9,920	41.9	21,240	44.2
Bentonite mining	15,948	36.4	32,471	42.4
Loan interest income	1,896	100.0	3,079	100.0
Wealth management services income	2,676	15.1	3,189	28.5
Guarantee service fee income	1,132	100.0	1,415	100.0
Financial services	5,704	27.4	7,683	49.0
Rental income	91	100.0	70	100.0
Total	21,743	33.6	40,224	43.6

The overall gross profit decreased by approximately 45.9% from approximately CNY40.2 million in Comparative Period to approximately CNY21.7 million during the Financial Year, while the overall gross profit margin decreased from approximately 43.6% in Comparative Period to approximately 33.6% during the Financial Year. The decrease in the overall gross profit was mainly due to the decrease of gross profit of bentonite mining by approximately 50.9% and the decrease of financial services business by 25.8%. The decrease in overall gross profit margin was mainly due to the decrease of gross profit margin of financial services and bentonite mining.

The gross profit of drilling mud decreased by approximately 46.3% from approximately CNY11.2 million to approximately CNY6.0 million in the Financial Year compared to the Comparative Period, with the gross profit margin decreasing from approximately 39.5% to approximately 29.9%. The lower sales volume and unit selling price with increased unit cost of sales resulted in a decrease in both gross profit and gross margin.

The gross profit of pelletising clay decreased by approximately 53.3% from approximately CNY21.2 million to approximately CNY9.9 million in the Financial Year compared to the Comparative Period, with the gross profit margin for decreasing from approximately 44.2% to approximately 41.9%. The decrease in gross profit margin was caused by the decline in both sales volume and unit selling price and increased in unit cost of sales.

The decrease of gross profit of financial services was due to the decrease of gross profit of wealth management services, loan interest income and financial guarantee services. Gross profit for the wealth management services decreased by approximately 16.1% from approximately CNY3.2 million for the Comparative Period to approximately CNY2.7 million for the Financial Year, while the gross profit margin of wealth management services also decreased from approximately 28.5% for the the Comparative Period to approximately 15.1% for the Financial Year. The decrease of gross profit margin of wealth management services was due to the increased commission expenses paid to agency force in order to provide greater motivation to achieve higher commission revenue. As P.B. Nikyo is an insurance broker which selling the insurance products of insurance companies, the higher commission revenue could enhance the bargaining power of the Group to seek for higher commission rate of return from insurance companies and obtain more insurance products available for sales.

#### **Other Income, Other Gains/(Loss), Net**

The other income decreased by approximately 8.2% from approximately CNY1.6 million for the Comparative Period to approximately CNY1.5 million for the Reporting Period. The decrease was due to the combined effect of decrease of government grants by approximately CNY0.4 million net off by the increase of sundry income by approximately CNY0.3 million.

The other gains/(losses), net for the Comparative Period was loss of approximately CNY1.3 million which turned into the gains of approximately CNY3.1 million in the Reporting Period. The change of other loss, net into other gains, net was mainly contributed by the combined effect of (i) increase in loss of disposal of property, plant and equipment of approximately CNY1.8 million; (ii) other gains incurred by written off of other payable and (iii) the reversal of expected credit loss on trade, loan and loan interest receivables and other receivables. The other payable that was written off was originally recorded in 2017 as per a business development agreement (the "Agreement") between the Company (which was arranged by the former board of directors) and a service provider.

The original total amount stipulated in the Agreement was HK\$6 million, of which the Group had paid HK\$1 million and the remaining HK\$5 million was recorded as other payable. However, after the new board of directors was formed in early 2018, the Group was unable to contact the service provider and did not receive the services as per the terms of the Agreement. To exercise prudence, the Group had maintained this payable on its books until the expiration of the applicable statute of limitations, as advised by legal adviser. during the Reporting Period, based on the legal opinion obtained, the Group determined that the appropriate course of action was to write off this other payable as the six-year statute of limitations had elapsed.

### **Selling and Distribution Expenses**

The selling and distribution expenses decreased by approximately 51.5% from approximately CNY6.8 million in the Comparative Period to approximately CNY3.3 million during the Financial Year. The decrease of selling and distribution expenses was due to the decrease of sales volume for the Reporting Period.

### **Administrative Expenses**

The administrative expenses decreased by approximately 9.0% from approximately CNY32.7 million in the Comparative Period to approximately CNY29.8 million during the Financial Year. The decrease of administrative expenses was due to the combined effect of (i) shorter monthly period of the Reporting Period compared to the Comparative Period net off with the effect of (ii) 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 (iii) increase of legal and professional fee and office expenses for the Reporting Period.

### **Finance Costs**

The finance costs decreased by approximately 12.0% from approximately CNY615,000 in the Comparative Period to approximately CNY541,000 during the Financial Year. By considering the proportion of 12 months period, there is no significant change of the finance costs.

### **Income Tax Credit/(Expenses)**

The Group had an income tax credit of approximately CNY0.2 million during the Financial Year as compared to the income tax expenses of approximately CNY1.6 million in the Comparative Period. The change of income tax expenses of the Comparative Period into income tax credit during the Reporting Period was due to the decrease of profit of the bentonite mining business in the PRC and the increase of deferred tax assets.

## **Loss for the Year**

The loss for the Year was approximately CNY7.1 million for the Financial Year, an increase of approximately CNY4.3 million from the loss of approximately CNY2.7 million in the Comparative Period. The increase in the loss of the Group for the Year is mainly due to combined effect of (i) the decrease in revenue and gross profit of bentonite mining business and decrease in gross profit of financial services business; (ii) there is one-off other gains of write off of other payable of approximately CNY4.6 million recognized in the Reporting Period and (iii) the reversal of net expected credit loss recognised for trade, loan and loan interest receivables for the Reporting Period.

## **Property, Plant and Equipment**

The Group's property, plant and equipment amounted to approximately CNY19.1 million as at 31 March 2024, compared to approximately CNY13.8 million as at 31 March 2023.

The increase was primarily due to the Group's construction in progress of approximately CNY6.8 million during the year ended 31 March 2024 (during the year ended 31 March 2023: nil). In order to improve the efficiency of the internal logistics and transport of materials among the currently dispersed storage of raw materials, semi-finished products and finished products, the Group upgraded and expanded the production line of the existing plant since March 2024 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 construction work is currently in progress. The capital expenditures were financed by the Group's internal resources.

For details, please refer to the announcement dated 29 February 2024 and circular dated 21 March 2024.

## **FINANCIAL RESOURCES REVIEW**

### **Liquidity and Financial Resources**

As at 31 March 2024, the Group had net current assets of approximately CNY85.9 million (2023: CNY95.4 million).

As at 31 March 2024, the Group had cash and cash equivalents of approximately CNY27.4 million (2023: CNY29.7 million) which was mainly dominated in CNY.

As at 31 March 2024, the Group had a general bank facility of CNY20 million (2023: CNY20 million) which was secured by pledged bank deposit.

### **Capital Structure**

There was no change to the Group's capital structure for the year ended 31 March 2024.



## **Gearing Ratio**

As at 31 March 2024, the gearing ratio was nil (2023: nil) as the Group was not in need of any material debt financing during the Reporting Period.

## **Currency Exposure and Management**

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

## **Contingent Liabilities**

As at 31 March 2024, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

## **Charges on the Group's Assets**

As at 31 March 2024, there were no charges on the Group's assets.

## **Future Plans for Material Investments or Capital Assets and their Expected Sources of Funding**

Save as disclosed in this announcement, the Group did not have other plan for material investments or acquisition of material capital assets as at 31 March 2024.

## **Capital Commitments**

As at 31 March 2024, the Group did not have significant capital commitments.

## **OUTLOOK**

In the past year, the government has determined to step up policy efforts to stimulate the economy. A series of targeted expansionary fiscal and monetary policies and highly supportive industrial policies have been and will continue to be successively implemented to speed up recovery and stabilize growth, which will lend steady support to urban infrastructure construction as well as bentonite demand. The iron and steel industry and the building materials industry are expected to slowly recover, as the real estate industry would expect to see more policy support in various innovative ways. Investment in the "Three Major Projects" under the new development model for the real estate sector – the construction of affordable housing, the development of "dual use" public infrastructure, and urban renewal projects – is expected to partially offset the decrease in capital expenditures by real estate enterprises. In the near future, the demand for bentonite products will recover slowly, and the profit margin of bentonite products is expected to remain stable.

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. 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 to enhance the Group’s overall competitiveness to cope with the risks and uncertainties of the business environment.

For the financial services segment, including our insurance brokerage and money lending businesses in Hong Kong, the year 2023 saw significant developments amidst evolving market conditions. Increased awareness of wealth management, coupled with the easing of travel restrictions, marked positive strides towards normalcy. Despite these advancements, the Group remains cautiously optimistic about the medium and long-term prospects of this segment in Hong Kong.

In 2023, the insurance brokerage market in Hong Kong experienced robust growth, driven by increasing demand for comprehensive insurance solutions amid heightened risk awareness. Market data indicates a steady increase in premiums across various segments, reflecting a growing appetite for risk management products among businesses and individuals. The Group capitalized on this trend by expanding its product offerings and enhancing customer service to capture a larger market share. Looking forward, the Group anticipates continued momentum in the insurance brokerage sector, supported by sustained economic recovery and ongoing regulatory developments aimed at enhancing consumer protection and market transparency. We will maintain our focus on operational excellence and regulatory compliance, ensuring robust control measures are in place to mitigate risks and optimize cost efficiency.

In the money lending sector, 2023 witnessed a challenging yet resilient market environment. The easing of financial regulations and accommodative monetary policies supported credit access, facilitating growth opportunities for licensed money lenders. Looking ahead, the Group remains committed to prudently expanding its money lending portfolio, guided by a disciplined risk management framework and market-responsive lending strategies. We will continue to monitor market dynamics closely, adjusting our lending practices to meet evolving customer needs while maintaining a conservative approach to liquidity and capital adequacy.

As we navigate through 2024, the Group’s financial services division is poised for sustainable growth, underpinned by strategic initiatives in wealth management and prudent risk management practices. We will remain agile in responding to market changes, prioritizing operational efficiency and innovation to drive long-term value creation for our stakeholders. By maintaining a cautious yet proactive stance, we aim to strengthen our market position and deliver consistent, sustainable growth in the dynamic Hong Kong financial landscape.

## **SIGNIFICANT INVESTMENTS HELD**

The Group had no significant investment held during the Financial Year.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Financial Year.

## **EMPLOYEES AND REMUNERATION POLICY**

On 31 March 2024, the Group had a total of 127 full time employees (2023: 130) for its main business. For the Reporting Period, the Group incurred staff costs, including Directors' remuneration, of approximately CNY16.5 million (2023: CNY22.2 million).

The Group deeply understands that talented and professional employees are valuable assets to the Group. The Group will continue to determine the employee remuneration policy based on industry practice, the merits of employees, the industry experience and capabilities and will provide them with various employee benefits including medical and retirement benefits. The remuneration and compensation packages of the Directors are determined with reference to the performance of the Group, the performance of individuals, and salaries paid by comparable companies. None of the Directors, their respective associates or any of the Group's executives participated in the determination of their respective remuneration.

The Company has adopted a share option scheme pursuant to which selected participants may be granted options to subscribe for shares as incentives or rewards for their services rendered to the Group and any entity in which any member of the Group holds an equity interest.

As of 31 March 2024 and the date of this announcement, the Group has maintained good working relationships with its employees. The management team and employees have remained stable.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) to the GEM Listing Rules as its own code of corporate governance. During the Financial Year, the Company has complied with all the code provisions set forth in the section headed "Part 1 – Mandatory disclosure requirements" and the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of 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 year ended 31 March 2024. The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules for relevant employees of the Group and any individuals who may have access to inside information in relation to the securities of the Company.

## **SCOPE OF WORK OF CWK CPA LIMITED**

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income as at 31 March 2024, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Company’s auditors, CWK CPA Limited (“CWK”) to the amounts set out in the Group’s consolidated financial statements for the Financial Year. The work performed by CWK in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CWK on this announcement.

## **REVIEW OF FINANCIAL STATEMENTS**

The audit committee of the Company has reviewed the accounting principles and standards adopted by the Group, the risk management and internal control systems and financial reporting matters of the Group. In addition, the consolidated financial statements of the Group for the year ended 31 March 2024 have been reviewed by the audit committee of the Company.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

There have been no material events occurring after the Reporting Period and up to the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the website of the Company ([www.thepbg.com](http://www.thepbg.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Annual Report 2023/24 will be dispatched to the Shareholders and made available on the above websites in due course.

## APPRECIATION

The Board would like to take this opportunity to extend our gratitude and sincere appreciation to the management team and all staff for their diligence and dedication throughout the Financial Year.

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

Hong Kong, 28 June 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.*