



P.B. Group Limited
倍搏集團有限公司

(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

2023/24

ANNUAL REPORT



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

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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.

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. CHAN Man Fung (*Co-chairman*)
Mr. PUI Wai Lun (*Co-chairman*)
Mr. PANG Ho Yin
Ms. ZONG Yan (appointed on 23 August 2023)
Mr. SU Chun Xiang (resigned on 23 August 2023)

Independent Non-executive Directors

Mr. CHAN Ka Wai (appointed on 6 October 2023)
Mr. CHOW Chi Hang Tony
Dr. KWOK Hiu Fung
Mr. HUNG Chiu Fat (resigned on 6 October 2023)

AUTHORISED REPRESENTATIVES

Dr. CHAN Man Fung
Ms. CHIK Wai Chun

COMPANY SECRETARY

Ms. CHIK Wai Chun

COMPLIANCE OFFICER

Dr. CHAN Man Fung (appointed on 23 August 2023)
Mr. SU Chun Xiang (resigned on 23 August 2023)

AUDIT COMMITTEE

Mr. CHAN Ka Wai (*Chairman*) (appointed on 6 October 2023)
Mr. CHOW Chi Hang Tony
Dr. KWOK Hiu Fung
Mr. HUNG Chiu Fat (resigned on 6 October 2023)

NOMINATION COMMITTEE

Mr. CHOW Chi Hang Tony (*Chairman*)
Dr. KWOK Hiu Fung
Mr. CHAN Ka Wai (appointed on 6 October 2023)
Mr. HUNG Chiu Fat (resigned on 6 October 2023)

REMUNERATION COMMITTEE

Mr. CHAN Ka Wai (*Chairman*) (appointed on 6 October 2023)
Mr. CHOW Chi Hang Tony
Dr. KWOK Hiu Fung
Mr. HUNG Chiu Fat (resigned on 6 October 2023)

AUDITOR

CWK CPA Limited
21/F, Cosco Tower
No. 183 Queen's Road Central
Hong Kong

REGISTERED OFFICE

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P.O. Box 500, George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1601, 16/F
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180 Tung Lo Wan Road
Causeway Bay, Hong Kong

COMPANY'S WEBSITE

www.thepbg.com

COMPANY'S STOCK CODE

8331

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
71 Fort Street
P.O. Box 500, George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS

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

PRINCIPAL BANKERS

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

Chairmen's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of P.B. Group Limited and its subsidiaries (collectively, the "Group"), we hereby present the audited consolidated results of the Group for the year ended 31 March 2024 (the "Financial Year" or "Reporting Period") together with the comparative figures for the 15-month period ended 31 March 2023 (the "Comparative Period").

OUR BUSINESSES

The Group is principally engaged in bentonite mining, production and sales of drilling mud and pelletising clay ("Bentonite Mining Business"), as well as financial services business and rental business. During the Financial Year, the Group's revenue was approximately CNY64.7 million (2023: CNY92.3 million), of which the Bentonite Mining Business in the People's Republic of China (the "PRC") recorded a segment revenue of approximately CNY43.8 million (2023: CNY76.5 million), accounting for approximately 67.7% of the Group's revenue. The revenue of financial services business segment amounted to approximately CNY20.8 million for the Financial Year, accounting for approximately 32.2% of the Group's revenue (2023: CNY15.7 million). The revenue of property investment business segment amounted to approximately CNY91,000 for the Financial Year, accounting for approximately 0.1% of the Group's revenue (2023: CNY70,000).

The Board remains committed to exploring various investment opportunities to diversify and strengthen the Group's income sources.

OUTLOOK

The past 12 months have shown that the economic environment can be fast-changing and unpredictable. To ease market pressure and lay a solid foundation for sustainable growth, the Group will continue to cautiously monitor market changes and implement robust control measures to improve cost efficiency and risk management.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to express our sincerest gratitude to our shareholders, customers and suppliers for their continuous support. We would also like to send our warmest thanks to all our management and staff members for their hard work and dedication throughout the Financial Year.

CHAN Man Fung
Co-chairman

PUI Wai Lun
Co-chairman

Hong Kong, 28 June 2024

Management Discussion and Analysis

BUSINESS REVIEW

Bentonite Mining

In 2023, faced with a complex international environment and challenging reform, development, and stabilization issues, 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 Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司), a wholly-owned subsidiary of the Company in the PRC. The financial services of the Group include the wealth management services, money lending business and financial guarantee services.

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

* For identification purpose only

Management Discussion and Analysis

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 35.9%. 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

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

Management Discussion and Analysis

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.

Management Discussion and Analysis

- 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 31 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	100.0%		18,077	100.0%

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.

Management Discussion and Analysis

Breakdown of loans receivable by categories

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

Ageing analysis of loans receivable

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

Impairment assessment of loans receivable

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

Management Discussion and Analysis

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.

Financial Guarantee Services

The Group generated financial guarantee fee income through Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司) (“Wuhu Subsidiary”), a wholly-owned subsidiary of the Company in the PRC. Wuhu subsidiary has been providing financial guarantee services to a borrower since 2018.

The financial guarantee fee income was approximately CNY1,132,000 during the Reporting Period (Comparative Period: approximately CNY1,415,000).

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.

* For identification purpose only

Management Discussion and Analysis

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

Business Strategies Review with Progress of Implementation

The Group aims to strengthen its market position in the PRC. In order to achieve this objective, the Group intends to pursue the following strategies. The following table sets out the Group's business strategies in Bentonite Mining Business as disclosed in the Annual Report 2022/23 with the actual progress of implementation as at 31 March 2024.

Business Strategy	Implementation Plan	Progress of Implementation as of 31 March 2024
Broaden customer base and develop product recognition	(i) Collaborating with external institutions in the PRC for the development of new technologies and new bentonite products to cater for high-valued downstream markets other than iron ore pelletising and civil engineering;	(i) The Group has completed techno-economic viability study of two new bentonite products as mentioned below. The external institutions are currently conducting laboratory-scale testing of the two products. In addition, the internal research and development team was working on the multifunctional pelletising clay; and it was also working with the external institutions on the techno-economic viability of several other new bentonite products and processing technologies;

Management Discussion and Analysis

Business Strategy

Implementation Plan

Progress of Implementation as of 31 March 2024

	<ul style="list-style-type: none">(ii) attending and participating in industry forums and events to network with other industry professionals and potential customers; and(iii) expanding sales and marketing team to further enhance sales and marketing activities.	<ul style="list-style-type: none">(ii) The management team had attended and participated in an industry seminar and established contacts with several industry experts and potential customers to explore cooperation opportunities and there were one new drilling mud customer and three new pelletising clay customers starting their purchases with the Group in 2019; and(iii) The Group was in the process of recruiting more experienced personnel for sales and marketing.
Development of new production technology and new products	Signing collaboration agreements with two universities and one research institute.	Completed techno-economic viability study of two new products: (a) polyaniline/montmorillonite nano-composite conductive coating materials; and (b) titanium dioxide/montmorillonite nano-composite materials and photocatalytic.
Recruitment of more talents	Recruiting more experienced personnel who possess abundant knowledge and rich experience in various aspects of the business, including mine design and construction, mining, processing, sales and marketing and research and development of principal products.	The Group was in the process of recruiting more experienced personnel for processing, sales and marketing, and research and development.

Management Discussion and Analysis

Business Strategy

Acquisition of other non-metal mines

Improvement of plant and equipment

Implementation Plan

Evaluating any potential targets meeting the criteria when opportunities arise.

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

Progress of Implementation as of 31 March 2024

The Group has made substantial progress in expanding its non-metallic mineral holdings via strategic acquisitions. The Group engaged reputable consultant to identify suitable targets, and the consultant had successfully pinpointed several non-metal mines as potential acquisition target. The Group was in the progress to assess and review the feasibility and suitability of the potential acquisition targets.

Completed the feeding system for one pelletising clay production line;

Completed the construction of new storage facilities for pelletising clay;

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

Replaced the old forklift truck;

Replaced a transformer in the processing plant;

Completed the modification of existing rotary drum dryer;

Purchased one new flour mill;

Completed the modification of existing transformer room;

Purchased one electric motor and one electric belt scale;

Purchased and completed the construction of two new storage tanks;

Purchased one flour mill and fittings of the machine;

Management Discussion and Analysis

Business Strategy

Implementation Plan

Progress of Implementation as of 31 March 2024

Purchased two forklift trucks;

Purchased one transformer;

Purchased four dedusting machines;

Purchased one oil-immersed power transformer;

Purchased two vacuum circuit breakers;

Purchased one 5R Raymond Mill;

Purchased one analysis machine;

Purchased one mixing drum;

Purchased one drying raw soil belt conveyor;

Purchased one screw machine (200KW);

Purchased one electric machine;

Completed the renovation of the delivery room in the production complex building;

Completed the renovation of storage tank; and

Completed the construction of new material shed.

Management Discussion and Analysis

Mine Property Summary

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

Location	Huanghu Bentonite Mine Fanchang county, Wuhu city, Anhui province
Equity Interest held by the Group	100%
Date of initial commercial production	Commercial production of pelletising clay in 2004 and drilling mud in 2010
Permitted mining right area	2.1311 km ²
Mining method	Open-pit
Mining depth/elevation limit	From 57 mASL to – 23 mASL
Permitted annual production capacity	230,000 m ³ (equivalent to approximately 400,000 tonnes)
Validity period of current licence	11 March 2024 to 10 March 2025
Reserve data (as of 31 December 2020) (Note 1)	Dry
Proved reserve (metric tonnes)	1,743,000
Probable reserve (metric tonnes)	4,539,000
Total (metric tonnes)	6,282,000
Reserve data (as of 31 March 2024) (Note 2)	Dry
Proved reserve (metric tonnes)	1,211,000
Probable reserve (metric tonnes)	4,539,000
Total (metric tonnes)	5,750,000
Average quality of bentonite	
Active montmorillonite	47.0%
Colloid index	61.1 ml/15g
Swelling capacity	8.7 ml/g
Capital expenditure for the Financial Year	CNY1,815,000
Output for the Financial Year (metric tonnes)	94,000

Notes:

- (1) The reserve data as of 31 December 2020 is extracted from the independent technical report dated 29 March 2021 (the “SRK report”) prepared by SRK Consulting (Hong Kong) Limited under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy.
- (2) The reserve data as of 31 March 2024 has been substantiated by the Group’s internal expert by adjusting those reserve extracted by the Group’s mining activities from January 2021 to March 2024 from the proved reserve figure as of 31 December 2020. All assumptions and technical parameters set out in the SRK report have not been materially changed and are continued to apply to the reserve data as of 31 March 2024.
- (3) There is no exploration activity carried out by the Group during the Financial Year.

Management Discussion and Analysis

FINANCIAL REVIEW

Items of the Consolidated Statement of Profit or Loss

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

Revenue

Breakdown of the Group's Revenue by Bentonite Mining, Financial Services and Property Investment

	Year ended		Period from 1 January 2022	
	31 March 2024		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
Financial guarantee 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	100.0

Management Discussion and Analysis

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.

Management Discussion and Analysis

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
Total cost of bentonite mining	27,875	64.9	44,072	84.6
Commission expenses of wealth management services	15,098	35.1	7,999	15.4
Total cost of financial services	15,098	35.1	7,999	15.4
Total cost	42,973	100.0	52,071	100.0

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
Total cost of bentonite mining		27,875	100.0		44,072	100.0

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.

Management Discussion and Analysis

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 CNY26.8 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
Wealth management services income	2,676	15.1	3,189	28.5
Loan interest income	1,896	100.0	3,079	100.0
Financial guarantee 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

Management Discussion and Analysis

The overall gross profit decreased by approximately 45.9% from approximately CNY40.2 million in the Comparative Period to approximately CNY21.7 million during the Financial Year, while the overall gross profit margin decreased from approximately 43.6% in the 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 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 CNY2.9 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.

Management Discussion and Analysis

The original total amount stipulated in the Agreement was HK\$6.0 million, of which the Group had paid HK\$1.0 million and the remaining HK\$5.0 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.

Management Discussion and Analysis

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 has pledged its bank deposit CNY20 million (2023: CNY20 million) to secure the general banking facilities granted to an independent third party with principal amount of CNY19 million (2023: CNY19 million).

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. Details of the contingent liabilities are as set out in notes 6(b) and 33 to the consolidated financial statements of this annual report.

Charges on the Group's Assets

As at 31 March 2024, the Group has pledged its bank deposit CNY20 million (2023: CNY20 million) to secure the general banking facilities granted to an independent third party with principal amount of CNY19 million (2023: CNY19 million).

Details of the pledge are as set out in note 25 to the consolidated financial statements of this annual report.

Management Discussion and Analysis

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

Save as disclosed in this annual report, 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.

Fund Raising Activities

Use of Listing Proceeds

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

Set out below is the revised timeline, as disclosed in the Company's announcement dated 21 March 2016, from the listing date of 29 December 2015 (the "Listing Date") to 31 December 2017 for the Group to deploy the net proceeds raised from the placing taking into account the actual placing price of HK\$0.32 per share in accordance with the implementation of future plans, and the actual use of net proceeds up to 31 March 2024:

Revised timeline as disclosed in the Company's announcement dated 21 March 2016

	From the Listing Date up to 31 December 2015 (HK\$ million)	For the six months ending 30 June 2016 (HK\$ million)	For the six months ending 31 December 2016 (HK\$ million)	For the six months ending 30 June 2017 (HK\$ million)	For the six months ending 31 December 2017 (HK\$ million)	Total net proceeds (HK\$ million)	Approximate percentage of net proceeds %	Actual use of net proceeds up to 31 March 2023 (HK\$ million)	Actual use of net proceeds up to 31 March 2024 (HK\$ million)	
Development of production technology for new products	-	-	-	-	7.7	7.7	60.6	6.3	7.7	(Note 1)
Improvement of plant and equipment	-	0.4	4.6	-	-	5.0	39.4	5.0	5.0	(Note 2)
Total	-	0.4	4.6	-	7.7	12.7	100.0	11.3	12.7	

Notes:

- (1) As at 30 September 2023, the Group has fully utilized the proceeds to develop and research new products.
- (2) As at 31 December 2021, the Group has fully utilized the proceeds to upgrade current processing plant, purchase new processing equipment, modify the rotary drum dryer and construction of new store bins for storing pelletizing clay.

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

On 31 March 2024, the Group had a total of 128 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 annual report, the Group has maintained good working relationships with its employees. The management team and employees have remained stable.

OTHER INFORMATION

Prepayment to Suppliers

Reference was made to the Company's 2018, 2019, 2020, 2021 and 2022/23 Annual Reports, 2019, 2020, 2021, 2022 Interim Reports, 2022 Second Interim Report and 2023 Interim Report, regarding the failure of the suppliers namely Lituo Enterprise (HK) Limited and Kai Muk Company to refund the trade deposits in the total amount of approximately HK\$54.46 million to the Company. The Company has:

- i. instituted legal proceedings against Lituo Enterprise (HK) Limited ("Lituo") on 18 October 2018 to recover outstanding deposits amounted to HK\$10,930,000 under High Court Action No. 2449 of 2018 ("HCA 2449"). Lituo filed its defence on 28 November 2018. Upon counsel's advice, the Company considered to have taken out summary proceedings against Lituo pursuant to Order 14 of the Rules of High Court, Cap 4A of the Laws of Hong Kong. However, after thoroughly considered the evidence of the case, counsel advised that it would be quite difficult to obtain summary Judgment against Lituo by way of summary proceedings and advised that the case should proceed normally to trial. The Company adopted such advice given by counsel and thereby decided not to proceed to summary proceedings. Accordingly, the Company's legal representatives have followed the normal civil procedures in proceedings. After the parties had completed discovery of evidence exhibit, and upon counsel's advice, the company attempted to consolidate with the action of High Court Action No. 2450 of 2018 ("HCA 2450") by taking out a Summons dated 6 February 2023 returnable on 9 February 2023. However, at the hearing, the Court dismissed the Company's summons, but ordered that the two cases be heard together. The parties have completed the discovery of documentary evidence and exchanged the statements of witnesses of the case. The trial of HCA 2449 is now fixed for 17th – 21st March 2025 with 5 days reserved before Deputy HC J Suen, SC. There is a Pre-Trial Review to be held on 27th November 2024.

Management Discussion and Analysis

- ii. instituted legal proceedings against, Lituo and another company (the “2nd Defendant”) which was the payee designated by Lituo under the underlying contract, to recover outstanding deposits amounted to HK\$35,000,000 under HCA 2450. Lituo filed its defence on 28 November 2018. Whereas the 2nd Defendant, which is incorporated in British Virgin Islands (“BVI”), has never responded to the case and on 15 May 2020, the court granted final judgment against the 2nd Defendant upon the Company’s application. Thereafter, the Company had appointed BVI lawyers to execute and enforce the Judgement by way of presenting a winding-up petition against the 2nd Defendant; and the Eastern Caribbean Supreme Court in the High Court of Justice Virgin Islands made an order, ordering, inter alia, that the 2nd Defendant be wound up and that Mr. John David Ayres (replaced by Mr. Aaron Gardner pursuant to the order made by the BVI court on 14 March 2022) of FTI Consulting (BVI) Limited and Mr. Chow Wai Shing Daniel of FTI Consulting (Hong Kong) Limited (the “Joint Liquidators”) be appointed as joint and several liquidators of the 2nd Defendant. Subsequent to the said order, the Joint Liquidators wrote to the Company on 15 June 2021 with the aim of (1) notifying the Company that the Joint Liquidators did not intend to call a meeting of creditors and (2) requesting the Company to submit a Proof of Debt Form in respect of the indebtedness owed by the 2nd Defendant. The Company had duly completed the Proof of Debt form and returned the same to the Joint Liquidators. Then on 17 June 2021, the Joint Liquidators issued a First Report dated 17 June 2021 to the creditors of the 2nd Defendant including the Company reporting, inter alia, the steps taken since their appointment (the “First Report”). According to the First Report, the Joint Liquidators served on the 2nd Defendant notice of the liquidation at its registered office as well as wrote to the director of the 2nd Defendant requesting her to complete a Statement of Affairs and Director’s Questionnaire Form, as stipulated by BVI laws but the director of the 2nd Defendant was not cooperative and refused to provide any details in relation to the affairs of the 2nd Defendant. However, the Joint Liquidators are now in the course of locating if the 2nd Defendant has any assets overseas and they are of the view that a substantial amount of asset of the 2nd Defendant may be located in Singapore. To this end, the Joint Liquidators initiated an application in Singapore, seeking to apply for recognition of their liquidators’ status in Singapore. On 6 July 2022, the Singaporean Court granted an order to this effect. The Joint Liquidators are still in the course of locating the asset of the 2nd Defendant in Singapore. The liquidation of the 2nd Defendant is in progress. On the other hand, the Company sought advice from counsel on the merits of the case against Lituo, whereupon it is counsel’s advice that the case should consolidate with HCA 2449. The Company therefore on 6 February 2023 took out a Summons applying for the case to be consolidated with HCA 2449 returnable on 9 February 2023. At the hearing, the Court rejected the Company’s Summons but ordered that the two cases be heard together. The parties have completed the discovery of documentary evidence and exchanged the statements of witnesses of the case. The trial of HCA 2449 is now fixed for 17th – 21st March 2025 with 5 days reserved before Deputy HC J Suen, SC. There is a Pre-Trial Review to be held on 27th November 2024.
- iii. instituted legal proceedings against Tong Chung Ming trading as Kai Muk Company to recover the remaining balance of a deposit amounted HK\$8,530,000 under High Court Action No. 1767 of 2018. The trial of the case was heard from 7 to 10 December 2020. By a Judgment dated 20 January 2021, it was adjudged that Tong Chung Ming shall pay to the Company the sum of HK\$8,530,000 with interests and costs of the proceedings as well. The Company tends to execute and enforce the Judgment and in January 2021 the Company is seeking leave from the Court to file a Petition against Tong Chung Ming trading as Kai Muk Company. The Court has raised a lot of requisitions on the way of service of the statutory demand on the Tong Chung Ming, which was by way of substitute service; and we are now in the course of answering the requisitions raised. The enforcement procedures are on-going.

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

Management Discussion and Analysis

Back-to-back Guarantee Agreement

Reference were made to the announcements of the Company dated 30 July 2018, 29 July 2019, 24 July 2020, 28 July 2021, 28 July 2022, 18 August 2022, 22 August 2022 and 28 July 2023, the circular of the Company dated 26 August 2022 and 18 August 2023 in relation to the provision of financial guarantee services. On 28 July 2023, a renewal agreement to renew the back-to-back guarantee agreement was entered by Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司), a wholly-owned subsidiary of the Company established in the PRC (the "Wuhu Subsidiary"), pursuant to which the Wuhu Subsidiary has agreed to provide financial guarantee to the borrower by means of pledging its deposit in the sum of CNY20 million for procuring the borrower to obtain the loan of CNY19 million provided by the lending bank. In return, the Wuhu Subsidiary shall receive a guarantee fee of 6% of the amount of deposit pledged by the Wuhu Subsidiary. The Board considers that the provision of guarantee in favour of the borrower will better utilize the Group's cash in return for a stable interest income.

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

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

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

A circular of the Company containing, among other matters, details of the renewal agreement and the transactions contemplated thereunder, and other information as required under Rule 19.41(a) of the GEM Listing Rules, was despatched to the shareholders of the Company (the "Shareholder(s)") on 18 August 2023.

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

* For identification purpose only

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. CHAN Man Fung, aged 37, was appointed as an executive Director, co-chairman of the Board and the authorised representative of the Company under Rule 5.24 of the GEM Listing Rules of the Stock Exchange (the “Authorised Representative”) on 1 December 2020. Dr. Chan is also a director of certain subsidiaries of the Company. Dr. Chan received his Postgraduate Diploma in Business Administration from the Society of Business Practitioners of Cheshire, England in 2017, obtained his doctorate degree in Business Administration from Warnborough College, Ireland in 2016 and received his Postgraduate Diploma in Legal Practice from the University of Oxford, England in 2011. He was graduated from the University of London with a bachelor degree of Laws in 2007 and from The Hong Kong Polytechnic University with a bachelor degree of Arts with a major in Business Studies in 2006. Dr. Chan also is a fellow member of Society of Business Practitioners of Cheshire, England and a practicing chartered legal executive lawyer in England. Dr. Chan was a licensed person for types 1, 2, 4 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and currently is the ultimate beneficial owner of two companies licensed by the Securities and Futures Commission (the “SFC”) to carry out type 1 (dealing in securities) regulated activities under the SFO, and type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO respectively. Dr. Chan is a merchant having businesses and investments in Hong Kong and the PRC. Dr. Chan has extensive experience in corporate finance and the legal and financial services fields both in the PRC and Hong Kong and was involved in several merger and acquisition transactions and initial public offerings. Dr. Chan is currently an executive director of FingerTango Inc. (Stock code: 6860), whose shares are listed on the Main Board of the Stock Exchange. Dr. Chan is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company. For Dr. Chan’s interest in the shares of the Company (the “Shares”) within the meaning of Part XV of the SFO as at the date of this annual report, please refer to the section headed “Report of the Directors” in this annual report.

Mr. PUI Wai Lun, aged 46, was appointed as an executive Director and co-chairman of the Board on 1 December 2020. Mr. Pui is also a director of certain subsidiaries of the Company. Mr. Pui obtained a Master degree of Business Administration in The Trinity College and University, USA in 2018. Mr. Pui awarded an Executive Diploma in Financial Planning by The Hong Kong Management Association in 2011 and is a Registered Financial Adviser (Financial Planning) of International Association of Financial Advisers operated by PAMA International since 2011. Mr. Pui is a merchant having businesses and investments in Hong Kong and the PRC. Mr. Pui has over 20 years of experience in insurance and wealth management, general business practices and corporate financial transactions, such as merger and acquisitions and corporate restructuring. Mr. Pui currently is the ultimate beneficial owner of two companies licensed by the SFC to carry out type 1 (dealing in securities) regulated activities under the SFO, and type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO respectively. Mr. Pui is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company. For Mr. Pui’s interest in the Shares within the meaning of Part XV of the SFO as at the date of this annual report, please refer to the section headed “Report of the Directors” in this annual report.

Mr. PANG Ho Yin, aged 49, was appointed as an executive Director on 15 May 2019. Mr. Pang was subsequently appointed as the chief executive officer of the Company on 11 November 2020. Mr. Pang obtained a bachelor degree of Business Management in the University of Sunderland in Hong Kong. Mr. Pang is currently the general manager of P.B. Nikyo, an insurance broker company and a wholly-owned subsidiary of the Group, responsible for the overall operational and business management of the company. Mr. Pang has over 20 years of experience in insurance and wealth management industry. He also has extensive experience particularly in insurance field and has held positions as senior managers in Manulife (International) Limited and New York Life Insurance Worldwide Limited.

Profiles of Directors and Senior Management

Ms. ZONG Yan (宗硯) (with former name ZONG Yan (宗燕)), aged 35, was appointed as an executive Director on 23 August 2023. Ms. Zong obtained a bachelor degree in Economics and Administrative Management from the Nanjing Political College of the Chinese People's Liberation Army* (中國人民解放軍南京政治學院) in 2015 and a post graduate diploma in Business Administration from the Society of Business Practitioners of Cheshire, England in September 2017. Ms. Zong has extensive experience in media and entertainment related businesses. From March 2016 to March 2020, Ms. Zong held positions as the executive director, director, producer, and planning director at a film and television cultural communication company located in Tianjin, the PRC. Ms. Zong has been the director and general manager of a film and television production company located in Beijing, the PRC since February 2017, and is responsible for the management of overall operation of the company. The company has previously co-produced the film "Better Days" which won eight awards at the 39th Hong Kong Film Awards, including Best Film, Best Director, and Best Screenplay. It also represented Hong Kong in the competition for the Best International Feature Film category at the Academy Awards.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Ka Wai, aged 37, was appointed as an independent non-executive Director, the chairman of each of the audit committee of the Company (the "Audit Committee") and the remuneration committee of the Company (the "Remuneration Committee") and the member of the nomination committee of the Company (the "Nomination Committee") on 6 October 2023. Mr. Chan holds a Bachelor of Business Administration degree in Accounting and Information Systems from The Hong Kong University of Science and Technology and a Master of Corporate Governance degree from The Hong Kong Polytechnic University. Mr. Chan is a fellow member of The Hong Kong Institute of Certified Public Accountants and holds a practising certificate issued by the Accounting and Financial Reporting Council. Mr. Chan is also a fellow member of The Association of Chartered Certified Accountants, a member of The Institute of Chartered Accountants in England and Wales, a Certified Internal Auditor and a Certified Information Systems Auditor. Mr. Chan has over 15 years of working experience in the field of accounting and finance. He is currently a partner of an accounting firm. Prior to that, Mr. Chan worked for several listed companies and professional bodies, and has extensive experience in financial reporting, auditing and internal control.

Mr. CHOW Chi Hang Tony, aged 32, was appointed as an independent non-executive Director on 9 January 2018. He was subsequently appointed as the chairman of the Nomination Committee and the member of each of the Audit Committee and the Remuneration Committee on 31 January 2018. Mr. Chow obtained a degree of Bachelor of Laws and a Postgraduate Certificate in Laws from The Chinese University of Hong Kong in 2014 and 2015 respectively. Mr. Chow is currently a practicing Barrister-At-Law in Hong Kong practicing in both civil and criminal litigation. Mr. Chow is currently an independent non-executive director of Bonny International Holding Limited (Stock code: 1906), whose shares are listed on the Main Board of the Stock Exchange.

Dr. KWOK Hiu Fung, aged 41, was appointed as an independent non-executive Director, the member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 23 September 2022. Dr. Kwok graduated with a bachelor degree in Clinical Medicine from Peking University Health Science Center (北京大學醫學部) and followed by his study in medicine, he obtained a Diploma in Advances in Medicine (Dip Med) from The Chinese University of Hong Kong. Dr. Kwok has over 16 years of experience in the medical industry and had served in various hospitals and medical centres. He is currently the Medical Director & General Practitioner of a private clinic.

* For identification purpose only

Profiles of Directors and Senior Management

SENIOR MANAGEMENT

Mr. HO Kim Fung, aged 36, was appointed as the chief financial officer of the Company on 11 November 2020. Mr. Ho has over 10 years of working experience in accounting, auditing, and financial management. Prior to joining the Group, Mr. Ho served as an auditor in several professional firms of Certified Public Accountants in Hong Kong from 2014 to 2018. Between 2017 to 2020, Mr. Ho served as an accounting manager in several listed companies in Hong Kong. Between 2018 to 2019, Mr. Ho was appointed as an independent non-executive director and concurrently as the chairman of audit committee and risk management committee of a listed company in Hong Kong. Mr. Ho is currently the company secretary of a company listed on the Main Board of the Stock Exchange since 16 May 2019.

Mr. Ho holds a degree of Bachelor of Business Administration in Accounting from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). For the aspect of professional qualifications, Mr. Ho is a member of Hong Kong Institute of Certified Public Accountants, a member of the Association of Chartered Certified Accountants, a member of CPA Australia, an associate member of Chartered Institute of Management Accountants and a designation holder of The Chartered Global Management Accountant.

Ms. CHENG Pui Ling, aged 33, was appointed as the chief operating officer of the Company on 23 September 2022. Ms. Cheng has over 9 years of all-round experience in administrative and company secretarial fields. Ms. Cheng joined the Group since January 2022 and served as the general manager of the Company, to oversee the daily operation as a senior management. As the chief operating officer of the Company, Ms. Cheng will assist the chief executive officer and executive directors of the Company in the daily management and operations of the Group. Ms. Cheng holds a Master of Corporate Governance degree from Hong Kong Metropolitan University and a Bachelor of Laws Degree from Jinan University. Ms. Cheng is an associate member of both of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. CHIK Wai Chun, aged 39, was appointed as the company secretary of the Company, the Authorised Representative and the authorised representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 31 August 2019. Ms. Chik has over 15 years of auditing, accounting, corporate governance and company secretarial experience. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She is also a member of the Hong Kong Institute of Certified Public Accountants and The Certified Public Accountants Australia. She holds a Master of Corporate Governance degree from The Hong Kong Polytechnic University.



Report of the Directors

The Directors are pleased to present the annual report 2023/24 and the audited consolidated financial statements of the Group for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in notes 1 and 38 respectively to the consolidated financial statements of this annual report.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance using financial key performance indicators during the Financial Year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group after the Financial Year and an indication of likely future developments in the Group's business, can be found in the sections headed "Management Discussion and Analysis", "Report of the Directors" and "Corporate Governance Report – Risk management and internal control" of this annual report. These discussions form part of this Report of the Directors.

Environmental Policy and Measure

The Group is well aware of the importance of maintaining a good ecological environment and embraces the idea of environmental protection. Apart from ensuring on-going compliance with the relevant environmental protection laws and regulations in the PRC, in order to further reduce the environmental impacts of the operations, the Group has implemented several measures to effectively reduce the need for coal energy and electricity thus contributing to a significant decrease in carbon emissions and harmful gas emissions, to prevent fugitive dust emission at the mining site, to reduce impact on nearby brooks and to manage waste rock dump. For details of the Group's performance on environmental, social and governance ("ESG") aspects and compliance with relevant laws and regulations that have a significant impact on the Group, please refer to the section under heading "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group. For the year ended 31 March 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors are of view that maintaining a good working relationship with its employees, customers and suppliers are the keys to the sustainable development of the Group. During the Financial Year, there was no significant dispute between the Group and its employees, customers and suppliers.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2024 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 106 to 183.

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

Report of the Directors

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the Financial Year are set out in the consolidated statement of changes in equity on page 109 of this annual report.

The Company's reserves available for distribution to Shareholders at 31 March 2024 amounted to CNY61,756,000 (2023: CNY68,385,000).

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 184 of this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders to allow the Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's financial results, the general financial condition of the Group, the Group's current and future operations, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Group, surplus received from the Company's subsidiaries and any other factors that the Board deem appropriate. The Company's ability to pay dividends is also subject to the requirements of the GEM Listing Rules and all relevant applicable laws, rules and regulations in the Cayman Islands, Hong Kong and the Memorandum and Articles of Association of the Company.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the Financial Year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements of this annual report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2024 are set out in note 38 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of movements during the Financial Year in the share capital of the Company are set out in note 30 to the consolidated financial statements of this annual report.

Report of the Directors

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

As at 31 March 2024, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial shareholders	Long/short position	Capacity	Number of Shares	Notes	Approximate percentage of the issued Shares %
Mr. ZHANG Qiang	Long position	Beneficial owner	27,500,000		17.28
Ms. WANG Jie	Long position	Interest of spouse	27,500,000	1	17.28
P.B. Capital Advanced Fund SPC – P.B. Capital Advance Fund 1 Segregated Portfolio	Long position	Beneficial owner	11,176,200		7.02
P.B. Asia Holdings Limited	Long position	Beneficial owner	34,235,118		21.52
Bonus Eventus Securities Limited	Long position	Beneficial owner	46,690,572	2	29.34
Value Dynasty Limited	Long position	Interests of controlled corporation	46,690,572	2	29.34

Notes:

1. Ms. WANG Jie is the spouse of Mr. ZHANG Qiang. By virtue of the SFO, Ms. WANG Jie is deemed to be interested in these 27,500,000 Shares in which Mr. ZHANG Qiang is interested.
2. 46,690,572 Shares are held by Bonus Eventus Securities Limited which is wholly owned by Value Dynasty Limited, which is in turn, wholly owned by P.B. Financial Group Limited.

Save as disclosed above, as at 31 March 2024, no other persons or corporations (other than the Directors and chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Report of the Directors

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

As at 31 March 2024, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive of the Company is taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were set out below:

Name of Directors	Long/Short position	Capacity	Number of Shares	Notes	Approximate percentage of the issued Shares
					%
CHAN Man Fung	Long Position	Interests of a controlled corporation	34,235,118	1	21.52
	Long Position	Interests of a controlled corporation	46,690,572	2	29.34
	Long Position	Beneficial owner	6,682,000		4.20
			87,607,690		55.06
PUI Wai Lun	Long Position	Interests of a controlled corporation	34,235,118	1	21.52
	Long Position	Interests of a controlled corporation	46,690,572	2	29.34
			80,925,690		50.86

Notes:

- 34,235,118 Shares are held by P.B. Asia Holdings Limited which is owned as to 50% by Dr. CHAN Man Fung and 50% by Mr. PUI Wai Lun. By virtue of the SFO, Dr. CHAN Man Fung and Mr. PUI Wai Lun are deemed to be interested in these 34,235,118 Shares.
- 46,690,572 Shares are held by Bonus Eventus Securities Limited which is wholly owned by Value Dynasty Limited, which is in turn, wholly owned by P.B. Financial Group Limited. P.B. Financial Group Limited which is owned as to 50% by Dr. CHAN Man Fung and 50% by Mr. PUI Wai Lun. By virtue of the SFO, Dr. CHAN Man Fung and Mr. PUI Wai Lun are deemed to be interested in these 46,690,572 Shares.

Report of the Directors

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS

The Directors during the Financial Year and up to the date of this Report of the Directors were:

Executive Directors:

Dr. CHAN Man Fung

Mr. PUI Wai Lun

Mr. PANG Ho Yin

Ms. ZONG Yan (appointed on 23 August 2023)

Mr. SU Chun Xiang (resigned on 23 August 2023)

Independent non-executive Directors:

Mr. CHAN Ka Wai (appointed on 6 October 2023)

Mr. CHOW Chi Hang Tony

Dr. KWOK Hiu Fung

Mr. HUNG Chiu Fat (resigned on 6 October 2023)

In accordance with Article 83(3) of the Articles of Association of the Company (the "Articles of Association"), any Director appointed by the Board as an addition to the existing Board or to fill a casual vacancy on the Board, shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. Mr. CHAN Ka Wai, who was appointed by the Board on 6 October 2023, shall hold office of Director until the forthcoming annual general meeting (the "2024 AGM"). Mr. CHAN Ka Wai, being eligible, will offer himself for re-election as a Director at the 2024 AGM.

In accordance with Articles 84(1) of the Articles of Association, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation at an annual general meeting at least once every three years and shall then be eligible for re-election. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Dr. CHAN Man Fung and Mr. PANG Ho Yin shall retire at the 2024 AGM and, being eligible, would offer themselves for re-election as Directors at the 2024 AGM.

Report of the Directors

INDEPENDENCE CONFIRMATION

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that each of the independent non-executive Directors is independent to the Company. Please also see page 48 of the "Corporate Governance Report" for assessment the independence by the Board in relation to an independent non-executive Director appointed by the Company during the Financial Year.

DIRECTORS' SERVICE CONTRACT

There is no unexpired Directors' service contract which is not terminable by the Company within one year without payment of compensation, other than statutory compensation, of any Director proposed for re-election at the 2024 AGM.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the Reporting Period.

EMPLOYEES AND EMOLUMENT POLICY

The Group recognises the importance of high calibre and competent staff and continues to review and provide remuneration packages to employees with reference to the level and composition of pay, prevailing market practices and individual performance.

Staff benefits include contributions to the Mandatory Provident Fund Schemes and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved Share Option Scheme.

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence. The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his/her associates, and executive is involved in dealing his/her own remuneration.

The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees of the Group, details of the Share Option Scheme are set out in note 31 to the consolidated financial statements and under the heading "Share Option Scheme" of this annual report.

Report of the Directors

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

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

- Dr. CHAN Man Fung has been appointed as an executive director of FingerTango Inc. (Stock code: 6860), a company listed on the Main Board of the Stock Exchange with effect from 29 June 2023.
- Ms. ZONG Yan has been appointed as an executive Director with effect from 23 August 2023.
- Dr. CHAN Man Fung has been appointed as a compliance officer of the Company with effect from 23 August 2023.
- Mr. SU Chun Xiang has resigned as an executive Director and a compliance officer of the Company with effect from 23 August 2023.
- Mr. CHAN Ka Wai has been appointed as an independent non-executive Director, the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 6 October 2023.
- Mr. HUNG Chiu Fat has resigned as an independent non-executive Director, the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 6 October 2023.

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

In respect of the change in emoluments of Directors, please refer to note 13 to the consolidated financial statements of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND OTHER CORPORATION

Save as disclosed under the section "Share Option Scheme" below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Report of the Directors

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 12 December 2015 (the "Share Option Scheme"), under which the Board may, at its discretion, offer any Eligible Participant (as hereinafter defined) options to subscribe for the Shares subject to the terms and conditions stipulated therein. The Share Option Scheme is valid and effective for a period of 10 years from 29 December 2015 (the "Scheme Period"). The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of Eligible Participants to the Group by granting options to them as incentives or rewards. An Eligible Participant may include any (a) executive, employee, director, consultant, adviser and/or agent of any member of the Group; and (b) any other person who has contributed to the success of the listing of the Company on GEM, in each case, as determined by the Board.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 7,955,720 Shares, being 5% of the Company's total issued share capital as at the date of the annual report.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The number of shares issued and to be issued in respect of which options granted and may be granted to any Eligible Participant in any period of 12 consecutive months up and including the date of grant of the options shall not exceed 1% of the Shares in issue as at the date of grant of the options, without prior approval from the Company's shareholders. Any further grant of options in excess of 1% limit must be subject to (i) the issue of a circular by the Company disclosing the identity of the Eligible Participant, the number of and terms of the options to be granted (and options previously granted to such participant) and the information as required under the GEM Listing Rules; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules. Options granted to connected persons (a director, chief executive (as defined in the GEM Listing Rules) or substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of their respective associates) in excess of 0.1% of the Shares in issue or with an aggregate value in excess of HK\$5,000,000, must be subject to the issue of a circular by the Company together with the notice of the relevant general meeting and the approval of the Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules.

Options granted must be taken up on the date of grant, upon payment of HK\$1.00.

Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant.

The exercise price is determined by the Board, and will not be less than the highest of (i) the nominal value of the Shares; (ii) the closing price of the Shares on the date of grant; and (iii) the average closing price of the Shares for the five business days immediately preceding the date of grant.

The remaining life of the Share Option Scheme is approximately 1 year and 5 months.

Details of the Share Option Scheme are set out in note 31 to the consolidated financial statements of this annual report.

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

Report of the Directors

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 34 to the consolidated financial statements of this annual report, there was no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of Financial Year or at any time during Financial Year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in note 34 to the consolidated financial statements of this annual report, there was (i) no contract of significance entered into by and/or subsisted between the Company or any of its subsidiaries with the controlling shareholder or any of his/its subsidiaries during the Financial Year; and (ii) no contract of significance in relation to the provision of services by the controlling shareholder or any of his subsidiaries to the Group entered into and/or subsisted during the Financial Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Financial Year and up to the date of this annual report, none of the Directors and controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) has any interest in a business that competes or may compete with the business of the Group and any other conflicts of interests which such person had or may have with the Group.

CORPORATE GOVERNANCE REPORT

The corporate governance report of the Group during the Financial Year is set out in the section headed "Corporate Governance Report" on pages 42 to 57 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, the five largest customers of the Group accounted for about 45.0% of the revenue of the Group and the largest customer of the Group accounted for about 17.3% of the total revenue.

During the Financial Year, the five largest suppliers of the Group accounted for about 55.6% of the purchases of the Group and the largest supplier of the Group accounted for about 17.7% of the total purchases.

None of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital), has an interest in any of the Group's five largest customers and suppliers.

Report of the Directors

PERMITTED INDEMNITY

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

A Directors' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

The relevant provisions in the Articles of Association and the Directors' liability insurance were in force during the Financial Year and as of the date of this annual report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Save as disclosed in note 34 to the consolidated financial statements of this annual report, the Company had no connected transactions or continuing connected transactions which requires compliance with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules during the year ended 31 March 2024.

RELATED PARTY TRANSACTIONS AND CONTINUING RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2024 are disclosed in note 34 to the consolidated financial statements. Save as disclosed above, these transactions were either exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules, or did not fall under the definition of connected transactions or continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

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.

EVENTS AFTER THE REPORTING PERIOD

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

Report of the Directors

AUDIT COMMITTEE

The Company has the Audit Committee which was established in accordance with the requirements of the GEM Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. CHAN Ka Wai (chairman of the Audit Committee) (appointed on 6 October 2023), Mr. CHOW Chi Hang Tony and Mr. KWOK Hiu Fung. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The audited consolidated financial statements of the Group for the year ended 31 March 2024 have been reviewed by the Audit Committee.

AUDITOR

Reference is made to the announcement of the Company dated 13 March 2024, BDO Limited ("BDO") has resigned as the auditor of the Company with effect from 13 March 2024. CWK CPA Limited ("CWK") had been appointed as the auditor of the Company to fill the casual vacancy following the resignation of BDO with effect from 13 March 2024.

Save as disclosed above, there has been no other change of auditor for the preceding three years.

The consolidated financial statements of the Company for the year ended 31 March 2024 have been audited by CWK who will retire at the 2024 AGM and being eligible, offers itself for re-appointment. A resolution to re-appoint CWK as the auditor of the Company and to authorise the Directors to fix its remuneration will be proposed to the Shareholders for approval at the 2024 AGM.

On behalf of the Board

P.B. Group Limited

CHAN Man Fung

Executive Director and Co-chairman

Hong Kong, 28 June 2024

Corporate Governance Report

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing shareholders' value.

CORPORATE CULTURE AND STRATEGY

Corporate Culture

The Board and the management of the Group set the tone and shape the corporate culture, which is underpinned by the core values of acting lawfully, ethically and responsibly across all levels of the Group. The Board leads the management in defining the purpose, values and strategic direction of the Group and in fostering a corporate culture that is building a long-term sustainable business models where customers, partners, investors, suppliers and employees can benefit in the shared value of corporate success. The desired culture is developed and reflected consistently in the Group's business operations, workplace policies and practices as well as relationships with the shareholders and other stakeholders of the Company. The Board, together with the management of the Group, create an organizational culture of maintaining and developing an effective corporate governance framework with stringent corporate governance practices and mechanism through workforce engagement, employee retention and training, robust financial reporting, whistleblowing, data privacy and anti-corruption policies, and legal and regulatory compliance. Taking into account the corporate culture in a range of contexts, the Board considers that the Group's culture, purpose, values and strategy are aligned.

Corporate Strategy

In order to achieve the Group's principal objective of enhancing long-term values and interests to the shareholders and other stakeholders of the Company, the Group focuses on achieving sustainable growth in both ESG performance. The Group executes disciplined management of revenue and profitability, margin and costs, capital and investment return and other financing activities. The "Chairmen's Statement" and the "Management Discussion and Analysis" in this annual report include discussions and analyses of the Group's performance, the basis on which the Board directs to generate the Group's core values in the longer term and delivers the Group's corporate culture, strategy and objectives. The Group is increasingly conscious on ESG and focusing on supporting the global low-carbon and sustainable future transition. Further details on the Group's ESG initiatives and relationships with its key stakeholders are disclosed in the "Environmental, Social and Governance Report" of this annual report.

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.

Corporate Governance Report

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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.

BOARD OF DIRECTORS

Composition

As at the date of this annual report, the Board comprises seven Directors, consisting of four executive Directors, namely Dr. CHAN Man Fung (Co-chairman), Mr. PUI Wai Lun (Co-chairman), Mr. PANG Ho Yin (Chief Executive Officer) and Ms. ZONG Yan, and three independent non-executive Directors, namely Mr. CHAN Ka Wai, Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung. The biographical details of each Director are disclosed on pages 28 to 29 of this annual report. The Board members have no relationship (whether financial, business, family or other material or relevant relationships) amongst members of the Board or senior management of the Company.

The updated list of Directors and their role and function are published on the websites of the Company and the Stock Exchange.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity.

Each newly appointed Directors during the Reporting Period, namely Ms. ZONG Yan and Mr. CHAN Ka Wai, confirmed that he/she obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on the date of his/her appointment. Each of Ms. ZONG Yan and Mr. CHAN Ka Wai has confirmed that he/she understood his/her obligations as Director.

Independent non-executive Directors

In compliance with Rules 5.05 and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence and the Company considers such Directors to be independent in accordance with each and the various guidelines set out in Rule 5.09 of the GEM Listing Rules.

Nomination Policy of Directors

The Company has adopted a nomination policy of Directors (the “Nomination Policy”) which sets out the criteria and process in the nomination and appointment of Directors of the Company in order to nominate suitable candidates to the Board.

Pursuant to the Nomination Policy, the Company considers a number of criteria in evaluating and selecting candidates for directorships, including but not limited to (i) character and integrity; (ii) qualifications including professional qualifications; (iii) willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments; (iv) requirement for the Board to have independent non-executive Directors in accordance with the GEM Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules; (v) board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board knowledge and experience that are relevant to the Company’s business and corporate strategy; and (vi) other perspectives appropriate to the Company’s business.

Corporate Governance Report

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of Director at the general meeting.

The Nomination Committee will review the Nomination Policy annually to ensure its continued effectiveness.

Directors' Appointment and Re-election

Pursuant to the Articles of Association of the Company, the Directors shall hold office subject to retirement by rotation at the annual general meetings of the Company at least once every three years. In addition, any Director appointed by the Board during a year, to fill a casual vacancy on the Board or as an addition to the existing Board, shall hold office only until the first general meeting of the Company after his/her appointment and shall be subject to re-election in that meeting. The term of office of each independent non-executive Director is for a period of one year subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Director including his/her attendance of Board meetings and, where applicable, general meetings of the Company, and the level of participation and performance on the Board. The Nomination Committee shall also review and determine whether the retiring Director continues to meet the criteria as set out in the Nomination Policy. The Nomination Committee and/or the Board shall then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting of the Company.

Responsibilities of the Board and Management

The Board, is responsible for providing high-level guidance and effective oversight of the management of the Company, formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board, and the Articles of Association of the Company.

The day-to-day management of the Group's business and the major decisions are made after consultation with the Board and appropriate Board committees, as well as senior management.

The Company considers that risk management function and internal control system are essential and that the Board plays an important role in implementing monitoring and risk management and internal financial control.

Matters specifically decided by the Board and those reserved for the management, such as daily management, administration and operation of the Company, etc., are reviewed by the Board on a periodic basis. The management shall report back to the Board.

Corporate Governance Report

The procedures to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses were established.

The Articles of Association state the responsibilities and operational procedures of the Board. The Board will meet at least four times a year at regular intervals to consider operational reports and financial results of the Company and policies. Significant operational policies have to be discussed and passed by the Board.

During the Financial Year, the Board held six meetings, at which it:

- considered and approved the quarterly results, interim results and annual results of the Group;
- considered and approved the details of the last year annual general meeting (the "2023 AGM");
- reviewed the compliance with the CG Code;
- reviewed and considered to re-elect the retiring Directors at the 2023 AGM and their remuneration;
- reviewed and considered to re-appoint BDO as auditor of the Company at the 2023 AGM;
- reviewed the effectiveness of the risk management and internal control systems of the Company through the Audit Committee; and
- reviewed and approved the change of auditor of the Company from BDO to CWK.

The chairman of the Board held one meeting with independent non-executive Directors during the Financial Year without the presence of other Directors.

During the year ended 31 March 2024, the attendance record of each Director is set out below:

Name of Directors	Number of meetings attended/held				
	Board Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	Annual General Meeting
<i>Executive Directors</i>					
Dr. CHAN Man Fung (<i>Co-chairman</i>)	5/5	–	–	–	1/1
Mr. PUI Wai Lun (<i>Co-chairman</i>)	5/5	–	–	–	1/1
Mr. PANG Ho Yin	5/5	–	–	–	1/1
Ms. ZONG Yan (appointed on 23 August 2023)	3/3	–	–	–	1/1
Mr. SU Chun Xiang (resigned on 23 August 2023)	2/2	–	–	–	–
<i>Independent non-executive Directors</i>					
Mr. CHAN Ka Wai (appointed on 6 October 2023)	3/3	–	3/3	–	–
Mr. CHOW Chi Hang Tony	5/5	1/1	5/5	1/1	1/1
Dr. KWOK Hiu Fung	5/5	1/1	5/5	1/1	1/1
Mr. HUNG Chiu Fat (resigned on 6 October 2023)	2/2	1/1	2/2	1/1	1/1
Total Number of Meetings Held	5	1	5	1	1

Corporate Governance Report

BOARD DIVERSITY POLICY

The Company has a board diversity policy (“Board Diversity Policy”) whereby it recognizes and embraces the benefits of a diversity of Board members. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board’s composition, board diversity has been considered from numbers of measurable aspects including gender, age, length of services, knowledge and professional industry background. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board. The Board has reviewed the implementation and effectiveness of the Board Diversity Policy during the Financial Year and considered it was appropriate and effective.

The Board currently comprises seven Directors. The following tables further illustrate the diversity of the Board members during the Financial Year and as of the date of this annual report:

Name of Directors	Age Group			
	30-34	35-39	40-44	45 above
Dr. CHAN Man Fung		✓		
Mr. PUI Wai Lun				✓
Mr. PANG Ho Yin				✓
Ms. ZONG Yan (appointed on 23 August 2023)		✓		
Mr. SU Chun Xiang (resigned on 23 August 2023)		✓		
Mr. CHAN Ka Wai (appointed on 6 October 2023)		✓		
Mr. CHOW Chi Hang Tony	✓			
Dr. KWOK Hiu Fung			✓	
Mr. HUNG Chiu Fat (resigned on 6 October 2023)		✓		

Name of Directors	Professional Experience							
	Legal and financial services	Finance and investment fund management	Accounting and finance	Medical	Law	Insurance and general corporate management	Media and entertainment	
Dr. CHAN Man Fung	✓							
Mr. PUI Wai Lun						✓		
Mr. PANG Ho Yin						✓		
Ms. ZONG Yan (appointed on 23 August 2023)							✓	
Mr. SU Chun Xiang (resigned on 23 August 2023)		✓						
Mr. CHAN Ka Wai (appointed on 6 October 2023)			✓					
Mr. CHOW Chi Hang Tony					✓			
Dr. KWOK Hiu Fung				✓				
Mr. HUNG Chiu Fat (resigned on 6 October 2023)			✓					

The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. The Board targets to maintain at least the current level of the female representation, with the ultimate goal of achieving gender parity. The Nomination Committee will continue to use its best efforts to identify and recommend suitable candidates to act as Directors to the Board for its consideration.

Corporate Governance Report

The Company's diversity philosophy including the gender diversity was generally followed in the workforce throughout the Group for the year ended 31 March 2024. During the Financial Year, 14.3% of Directors and 45.3% of total workforce (including senior management) were female. The Company will continue to take steps to promote diversity, including gender diversity, at workforce levels. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level and provide more suitable on-job training to them, so that the Company will have a pipeline of female senior management and potential successors to our Board in near future.

Directors' Induction and Continuous Professional Development

The Company understands that the Directors should participate in appropriate continuous professional development programs to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

All Directors including Dr. CHAN Man Fung, Mr. PUI Wai Lun, Mr. PANG Ho Yin, Ms. ZONG Yan (appointed on 23 August 2023), Mr. SU Chun Xiang (resigned on 23 August 2023), Mr. CHAN Ka Wai (appointed on 6 October 2023), Mr. CHOW Chi Hang Tony, Dr. KWOK Hiu Fung and Mr. HUNG Chiu Fat (resigned on 6 October 2023), have participated in continuous professional development for the year ended 31 March 2024 by attending training courses on the topics related to corporate governance and regulations to comply with the relevant code provision. All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

Responsibilities of Directors

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders. Their responsibilities include the following:

- attending regular Board meetings and focusing on business strategy, operational issues and financial performance;
- active participation in the respective board of directors of the subsidiaries of the Company;
- approval of annual budgets covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of senior management, the Board and Shareholders of the Company;
- consideration of misuse of corporate assets and abuse of related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties as required under the CG Code:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD INDEPENDENCE

The Board has established mechanisms to ensure independent views are available to the Board. The summary of the mechanisms is set out below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board committees as required under the GEM Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) Compensation

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) Board Decision Making

Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including independent non-executive Directors) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

The Board has reviewed the implementation and effectiveness of such mechanisms during the Financial Year.

Corporate Governance Report

BOARD COMMITTEES

During the year ended 31 March 2024, the Company has comprised three board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Audit Committee

During the year ended 31 March 2024 and as at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. CHAN Ka Wai (Chairman) (appointed on 6 October 2023), Mr. HUNG Chiu Fat (Chairman) (resigned on 6 October 2023), Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Shareholders.

The terms of reference of the Audit Committee have complied with the CG Code and the Audit Committee will meet regularly with the Company's independent auditor, at least twice a year, to discuss accounting issues, and review the effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The terms of reference of the Audit Committee are amended pursuant to the Board resolutions passed on 21 December 2018 and 8 March 2024 and are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.thepbg.com.

During the Financial Year, the Audit Committee held five meetings, at which it:

- approved BDO as the external auditor of the Company and the corresponding audit plan;
- reviewed the financial statements for the 15-month period ended 31 March 2023, three months ended 30 June 2023, six months ended 30 September 2023 and nine months ended 31 December 2023;
- reviewed the effectiveness of the risk management and internal control systems, and such review covered all material controls including financial control;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions;
- reviewed the external auditor's findings; and
- discussed the resignation of BDO as external auditor and considered and made recommendations to the Board the appointment of CWK of the external auditor of the Company, and the terms of engagement.

The Audit Committee had also reviewed the Group's audited annual results for the year ended 31 March 2024 and this annual report and confirmed it complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor.

During the year ended 31 March 2024, the attendance record of the meetings is set out on page 45.

Corporate Governance Report

Nomination Committee

During the year ended 31 March 2024 and as at the date of this annual report, the Nomination Committee comprises three independent non-executive Directors, namely Mr. CHOW Chi Hang Tony, Mr. CHAN Ka Wai (appointed on 6 October 2023), Mr. HUNG Chiu Fat (resigned on 6 October 2023) and Dr. KWOK Hiu Fung and is chaired by Mr. CHOW Chi Hang Tony.

The terms of reference of the Nomination Committee, as amended by the Board resolutions passed on 8 March 2024, have complied with the CG Code. The terms of reference of the Nomination Committee have been posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.thepbg.com.

The Nomination Committee's responsibilities include reviewing and recommending the structure, size, composition and diversity of the Board and recommending any change thereon; assessing the independence of independent non-executive Directors and recommending the re-election of Directors, etc.

During the Financial Year, the Nomination Committee held one meeting, at which it:

- reviewed the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board;
- reviewed the implementation and effectiveness of the Board Diversity Policy;
- assessed the independence of the independent non-executive Directors; and
- reviewed and made recommendations to the Board on re-election of retiring Directors at the 2023 AGM.

During the year ended 31 March 2024, the attendance record of the meetings is set out on page 45.

The Board adopted the Board Diversity Policy in accordance with the requirement set out in the CG Code. Such policy aims to set out the approach towards achieving diversity on the Board.

In assessing the Board composition, the Nomination Committee would consider a number of perspectives as set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service, when making recommendations to the Board on the appointment and re-appointment of Directors and Directors' succession planning.

The Company considers that the current composition of the Board is well balanced and of a diverse mix appropriate for the business of the Company.

Corporate Governance Report

Remuneration Committee

During the year ended 31 March 2024 and as at the date of this annual report, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. CHAN Ka Wai (appointed on 6 October 2023), Mr. HUNG Chiu Fat (resigned on 6 October 2023), Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung and is chaired by Mr. CHAN Ka Wai.

The Remuneration Committee's responsibilities include reviewing, considering and making recommendation to the Board on (i) the Company's remuneration policy for Directors and senior management, (ii) remuneration packages for executive Directors and senior management including benefits in kind, pension rights and compensation payments, and (iii) remuneration of independent non-executive Directors, etc.

The terms of reference of the Remuneration Committee, as amended by the Board resolutions passed on 20 December 2022 and 8 March 2024, have complied with the CG Code. The terms of reference of the Remuneration Committee have been posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.thepbg.com.

During the Financial Year, the Remuneration Committee held one meeting, at which it made recommendation to the Board on the remuneration of the senior management of the Company, the executive Directors and the independent non-executive Directors. No matters relating to share schemes under Chapter 23 of the GEM Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Financial Year.

During the year 31 March 2024, the attendance record of the meetings is set out on page 45.

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the Share Option Scheme.

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Chapter 18 to the GEM Listing Rules are set out in notes 13 and 14 to the consolidated financial statements of this annual report.

Pursuant to the CG Code, the remuneration of the members of the senior management (other than Directors) whose particulars are contained in the section headed "Profiles of Directors and Senior Management" in this annual report for the year ended 31 March 2024 by band is set out below:

Remuneration Bands	Number of Senior Management
Nil to HK\$1,000,000	3

Remuneration Policy

The remuneration of Directors is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions.

Corporate Governance Report

AUDITOR'S REMUNERATION

For the year ended 31 March 2024, the remuneration of external auditor of the Company, CWK CPA Limited, in respect of audit services and non-audit services is set out below:

Description of services performed	Fee (HK\$)
Audit Services	800,000
Non-audit Services	–

AUDITOR

Reference is made to the announcement of the Company dated 13 March 2024, BDO has resigned as the auditor of the Company with effect from 13 March 2024. CWK had been appointed as the auditor of the Company to fill the casual vacancy following the resignation of BDO with effect from 13 March 2024.

Save as disclosed above, there has been no other change of auditor for the preceding three years.

The consolidated financial statements of the Company for the year ended 31 March 2024 have been audited by CWK who will retire at the 2024 AGM and being eligible, offers itself for reappointment. A resolution to re-appoint CWK as the auditor of the Company and to authorise the Directors to fix its remuneration will be proposed to the Shareholders for approval at the 2024 AGM.

RISK MANAGEMENT AND INTERNAL CONTROL

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

During the Financial Year, the Group has engaged a professional internal control consultant to continue the review and scrutiny of the Group's overall operations and risk management assessment to ensure the internal controls and risk management systems are functioning adequately. The Board is implementing the recommendations suggested by this consultant to improve the overall internal control of the Group and to prevent recurrence of previous deficiencies. The Board through its Audit Committee are kept regularly apprised of significant risks that may impact on the Group's performance.

Corporate Governance Report

Process and Main Features of Risk Management and Internal Control

The goal of the Group is to identify and manage the risks which are inherent in the Group's business and its operating markets so that the risks can be reduced, mitigated, transferred or avoided.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board would oversee its management in the design, implementation and monitoring of the risk management and internal control systems.

The Board oversees the Group's overall risk management and internal control process through the Audit Committee which forms an important part of the corporate governance regime of the Group. The Audit Committee assists the Board in monitoring the risk exposures, the design and operating effectiveness of the relevant risk management and internal control systems. The Audit Committee oversees the following procedures for and on behalf of the Board:


- (i) Periodic assessment of key operational risks and control measures aimed at mitigating, reducing or transferring such risks; the strengths and weaknesses of the overall internal control system, and action programs to address the control weaknesses or improve the assessment process;
- (ii) Regularly review the business processes and operational reports, including the action plan to address the identified weaknesses in control, and the latest status and monitor results in the implementation of the recommendations; and
- (iii) The external auditor regularly report on the control issues identified in the course of their work and meet with the Audit Committee to discuss the scope and results of the review.

The Audit Committee will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems. The Board considers the works and findings of the Audit Committee in forming its own view on the effectiveness of such systems.

The Group does not maintain its own internal audit team due to cost saving reason. However, the professional internal control consultant engaged by the Company would assist the Audit Committee to review the effectiveness of the Group's risk management and internal control systems and the external auditor of the Company would also assess the adequacy and effectiveness of certain key risk management and internal controls of the Group as part of their statutory audit process. The Group would review the need for an internal audit function on an annual basis.

Corporate Governance Report

The Group’s risk management and integrated internal control framework, as disclosed in the below chart, are closely intertwined, and major control measures are tested to assess performance. This “top-down” approach is complemented by the “bottom-up” aspects, which require the head of the operating unit to participate in the identification of operational risks to determine the Group’s major risks.

<p>“Top-down” Overseeing, identification, assessment and mitigation of risk at corporate level.</p> 	The Board of Directors			
	Responsible for the Group’s risk management and internal control systems.	Sets strategic objectives and reviews the effectiveness of the Group’s risk management and internal control systems.	Monitors the nature and extent of the Group’s major risks.	Provides guidance on the importance of risk management and risk management culture.
<p>“Bottom-up” Identification, assessment and mitigation of risk at business unit level and across functional areas.</p> 	Management	Audit Committee		
	Designs, implements, and monitors risk management and internal control systems.	Assists the Board in monitoring risk exposure, design and operating effectiveness of the underlying risk management and internal control systems.		
	Operational level			
Risk identification, assessment and mitigation performed across the business.	Risk management process and internal control practised across business operations and functional areas.			

Review of Effectiveness of the Risk Management and Internal Control Systems

The Board has overseen the Group’s risk management and internal control systems on an ongoing basis to ensure that a review of the effectiveness of the Group’s risk management and internal control systems has been conducted at least once a year.

The Directors acknowledge their responsibility for reviewing the effectiveness of the Group’s internal control and risk management systems and would communicate regularly with the Audit Committee and the professional internal control consultant engaged by the Group. The Board has reviewed through the work of its Audit Committee and the annual internal control review report and the findings performed by professional internal control consultant and was satisfied to the effectiveness of the Group’s internal control and risk management systems for the year ended 31 March 2024.

Corporate Governance Report

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. Detailed information on the environmental, social and governance practices adopted by the Group is set out in section headed "Environmental, Social and Governance Report" ("ESG Report") of this annual report.

Inside information

With regard to the internal controls and procedures for the handling and dissemination of inside information, the Group is in compliance with under the Part XIVA and relevant parts of the Securities and Future Ordinances and the GEM Listing Rules. To be certain that all the staff members in the Group are aware of the inside information handling, the Group's disclosure policy sets out guidance and procedures to ensure that the inside information of the Group is disseminated to the public completely, accurately and timely. Besides, the Board is responsible to approve the dissemination of the information. The Group also has reasonable measures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements.

COMPANY SECRETARY

Ms. CHIK Wai Chun ("Ms. Chik") was appointed as the Company Secretary on 31 August 2019. Ms. Chik is a chartered company secretary and fulfilled the requirements under Rules 5.14 and 5.15 of the GEM Listing Rules. She undertook over 15 hours of relevant professional training to update her skills and knowledge during the Reporting Period.

All members of the Board have access to the advice and services of the Company Secretary.

CONSTITUTIONAL DOCUMENTS

On 1 January 2022, the GEM Listing Rules were amended by, among others, adopting a uniform set of 14 "Core Standards" for shareholder protections for issuers regardless of their place of incorporation set out in Appendix 3 (which has been renumbered as Appendix A1 with effect from 31 December 2023) to the GEM Listing Rules.

Before the 2023 AGM on 28 September 2023, the Board proposed to amend its memorandum and articles of association of the Company by way of adoption of the new memorandum and articles of association of the Company (i) to bring the memorandum and articles of association of the Company in line with the amendments made to the GEM Listing Rules and the applicable laws of the Cayman Islands; (ii) to allow the Company to hold hybrid general meetings and electronic general meetings; and (iii) to make other house-keeping amendments to the memorandum and articles of association of the Company for the purpose of clarifying existing practices and making consequential amendments in line with the proposed amendments.

On 28 September 2023, a special resolution was passed at the 2023 AGM to approve the proposed amendments and the adoption of the memorandum and articles of association of the Company.

The amended and restated memorandum and articles of association of the Company are posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.thepbg.com.

During the year ended 31 March 2024, there was no other changes in the constitutional documents of the Company.

Corporate Governance Report

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

(a) Procedures for convening an extraordinary general meeting and putting forward proposals at shareholders' meetings

Shareholders may put forward proposals at general meetings by requisitioning an extraordinary general meeting. Pursuant to Article 58 of the Articles of Association, extraordinary general meetings may be convened by the Board on the written requisition of any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. The requisition shall be deposited at the principal office of the Company in Hong Kong (Room 1601, 16/F, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong) or, in the event the Company ceases to have such a principal office, the registered office (71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands) specifying the business or resolution to be transacted at the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed to convene the meeting to be held, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner provided that any meeting so convened shall be held within two months after the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(b) Communication with Shareholders and investors

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

Details of the arrangements (i) for dissemination of corporate communications; and (ii) for requesting printed copy of corporate communications are published under the section "Investor Relation" in the Company's website.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure its Shareholders are kept well informed of key business imperatives.

General meetings of the Company provide a direct forum of communication between its Shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the chairman of the Board, or in his absence, an executive Director, as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will be commonly be present and available to answer questions and Shareholders may also contact the company secretary of the Company to direct their written enquires.

The Company is committed to enhance communications and relationships with its investors. Designated management maintains an open dialogue with institutional investors and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.thepbg.com, where updates on the Company's business developments and operations, financial information and news can be found.

Corporate Governance Report

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows: –

Room 1601, 16/F, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong
Fax: +852 3753 2360
Email: info@thepbg.com

In addition, procedure for Shareholders to propose a person for election as a Director is available on the Company's website at www.thepbg.com.

The above procedures are subject to the Articles of Association and applicable laws and regulations.

Shareholders' Communication Policy

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. Information will be communicated to the Shareholders through the Company's website, corporate email, financial reports, annual general meetings and other extraordinary general meetings that may be convened as well as all the published disclosures submitted to the Stock Exchange.

The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year and conclude that it is effective because some minority shareholders have personally approached the company and ask for relevant news.

Whistle-Blowing Policy and Anti-Corruption Policy

Policies regarding the whistle-blowing and anti-corruption are established. Detailed information on the policies is set out in the ESG Report on pages 58 to 101 of this annual report.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2024, the Directors have adopted suitable accounting policies and applied them consistently. The Directors are also responsible for keeping proper accounting records with reasonable accuracy for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The financial statements for the Reporting Period have been prepared on a going concern basis.

The Board has not taken any different view from that of the audit committee regarding the selection, appointment, resignation or dismissal of external auditor.

Environmental, Social and Governance Report

ABOUT US

P.B. Group Limited (the “Company”, together with its subsidiaries, the “P.B. Group”, “Group” or “We”) is mainly engaged in bentonite mining, production and sales of drilling mud and pelletizing clay and the financial services. Our business of bentonite mining is recognized as a High Technology Enterprise (“HNTE”) in the PRC. We rely on our strong resource advantages and good quality, striving to become the bentonite processing base with largest range of bentonite products and largest product application field in the PRC.

Corporate Mission

To Strengthen and Repay the Country with Industries

Having inherited the common dream of a few generations of modern entrepreneurs and being deeply influenced by traditional nationalistic values, P.B. Group entrusted its own development and future into recent socio-economic changes in the PRC. Its noble mission of strengthening and repaying the country with industries is the main cause for its stable growth all these years. It will continue to lead the Group towards an even brighter future.

Core Value

The Group’s core values of integrity, responsibility, excellence, value-added and all-win partnership can be interpreted as a conclusion of its success. It also reflects the corporate moral qualities which are insisted by our founder. It is a system that imposes restrictions, requirements and incentives to both its member companies and its employees.

ABOUT THIS REPORT

This is the environmental, social and governance (the “ESG”) report for P.B. Group. This report is designed to allow the shareholders, investors (including potential investors) of the Group and the public to have a more comprehensive and profound understanding of the work done on the ESG issues of the Group for its financial year ended 31 March 2024 (“the Reporting Period”). This report elaborates the philosophy and practice in respect of social responsibility and the achievements it has made in economic, environment and social aspects. For information on the Group’s corporate governance, please refer to the “Corporate Governance Report”.

Data of the report

Our data came from the internal systems of the Group and manual collection.

Reporting framework

The Group primarily adopts the principles and basis of Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in Appendix C2 to the Rules Governing the Listing of Securities on the GEM at The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its standards, with an aim to establish a sound environmental, social and governance structure.

Environmental, Social and Governance Report

During the process of preparation of the ESG Report, we summarised the Group's performance in terms of the corporate social responsibilities based on the reporting principles of "materiality", "balance", "quantitative" and "consistency". The table below is our response to the reporting principles.

Reporting principles	Description
Materiality	Relatively crucial and significant ESG issues are shown in the ESG Report.
Quantitative	KPIs are disclosed in a measurable manner with sufficient description on the changes.
Balance	The ESG Report is prepared under an unbiased basis.
Consistency	The same methodologies are adopted throughout the Reporting Period.

Review and Approval

The board of directors ("Board") of the Company confirms that they have the responsibility to ensure the integrity of this Report, and to their best knowledge, the Report expounds all relevant important issues and fairly presents the ESG performance of the Group. This Report was reviewed and approved by the Board of Directors on 30 June 2023.

Reporting Boundary

The scope of the Report covers two business and region including i) Bentonite mining, production and sales of drilling mud and pelletising clay in the PRC; and ii) the office operations which provide financial services including money lending business and wealth management services in Hong Kong. The reporting period is from 1 April 2023 to 31 March 2024 (the "Reporting Period", "2024").

The Board's Commitment and ESG Approach

The Board has a critical role in overseeing the ESG-related issues by exercising its risk-related oversight after taking into account the materiality of different ESG risks. The Board is the highest decision-making body for the ESG management of the Group. This oversight is strategic and closely aligned with the Group's business model and operations.

During the Reporting Period, the Board effectively oversees risks posed by ESG-related issues throughout the risk evaluation, prioritization and management processes. The Board evaluates and determines the nature and extent of the ESG-related risks that are relevant and material in achieving the Group's strategic objectives based on the key findings of the materiality assessment. Various measures and policies have been established and implemented to manage and monitor the risks related to the ESG matters. The Board oversees the implementation of the ESG measures and monitors the ESG-related issues through the risk management system during the annual review.

Environmental, Social and Governance Report

Governance Structure

The Board

- Define and review the ESG management approach and strategy of the Group
- Review and discuss on the effectiveness of ESG mechanism
- Approve/amend ESG-related policies
- Review ESG-related goals and targets
- Oversee the relevant ESG-related issues

Senior management and compliance function team

- Prioritise the ESG-related issues
- Review and discuss on the effectiveness and compliance of ESG-related policies and measures with applicable laws and regulations
- Report findings and make recommendations to the Board

ESG Working Group

- Introduce, facilitate and monitor implementation of ESG-related policies and measures
- Conduct review on the ESG compliance and performance of the key subsidiaries/departments
- Report findings and make recommendations to Compliance Committee

Key functions and departments

- Incorporate relevant policies and guidelines into daily business operations

The ESG Working Group, comprising the operating staffs and the external professional consultant. ESG Working Group was established to introduce and facilitate implementation of ESG-related policies and measures. It ensures that all the key functions and departments are well-informed of any introductions of or amendments to the ESG-related policies and measures. It also takes the major role of monitoring the ESG performance and ensuring the effective implementation of the ESG-related policies and measures.

Annual review is conducted regarding the ESG commitment and performance of the Group based on the relevant external and internal information gathered. Based on the findings in annual review, the ESG Working Group makes recommendations and suggestions to the Board and senior management, which conducts review and reports findings and suggestions to the Board correspondingly. The Board then conducts overall review with the aim to enhance ESG management and policies of the Group.

Environmental, Social and Governance Report

Stakeholders Communication and Engagement

For the Group, the stakeholders refer to groups and individuals who have significant impact on the Group's business, or those who are affected by the Group's business. The participation of stakeholders is an important part of the corporate governance of the Group for it to examine potential risks and business opportunities. Communicating with stakeholders enables the Group to understand their views, and it brings business practices of the Group closer to their needs and expectations, so as to properly manage the views of different stakeholders.

The Group constantly communicates with key stakeholders within and outside the Group through various channels. This ensures that they are given an opportunity to understand the development and operating directions of the Group, as well as the opportunities for the Group to listen to their opinions in order to prioritize different issues, and to develop corresponding policies.

The four-step approach for understanding and communicating with key stakeholders regarding the material sustainability issues:

1. Identifying sustainability issues that are relevant to Group's operations and stakeholders;
2. Collecting stakeholders' feedback and information through various direct and indirect channels;
3. Reviewing, assessing and addressing feedback from stakeholders; and
4. Responding to stakeholders' material sustainability concerns.

Environmental, Social and Governance Report

Our key stakeholders include natural environment, employees, regulators and governments, customers, partners and suppliers, society and community, shareholders and investors, etc. In accordance with the assessment result regarding significance to the influence from and on the Group, we made a list of key stakeholders and determined the degree and range for their participation in corporate governance, management and decision-making.

Key stakeholders	Expectations	Understanding and Communicating channel
Natural environment	Fulfilment of emission standards; Energy conservation and emission reduction; Efficient use of water resources.	Communication with local environmental protection department; Communication with local community.
Employees	Rights and interests of employees; Remuneration and benefits; Career development; Health and safety.	Formulating competitive remuneration and benefits systems, and improving various benefits and treatment; Care for occupational health and mental health, and improving working environment and ambience of the organization; Launching staff training, and perfecting incentives and promotion mechanism; Holding employees' congress and construction of communications platform for employees; Regular study of market research regarding the job market and employees' needs conducted by external recruitment expert.
Customers	Product quality; Innovation; Rights and interests of customers.	Comprehensive guarantee of product quality; Establishing sound customer service system, improving mechanism for customer feedback and complaint handling, and launching surveys on customer satisfaction; Encouraging innovation of products and technology.

Environmental, Social and Governance Report

Key stakeholders	Expectations	Understanding and Communicating channel
Society and community	Safety, health and ecological environment; Harmonious community; Support for community welfare; Job opportunities.	Mutual communication with the community Involvement of community in our management; Active participation in mutual community construction; Active participation in poverty alleviation, community charitable activities and social volunteer activities; Support for local education business, campus recruitment and community recruitment.
Regulators/governments	Compliance with laws and regulations; Internal inspection; Employees' health and workplace safety; Local economic development; Environmental protection.	Strict implementation of national policies; Insistence on production safety and promoting green development; Proactive participation in local construction and providing employment opportunities; Compliance with laws and regulations, timely payment of taxes; Timely and accurate submission of corporate information Reclamation plan.
Partners and suppliers	Punctual fulfillment of agreements; Integrity and probity; Supplier rights protection; Cooperation for mutual gain.	Strengthening the management of procurement orders and strong emphasis on fulfillment of agreements; Launching regular meetings, mutual visits and exchanges; Supplier entry and assessment.

Environmental, Social and Governance Report

Key stakeholders

Shareholders and investors

Expectations

Corporate value;
Transformation and innovation;
Sustainable development;
Risks management;
Operation in compliance;
Corporate governance.

Understanding and Communicating channel

Enhancing standards of corporate operation, results and asset value;
Transformation with innovation for enhancing corporate competitiveness;
Standardizing construction of the Board, and perfecting scientific and effective governance system;
Paying attention to environmental and social impacts, adopting corresponding measures, and improving relevant information disclosure and communications;
Enhancing the strength of preventing and solving substantial risks;
Construction of compliance management system, improving compliance review mechanism, and rolling out propagation of code of business conduct;
Holding investor activities including general meetings, investors meetings, results presentations, etc., and publication of announcements and regular reports of the Company according to requirements.

Materiality Assessment Process

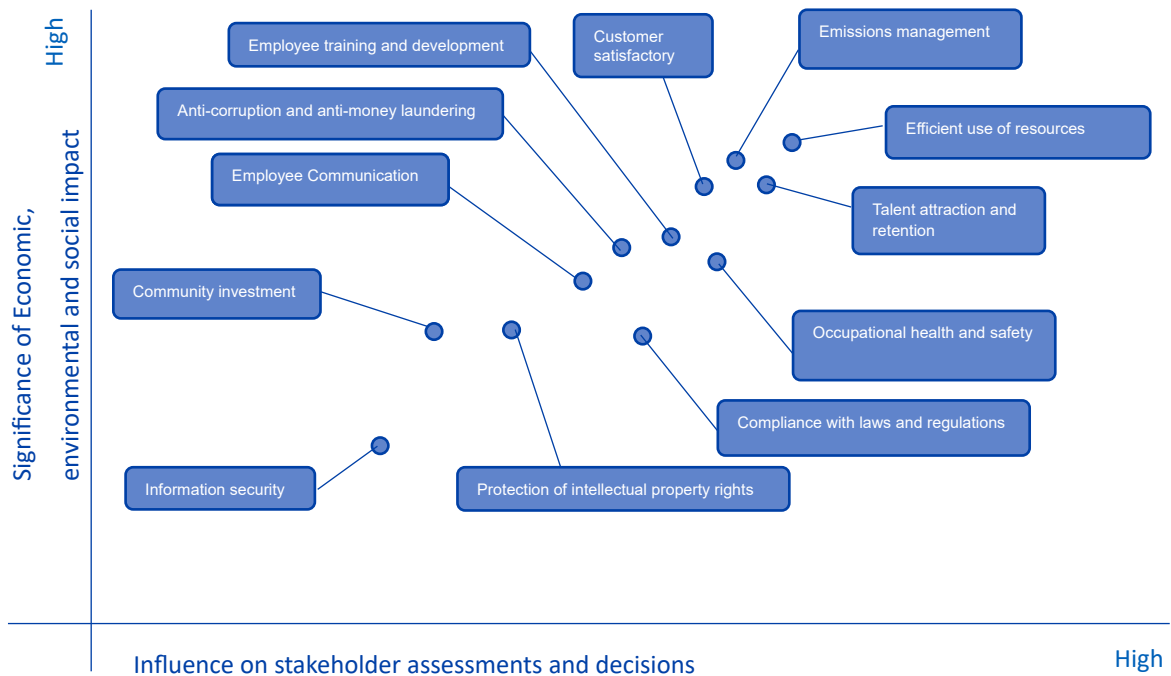
The Group has established a sustainable development issues library. The selection of issues is primarily based on the requirements under the “ESG Reporting Guide” of the Stock Exchange, the state’s regulatory requirements, key development of the Group, and industrial characteristics, which aim to cover the material sustainability issues related to the Group fully.

Through discussing assessment tools and methods for material issues, we prioritized the 12 issues in the ESG issues library of the Group from the two aspects of “influence on stakeholder assessments and decisions” and “significance of economic, environmental and social impact”.

The following ESG materiality matrix is attained by an analysis of the assessment results of stakeholders:

Environmental, Social and Governance Report

Material Sustainability Issues



We believe the most pertinent sustainability issues include emissions management, efficient use of resources, customer satisfactory, employee training and development occupational health and safety, anti-corruption and anti-money laundering and talent attraction and retention. Additional material sustainability issues include compliance with laws and regulations, employee communication, community investment, protection of intellectual property rights and Information security.

ENVIRONMENT

Environmental Management System

We aim to develop green production, sustainable business, resources intensification, green mining methods, restoration for ecology of pit and comply with Environmental Protection Law of the PRC.

To achieve the aims, we established a comprehensive environmental management policy to prescribe and explain the general principles, division of responsibilities, environmental working procedures, pollution and wastes management, promotion of environmentally friendly culture and reward and punishment mechanism.

Environmental, Social and Governance Report

Environmental Leadership Working Group

As stated in our policy, the working group is composed of directors, general managers and supervisors of mining. The working group is responsible for:

- establishing long term plan;
- promoting environmental protection culture;
- reviewing and approving rules and system;
- performing research for significant source of pollution;
- assessing the condition of mining environment;
- implementing the reward and punishment systems for the work of environment protection; and
- coordinating production and environment protection in order to support the sustainable development.

ISO14001:2015 – Environmental Management System

The Group was granted a certificate of ISO14001:2015 regarding the Environmental Management System in production of bentonite products. ISO14001:2015 specifies the requirements for an environmental management system that an organization may use to enhance its environmental performance and manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

Pollution and Waste Management

Objectives

Response to revolution of national environmental system
Reach the legal discharge standard
Set a plan to reduce the pollution and waste quantity

The concerned department is liable to manage the pollution and promote the environmental awareness. They are responsible to build, enhance, maintain and repair the environmental protection device (“EPD”). The Production Technology Department is responsible for supervising and assessing the implementation and compliance of guidelines and systems.

Main processes of pollution and waste handling

Record the classification and quantity of pollution and waste
Prevent the discharge of motor oil, and oil tank
Prevent the discharge of solid waste and dangerous item
Collect the waste which cannot be discharged, to re-use and recycle
Collect, process and recycle the liquid waste and pollution

Environmental, Social and Governance Report

Air Pollution Control

Major exhaust emissions are come from coal burning. Flue Gas Desulphurization Plants (“FGDP”) were installed in our boilers, which drastically reduce Sulphur Dioxide and dust emission, in order to comply with requirement of “Emission standard of air pollutants for coal-burning oil-burning gas-fired boiler GB13271-2001”. The FGDP are maintained and managed by our operators.

The main sources of dust emission of Huanghu Bentonite Mine are mainly from open-pit mining, loading and unloading, flour mill, drying and movement of vehicles and mobile equipment. No obvious fugitive dust emissions were observed during the site visit to our Huanghu Bentonite Mine and our processing plant. We have a water truck for conducting water sprinkling to prevent fugitive dust emission at our Huanghu Bentonite Mine site. The Group’s raw material storage facility uses a top-level meter to increase the degree of automation, which avoided excessive spillage and therefore wastage of raw materials. The Group also replaced the machines used in input of raw materials with belt conveyors which contributed to reductions in dust emission at the processing plant.

Greenhouse Gas (“GHG”) Emission Analysis

The below table is the GHG emission analysis of the business of bentonite mining in the PRC.

Scope of GHG Emissions (note 1)	Emission Sources	Total GHG (CO ₂ and CO ₂ equivalent) emissions (tonnes)			Intensity per production (tonnes)		
		2024	2023	2021	2024	2023	2021
Scope 1							
Direct Emission	Combustion of fuel in stationary sources (note 2)	157.37	930.49	1,040.39	0.001838	0.006013	0.007936
	Combustion of fuel in mobile sources	132.09	177.14	137.38	0.001543	0.001145	0.001048
	Removals from sources	(57.24)	(49.06)	(73.59)	(0.000668)	(0.000317)	(0.000561)
Scope 2							
Indirect emission	Purchased electricity (note 3)	3,511.90	5,436.71	6,317.39	0.041015	0.035133	0.048187
Scope 3							
Other indirect emission	Paper waste disposed at landfills	0.53	0.94	0.97	0.000006	0.000006	0.000007
	Electricity used for processing sewage (Note 4)	2.45	1.90	2.42	0.000029	0.000012	0.000018
	Electricity used for processing fresh water (Note 4)	3.22	2.49	3.17	0.000038	0.000016	0.000024
	Travelling	0.26	–	1,716.5	0.000003	–	0.000013
Total		3,750.58	6,500.61	7,503.43	0.043804	0.042008	0.057233

Environmental, Social and Governance Report

Note 1: The GHG emission calculation method is based on the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited ("HKEx").

Note 2: The emission factor of consumption of the standard coal is 0.68 tonnes CO₂e per a tonne of standard coal.

Note 3: The GHG emission calculation method is based on the "2022年度排放量電網排放因子" by the Ministry of Ecology and Environment of the PRC of China. The GHG emission factor is 0.57 kg CO₂e per unit for electricity.

Note 4: The emission factor for the processing fresh water and sewage processing is calculated by the reference to the data of sustainability report of Drainage Services Department of Hong Kong and times the CO₂e factor of electricity consumed in note 4.

Sources of our GHG emissions include fuel combustion, purchased electricity, electricity used for processing of fresh water and sewage, paper waste disposed at landfills and travelling. The major sources of our GHG emissions were produced by the indirect emission of electricity usage in the product productions and direct emission of combustion of fuel in stationary sources

During the Reporting Period, the Group generates about 3,750.58 (2023: 6,500.61) tonnes of carbon equivalent emission. Among the total GHG emission, indirect electricity consumption was the major proportion. The decrease of GHG emission was mainly caused by decrease of fuel consumption and electricity usage. The decrease of electricity and fuel usage was due to the decrease of production of products. In Direct Emission, combustion of fuel in stationary sources emission was decreased from 930.49 tonnes CO₂ in 2023 to 157.37 tonnes CO₂ in 2024 due to the decrease of production of products. During the Reporting Period, total production amounted to 85,626 tonnes (2023: 154,746 tonnes), the tonnes of products produced by natural light air-drying was decreased from 127,338 tonnes in 2023 to 80,472 tonnes in 2024. The products produced by dryer drying was decreased from 27,408 tonnes in 2023 to 18,727 tonnes in 2024. The increase of GHG intensity per productions ware due to the lower of economy of scale by decrease of production.



Environmental, Social and Governance Report

The below table is the GHG emission analysis of the business of financial services in Hong Kong.

Scope of GHG Emissions	Emission Sources	Total GHG (CO ₂ and CO ₂ equivalent) emissions (tonnes)		Intensity per employee (tonnes)	
		2024	2023	2024	2023
Scope 1					
Direct Emission	Combustion of fuel in mobile sources	3.82	10.91	0.068	0.195
Scope 2					
Indirect emission	Purchased electricity (note 2)	17.30	28.20	0.309	0.504
Scope 3					
Other indirect emission	Paper waste disposed at landfills	1.87	3.02	0.033	0.054
	Electricity used for processing sewage	0.01	0.013	0.0001	0.0002
	Electricity used for processing fresh water	0.01	0.017	0.0002	0.0003
Total		23.01	42.16	0.410	0.754

Note 1: The GHG emission calculation method is based on the "Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEx.

Note 2: The emission factors are 0.66 kg CO₂ per unit for electricity supplied by HK Electric.

The major source of GHG emission for business of financial services was the purchased electricity due to the principal business is office-based. The decrease of combustion of fuel in 2024 was due to the shorter reporting period in 2024 and reduce of travelling by motor vehicle. The reduce of purchased electricity in 2024 was due to the reduce of office area and shorter reporting period in 2024.

Air Emission Analysis

The air emission data of business of bentonite mining in the PRC is as follow:

Air emission	2024 (g)	2023 (g)	2021 (g)
Particulate Matter (PM)	89,770	120,387	93,361
Sulphur Oxide (SO _x)	813.57	1,091.04	846.11
Nitrogen Oxide (NO _x)	1,408,403	1,888,758	1,464,748

Note 1: The emission factors of SO_x by vehicles extracted from Appendix 2 to the Reporting Guidance on Environmental KPIs are 0.0161 gram/litre. The emission factors of PM and NO_x by vehicles was calculated as per the method stated in "非道路移動源大氣污染物排放清單編製技術指南" issued by Ministry of Ecology and Environment of the PRC.

Environmental, Social and Governance Report

The air emissions of business of bentonite mining were mainly produced from combustion of fuel in sources of vehicles. The decrease of air emission of PM, SOx and NOx of 2024 was due to the shorter reporting period in 2024.

The air emission data of business of financial services in Hong Kong is as follow:

Air emission	2024 (g)	2023 (g)
Particulate Matter (PM)	56.51	161.31
Sulphur Oxide (SOx)	23.82	67.98
Nitrogen Oxide (NOx)	767.57	2,190.94

Note 1: The air emission calculation method is based on the "Appendix 2: Reporting Guidance on Environment KPIs" issued by HKEx.

The air emissions of business of financial services were mainly produced from combustion of fuel in sources of mobile vehicles. The decrease of air emissions of PM, SOx and NOx for business of financial services in Hong Kong was due to the decrease of business activities by travelling of motor vehicle.

Emission Targets

Emission target will be set as directional improvement of the air emission. In 2023, the Group set the targets to reduce air emission by 5% by 2028. The target of 2023 was completed. The specific emission target for the following years will be the directional improvement of emission intensity per production by 5% by 2028. The Group was in the progress to upgrade and enhance the production line and the workshop and product warehouse to improve the efficiency. The specific steps will be the increase of proportion of products production by natural light air-drying in the future reporting period. Our air emission was mainly produced by the electricity and coal usage which would be expected to be lower if there is increase of proportion of production method by natural light air-drying.

Apart from the control on the production, we would achieve our emissions target by introducing a series of initiatives focusing on reducing emissions from vehicles and energy consumption. These emission reduction measures are as follows:

- switching off idle lightings and electrical appliances;
- using variable-frequency equipment in the mine or production areas;
- installing energy saving equipment in the power supply system of the mine
- adopting the use of LED lighting system; and
- maintaining the temperature of the air-conditioner at a suitable level, cleaning the air-conditioner and ventilation equipment regularly to conserve power.

Environmental, Social and Governance Report

Solid Waste Management

Our major solid wastes were come from office domestic garbage, waste soil, cinder and mine construction waste. Mine office is responsible to process the solid waste. Production Technology Department is responsible for monitoring, counting, assessing and governing the solid wastes handling.

We have complied with the “Standards for pollution control on the storage and disposal site for general industrial solid wastes GB18599-2001”.

Wastewater Discharge Management (“WDM”)

We strictly execute China standard “Integrated Wastewater Discharge Standard GB8978-1996” in our WDM. The water used in production is recorded and monitored by the mine office. In handling the domestic wastewater, which came from our office and staff dorm, precipitation treatment is performed before discharge. We collect rainwater and used in planting and road sprinkling water. Wastewater from cleaning is collected and to be further process before discharge.

Hazardous waste

We have a maintenance workshop for mining machinery at the processing plant and waste oil is collected in discarded oil drums, which is reused as a lubricant. Our processing operations also uses processing reagents such as sodium carbonate, which are stored in warehouses with no secondary containment. Our independent technical consultant was of the opinion that the hazardous materials management risk was low and can generally be managed as environmental standards and regulatory requirements in the PRC are followed.

There was no hazardous waste produced during the Reporting Period and the previous year.

Non-hazardous waste

During the Reporting Period, the non-hazardous wastes in our production were approximately 155,258.6 (2023: 175,291.8) tonnes, and the intensity was 1.81323 (2023: 1.13277) kg per ton of bentonite produced. The decrease of non-hazardous wastes in 2024 was due to the decrease of production of bentonite. The increase of intensity from was due to lower efficiency from decline of economies of scale.

The non-hazardous wastes were mainly consist of waste soil and rock generated from the production. The waste soil and rock were used to fill the abandoned mine pit, tunnel and construction of river embankment. The waste soil and rock decreased from 109,557 cubic meter in 2023 to 97,036.64 cubic meter in 2024 which was produced in the production. The Group will continue to monitor and manage the generation of non-hazardous wastes.

Our reduction target of the non-hazardous waste will be set as reduce the waste soil and rock during our production by the enhance of the efficiency of the production. To review the status of the target of 2023, the non-hazardous wastes were reduced due to the reduction of production. However, the intensity was increased resulted in the lower efficiency. The reduce of intensity of non-hazardous wastes per production will be set as target to be completed by the improvement of production efficiency through construction of new production line in future.

Packaging Materials

Total plastic used for packaging in 2024 was approximately 105.47 (2023: 163.86) tonnes, and the intensity was 0.00123 (2023: 0.00106) kg per ton of production. Compared with last year, the use of packaging materials has decreased due to the decrease of production. The Group will strictly control the use of materials and consider using more recyclable materials such as biodegradable plastics to reduce the impact on the environment.

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Noise Pollution Control

In selecting the equipment suppliers, noise minimization is a necessary consideration. In all steps of engineering project, the precaution of noise pollution procedures and facility are well-established.

Our noise control devices, installed in our boiler, fan and other mechanical devices, provide sound insulation and reduce synchronization effect. Other protection equipment such as earplug and earmuffs are also provided to workers. Also, internal guidelines and operation manual are provided to all workers.

We have complied with the "Emission Standard for Industrial Enterprises Noise at Boundary GB12348-2008" and "Noise limits for Construction Site GB12523-90".

Pollution Accident Handling Plan

For the abnormal pollution discharge, Production Technology Department is responsible for investigation, then report to the management. For the significant accident, a significant environmental budget plan can be switched on.

Environmental Assessment

Environmental assessment is part of annual assessment of each department and employees. The results and significant issues are reported to relevant department and seek further improvement.

Reward and Punishment Mechanism

Employees who perform well in compliance of internal guidance and environmental protection procedures, will be rewarded according to the Group's policy. At the other hand, employees violating "The Environmental Protection Law of the PRC" are subject to our punishment mechanism.

Efficient Use of Resources

To achieve energy conservation and enhance energy efficiency, we formulated a series of method by reference to the "Law of the PRC on Conserving Energy" and "Decision of the PRC State Council to strengthen energy conservation".

To achieve medium and long-term environmental goals and ensure continuous development, we strengthen the aspect for management, awareness of energy conservation for all employees, acceleration of scientific and technology, improvement of energy efficiency and evaluation mechanisms.

The Group has set up an "Energy Saving and Waste Reduction Team" which is led by the general manager and the head of mining operation to deliver the resources management policy and communicate with the employees to raise their awareness on resources conservation.

The principles of resources management policy are:

- conservancy of resources
- optimization of structure and balanced energy mix
- emission reduction with cost benefit
- technology development and replacement of plant and machine with high energy consumption

Environmental, Social and Governance Report

To develop a responsible resources management, “Energy Conservation Working Group”, composed of general manager and team leader of mine operation, was organized to:

- formulate policy to comply with law and regulation;
- manage and cooperate operation; and
- organize training for employees.

Analysis of Resources Usage

For the Reporting Period, the resource usage data of business of bentonite mining in the PRC is as follow:

	2024	2023	2021
Resources			
Coal (tonnes)	231	1,368	1,530
Electricity (kWh)	6,157,990	9,357,504	7,975,496
Diesel oil (litres)	50,532	67,767	52,554
Water (cubic meter)	11,053	8,548	10,891
Office paper (tonnes)	0.11	0.20	0.20
Intensity of the usage of resource	2024	2023	2021
Resources	Intensity	Intensity	Intensity
Coal (tonnes per ton of production)	0.003	0.009	0.012
Electricity (kWh per ton of production)	71.92	60	61
Diesel oil (litres per ton of production)	0.590	0.438	0.401
Water (cubic meter per ton of production)	0.13	0.06	0.08
Office paper (tonnes per employees) (note 1)	0.0016	0.0027	0.0026

Note 1: The intensity used for office paper was changed from tonne of production to employee. The change is to match the major sources of consumption of those resources. Office paper was mainly consumed by the office employees.

As explained in the previous section of air emission, the decrease of resources usage of electricity was caused by the decrease of total production. The energy used in dryer drying for the production of products was decreased, resulted a decrease in coal usage.

Environmental, Social and Governance Report

Water

The Group makes every effort in saving water and reducing wastewater discharge. We integrate water and wastewater management to reduce water consumption at the source, and we implement water reuse to reduce the impacts on the water environment from our operations.

Most of the water devices were installed automatic sensor to improve the water efficiency. We educate employees on the importance of water conservation and reduce unnecessary water waste. When any leaks occur on any equipment, we perform maintenance procedures immediately to avoid waste.

All water is the use of domestic use by administrative office and water sprinkling to prevent fugitive dust emission during the production as the main consumption. The proportion of water consumed in industrial production processes is relatively small. During the Reporting Period, we had a total municipal water consumption of 11,053 (2023: 8,548) cubic meter, and the water intensity was 0.13 (2023: 0.06) cubic meter per ton of production. The increase of water usage of 2024 was due to the decrease of home office during the pandemic compared to 2023.

We do not have any issue in sourcing water as our all water used by the Group is sourced from municipal water.

The Group has set the water efficiency target as the directional improvement on the water usage per tonne of production. We have adopted several controls to lower the water usage in the administrative office. Furthermore, the reuse of wastewater in water sprinkling for preventing fugitive dust emission will be considered to lower the water usage. We have seen the effect of these measures as we see both of the total water consumption and water intensity has decreased.

Office paper

A total of approximately 0.11 (2023: 0.20) tonnes of paper with an intensity of 0.0016 (2023: 0.0027) tonnes per employee has been used for daily office operations. The decrease of paper usage was contributed by the more reliance on use of electronic documents in administrative works. Paper recycling practice is engaged and promoted regularly to raise employees' awareness on conserving paper.

Electricity

Signs are placed in the Group's office area to remind our staff to save energy continuously. Also, energy-efficient lighting system is installed in office area and electronic lighting sensors are installed in most of the meeting rooms. Contributed by the lighting systems, temperature control and reminding notice, the wasted power is maintained at minimal level. The Group will continue to raise employees' awareness of energy saving.

For equipment purchasing, employees are encouraged to take energy efficiency into consideration when purchasing office equipment such as considering the energy cost of the equipment and its useful life.

The electricity consumption by the Group was 6,157,990 (2023: 9,357,504) kWh with an energy intensity of 72 (2023: 60) kWh per ton of production.

Energy

A total of 50,532 (2023: 67,767) litres of diesel, with an intensity of 0.59 (2023: 0.44) per tonnes of production, was used for private cars for transportation. The Group will pay more attention to the use of diesel and use clean energy instead of diesel. The decrease of usage of lithe of diesel was due to the shorter reporting period in 2024 compared to 2023.

Environmental, Social and Governance Report

For the Reporting Period, the resource usage data of business of financial services in Hong Kong is as follow:

	2024	2023	2024 Intensity per employees	2023 Intensity per employees
Resources				
Electricity (kWh)	26,214	39,716	468	709
Petrol (litres)	1,620	4,625	29	83
Water (cubic meter)	34	60	0.60	1.06
Office paper (tonnes)	0.39	0.63	0.007	0.011

The decrease of electricity usage was due to the removal of office compare with previous Reporting Period. The decrease of petrol in 2024 was due to the decrease of business activities by travelling of motor vehicle.

Environmental Protection Plan

We understand that our operations have significant impacts to the ecology of natural environment of the mine area. To lower and manage the impact, the Group places strong emphasis on treatment and management of mines. Ecology, environmental protection, safety and intensive utilization of resources are the primary focus of our work. We confirm the work approach of scientific planning, reasonable mining, resources conservation, promotion of harmonious development between human beings and the nature as well as green, ecologically and environmentally friendly mining enterprise. Restoration of mines is included in the production, operation and long-term development plans of the Group.

Environmental assessments must be conducted by the Group for new projects and damages on the ecology in the course of development and construction are avoided to the greatest possible extent. The Group proactively implements the "National Mineral Resources Plan" issued by the Ministry of Land and Resources of China and the "Implementation Opinions on Accelerating the Construction of Green Mines" jointly issued by six national departments.

In terms of ecological restoration, the concept of "biodiversity" has been actively introduced by planting various vegetations with reasonable mix and match for a coordinated landscape of the regreened mining area and the surrounding natural environment.

Reclamation Plan

Natural resources of land are the basis for human survival and the source of human production. The objectives of reclamation plan are:

- to effectively curb surface of land damage and soil erosion, rehabilitate the damaged land, restore the ecological environment of the mining area; and
- to implement and strictly comply with the principle of "Rehabilitation by Destroyer" and "Regulation on Land Reclamation" announced by the State Council of PRC.

Through the implementation of the plan, it is able to strike a balance of development of mine production and protection of natural resources and improvement of the ecological environment of the mining area.

Environmental, Social and Governance Report

Principles of reclamation plan

Source control, combination of prevention and reclamation

Evaluation and forecasting of the area of the utilized and damaged land are included in preparation of reclamation plan. Preventive and control measures were taken during production and construction activities to minimize unnecessary damage to the land.

Synchronization of mining and reclamation

The future purpose of land utilization is determined in planning therefore the reclamation construction can be performed with mining activities at the same time. The fundraising for reclamation is prepared efficiently.

Act according to local conditions, priority of agriculture

The production and construction of the mine will have certain impact on the ecological environment and land use conditions of the mine site and surrounding areas. The land reclamation plan should be combined with the actual situation of the locality. The direction of reclamation should be agriculture, Animal husbandry, and fishery. If conditions permit, it should be reclaimed as agricultural land. The legitimate rights and interest of the local community is safeguarded.

The Group had performed the following major reclamation works:

Procedures

Details

Drainage ditch and Sedimentation tank

The drainage ditch was constructed to collect the rainwater in order to prevent the surface runoff. Sedimentation tank was constructed to collect the suspended solids in order to reduce the water pollution.

Covering soil and vegetation reconstruction

During the Reporting Period, 2,800 m² (2023: 2,400 m²) of mining area were covered soil and grass.

Monitoring system

Monitoring points were setup to monitor drainage diversion, mountain slope stability and the survival rate of newly planted tree and grass.

Compliance of Laws and Regulations Relating to Environment

The Group strictly complies with the laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, including but not limited to: the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on Prevention and Control of Water Pollution, the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on Prevention and Control of Environmental Noise Pollution, the Law of the PRC on Prevention and Control of Soil Pollution, the Environmental Protection Tax Law of the PRC and the Environmental Impact Assessment Law of the PRC.

Environmental, Social and Governance Report

Climate Change Risk

In 2023, the Company identified the major risks and opportunities of climate change, and formatted effective strategic measures to respond to climate change. In the future, we will conduct ongoing assessment and review to strengthen management effectiveness.

Type of risk

Description of risk

Strategic risk measures

Transition Risks: Policies and Laws

The Chinese government's relevant policies, laws and regulations on carbon emissions are gradually becoming stricter. The construction of national carbon emissions trading market is being proactively promoted.

- It is planned to research, formulate and continuously improve plans for medium to long-term targets of carbon emissions.
- It is planned to reduce emissions of greenhouse gases by enhancing techniques and decreasing energy consumption and to roll out technological R&D of alternative clinker, alternative fuel, capture of carbon dioxide and low-carbon products.

Physical Risks: Extreme Weather

Extreme weather (rainstorm, typhoon, heavy snow, flood, high temperature, severe coldness, etc.).

- We strengthen risks analysis, organize and execute inspections of latent hazards in key regions, reinforce overall planning and coordination of disaster prevention and treatment, formulate contingency plans and regularly organize disaster safety drills to arouse the staff's precautionary awareness and resilience.
- Insurance is taken out to secure personal injuries and property damage caused by various disasters and accidents.
- We continue to expand multiple procurement channels and understand the situation of power supply and coal supply to secure supply.
- Shipping arrangement of goods is dependent on the weather conditions. During extreme weather, shipping is suspended, employees are relocated to safe places, loading and unloading equipment are fixed. Customers and transportation companies are also advised in advance for reasonable arrangement of vehicles. Retail customers are offered assistance on storage and transposition of goods.

Chronic risk: Extreme Weather

In long-term, the climate change would change the chronic health condition. The higher temperature would result in changes in transmission patterns of infectious diseases or higher risk of thermal stress.

- The Group would regularly raise the awareness of the employees to risk of health issues caused by fluctuation of temperature as well as the risk of infectious diseases. At the current stage, the chronic risk to the Group is not significant. However, the Group would closely monitor the relevant risk and establish controls, such as change of place of the operations where the place has lower chronic risk, if required. At the same time, the Group would exercise best effort to reduce its emission and enhance the portion of green investment in the future in order to make even minimal but meaningful contribution to address climate change risk.

Environmental, Social and Governance Report

Natural Disaster Emergency Plan

The global climate is changing, in ways that affect the operations of businesses and increase the relevant risk. To improve the emergency capacity in response to natural disasters, a designated command system was formed to lead, direct and coordinate the emergency rescue procedures.

Function	Designated person	Responsibilities
Chief commander	General Manager ("GM")	GM is responsible for making final decision and the result the rescue actions.
Vice commander	Head of Administration ("HA")	HA is responsible for: i.) realize the situation ii.) release rescue order iii.) collect weather forecast and communicate to each department iv.) prepare relevant training v.) organize security guard and external rescuer to execute rescue plan vi.) communicate with external parties and press release
Support team	Finance, Purchase and Information Technology Department ("ITD")	ITD is responsible to ensure availability of the internal communication channel. Other departments are responsible for preparing medicine, medical device and temporary medical location.
Rescue team	Production Department ("PD") and Security Department ("SD")	PD and SD are responsible for arrange the evacuation and rescues of employees and company resources.



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Specific contingency plans were developed for natural disasters. The plan covers the heightened risk area and workplace, prevention procedure and field rescue.

Type of natural disaster

Prevention

Rainstorm

- preparation of rescue tool
- periodic check for the safeguard of hazardous chemicals
- ensuring drainage facility and factory facility can sustain the rainstorm
- preventing rainwater infusion

Typhoon

- strengthening peripherals in the risky season
- collecting and communicating the weather information to responsible department
- eliminating the dead and broken tree
- entry restriction on all construction during the typhoon
- periodic check for the firmness of all building

Lightning Strike

- periodic check for the lightning protection facility
- building the lightning protection facility
- periodic backup of system data
- allocating support team to maintain the system during risky season

Earthquake

- providing training and promote relevant knowledge
- preventing fake earthquake message
- periodic performing earthquake drill
- preparing sufficient rescue material

EMPLOYEES

Employees are important means to run a business, and at the same time, nurturing them are a goal of business operation. We believe that based on the principles of value-added and all-win partnership, employees should be encouraged to grow with the Group. To attain the goal of nurturing its staff, the Group should foster a harmonious corporate culture and a safe working environment to ensure that all employees receive the respect and protection which they deserve.

Communications and Mutual Respect

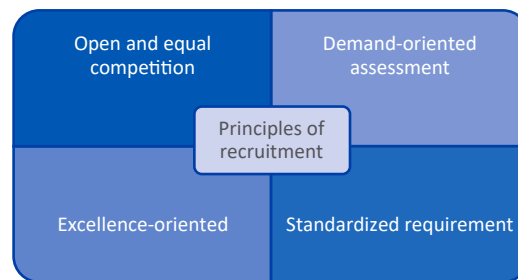
We respects every single employee, regardless his or her position. We believe that respecting employees is an essential quality of a modern enterprise. To build a harmonious and satisfying work environment, mutual respect and efficient communications are crucial. The Group's efforts to care about and understand its employee made us a cozy home for everyone.

Environmental, Social and Governance Report

Recruitment Principles

We are proud to be an equal opportunity employer. We are committed to providing our employees with a safe, healthy and fulfilling work environment with competitive remuneration and benefits, fair management and ongoing opportunities for training and development.

The main focus of our human resources strategy is to support employee development, to enable people to reach their full potential and to retain employees who are dedicated, strongly motivated, highly competent and have the capabilities to help us achieve our ambitions.



Prohibiting Child and Forced Labour

The Group insists on legal use of labour and prohibits employment of child and forced labour. We strictly check the age of applicants, never employ minors aged below 18, and never force others to work by means of violence, threats or restrictions on their physical freedom, in order to protect their legal rights, interests and health pursuant to the Criminal Law of the PRC, the Labour Law of the PRC, the Law of the PRC on the Protection of Minors, the Provisions for Special Protection of Under-Aged Labour and the Provisions on Prohibition of Using Child Labour. Employees must truthfully provide their personal data at commencement of employment and must start to work in accordance with the requirements of relevant policies after commencement of employment. Cases of holding forged identification documents or providing false personal data or false work experience, once found, will be handled according to the relevant requirements of the Group's policies. Serious cases with detrimental effects might be handled according to relevant legal requirements.

Compliance to Protect the Interests of Employees

The Group takes responsibility for ensuring compliance with labour laws where we have operation. We conduct labour risks assessment annually, evaluating the urgency and severity of the risks. We take all relevant information into consideration including the latest legal requirements, feedback from stakeholders, and media analysis as we adjust our management approach to the matter.

The Group is in strict compliance with laws and regulations including the Labour Law of the PRC, the Labour, Contract Law of the PRC, the Social Insurance Law of the PRC, the Law of the PRC on the Protection of Women's Rights and Interests, the Law of the PRC on the Protection of Minors, the Regulations on Paid Annual Leave of the Employees, the Regulations on Work-Related Injury Insurances, the Special Rules on the Labour Protection of Female Employees, the Provisions for Special Protection of Under-Aged Labour and the Provisions on Prohibition of Using Child Labour. By adhering to the principle of equal employment, we prohibit all discrimination due to differences in gender, age, territory, education, religion, nationality, race, sexual orientation and disability. We also oppose forced labour, overtime work, harassment and abuse. We effectively protect the rights and interests of employees, support the minimum wage, and ensure that employees enjoy fair entitlements in terms of recruitment, labour, salary, training, promotion, compensation and rest periods.

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The Company also complies with the Labour Law of Hong Kong and relevant employment laws and regulations during the Reporting Period, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). Working hours, leaves, remuneration and other employment practices are reviewed regularly to ensure compliance with latest labour laws and regulations and the norms of the markets where our Company operates. During the Reporting Period, there were no non-compliance cases identified relevant to laws and regulations on recruitment, employment, benefits and welfare, and anti-discrimination.

Comprehensive Incentive System

P.B. Group values its employee and understands their needs. Based on the principles of efficient management, the Group rewards the employee according to their efforts and contributions to the company. Since its employee are allowed to share the benefits stemming from the growth of the company, they are encouraged to step up their own competitiveness.

The remunerations package is combined of various factors such as job responsibilities, performance, attitude, skills and company's revenue.

In addition, we provide the follow incentives to employees:

- incentive for the length of services to value the employees' historical contributions and giving extra care;
- bonus related to profit, revenue, other contributions; and
- allowances for transportation, meal, housing, night shift and overtime.

Nurturing Internal Talents

P.B. Group cannot guarantee to be its employee's home in their career life forever, but it strives to improve their professional quality, enhance their work experiences, provide in-house training and create promotion opportunities for them. To fulfil its need for professionals, the Group mainly train their employee to assume the needed duties, and only introduce professionals from outside when necessary. This aims to nurture professionals and talents at different levels and for different business sectors internal.

Training and Development

The Group attaches high importance to attraction and retention of talents. We, based on our business development principles and needs, invite professionals and those with management expertise to optimize our structure of human resources. We believe it is vital to nurture talented employee. As such, we encourage our employees to join internal or external training programs while subsidies are also available, in order to improve their quality, qualifications, skills, professional know-how and work efficiency for long-term growth.

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The training information of the business of bentonite mining in the PRC

Classification	Percentage of employees trained		Average training hours completed per employee	
	2024	2023	2024	2023
By gender				
Male	100%	100%	13	85
Female	100%	100%	4	20
By grade				
General	100%	100%	8	24
Middle level	100%	100%	15	93
Senior management	100%	100%	21	79

The training for employees and management covered the following aspects:

- fire safety
- safety of resumption of productions
- skills of special equipment
- safety of production and operating the production equipment
- safety management of mine
- health and occupational knowledge on work
- orientation training
- anti-corruption
- business management

Offline Training

Regarding offline training, employees training was initiated in multiple formats. Training on management, profession and skills was delivered to different levels of employees. Excellent internal lecturers and elite programmes had been created for enhanced quality on training through the advanced empowerment training of internal lecturers. During the Reporting Period, all the employees attended offline training for a total duration of approximately 568 hours (2023: 852 hours).

Online Learning System

After the epidemic, the Group also launched online staff training. The construction of online learning resources database was advanced. The total duration of online training was approximately 108 hours (2023: 3,620 hours).

The decrease of proportion in online training in 2024 was due to the ended of pandemic and restriction of travelling during the Reporting Period. The Group provided the online training to the employees during the pandemic period of suspension of production.

Environmental, Social and Governance Report

Step by Step Training

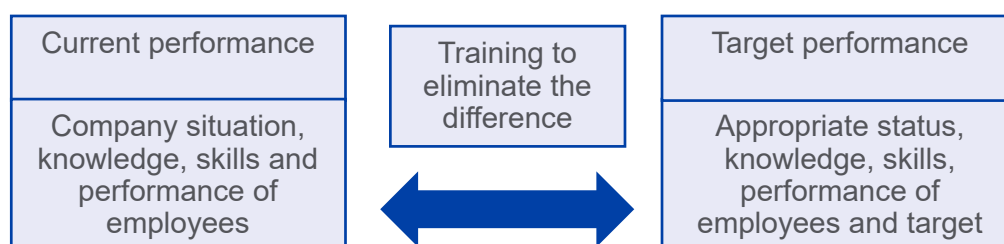
Human Resources Department is responsible for planning, arranging and recording the training and assessment of the employees. A special reward is given to trainer to promote a culture of sharing of knowledge between employees. The trainings are divided into different steps and provided to employees at appropriate stages.

Orientation training

Comprehensive orientation training includes company and industry history, culture, introduction of organization, rules and guidelines, job details and job skills. The orientation training is split into three stages which are headquarter training, branch training and field training.

On-job Training System

The objective of the systems is to assist the Group to meet the target performance and develop the potential of employees.



In identifying the demand of training, an analysis performed for the following three aspects:

Aspects	Details
Company demand	Identifying the strengths and weaknesses Identifying the future manpower requirement
Team demand	Performing questionnaire, meeting and manpower planning
Personal demand	Assessment on the work performance and job analysis

The training information of the business of financial services in Hong Kong

Classification	Percentage of employees trained		Average training hours completed per employee	
	2024	2023	2024	2023
By gender				
Male	86%	97%	9	15
Female	97%	92%	11	20
By grade				
General	100%	98%	12	17
Middle level	80%	80%	6	18
Senior management	86%	100%	10	22

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Education Subsidies

Each department can recommend employees to apply education subsidies. The qualified employees can exempt from work and study full-time university education.

Resignation Procedures

For the process in resignation, a detailed communication will be performed to retain well-performed employees and identify the cause of resignation. We will collect the comments and evaluation from resigned employees in order to identify potential improvement for the Group.

Anti-discrimination and Anti-harassment

We comply with all relevant employment and equal opportunities legislation wherever it works and seeks to employ or engage a workforce which reflects the diverse community at large. We comply with equal opportunities legislation and seeks to promote fair employment policies, within the framework of local culture and laws. We seek at all times to engage the best candidate for the job-consideration of gender, marital status, sexual orientation, religious belief, colour, race, nationality or ethnic or national origin, has no place in this decision.

All levels of management are responsible for applying these policies and avoiding any form of discrimination.

All remuneration, benefits, career opportunities, and retirement arrangements must comply with this policy. Employee will be selected and treated on the basis of their abilities according to the requirements of the job, and have equal opportunity to show their ability and to progress within the organization. We aim to promote on merit and ensure that all employee are afforded equal opportunity when consideration is given to learning and development programs. We are committed to maintenance of a neutral working environment, in which no current or prospective employee feels under treat because of their origins, beliefs, gender or marital status.

Any acts of unlawful discrimination will be viewed as gross misconduct. All advertisements and advertising material must be reviewed to ensure they do not imply any intention to discrimination.



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Employment Profile

The analysis of human resources of the business of bentonite mining in PRC during the Reporting Period is as follow:

Classification	2024		2023	
	Numbers (note 1)	Proportion	Numbers (note 1)	Proportion
By gender				
Male	42	60%	46	62%
Female	28	40%	28	38%
By region				
Hong Kong	–	–	–	–
PRC	70	100%	74	100%
By grade				
General	56	80%	59	80%
Middle level	9	13%	9	12%
Senior management	5	7%	6	8%
By age				
Aged below 30	–	–	–	–
Aged 30-50	40	57%	43	58%
Aged 50 or above	30	43%	31	42%
By employment type				
Full time	70	100%	74	100%
Part time	–	–	–	–

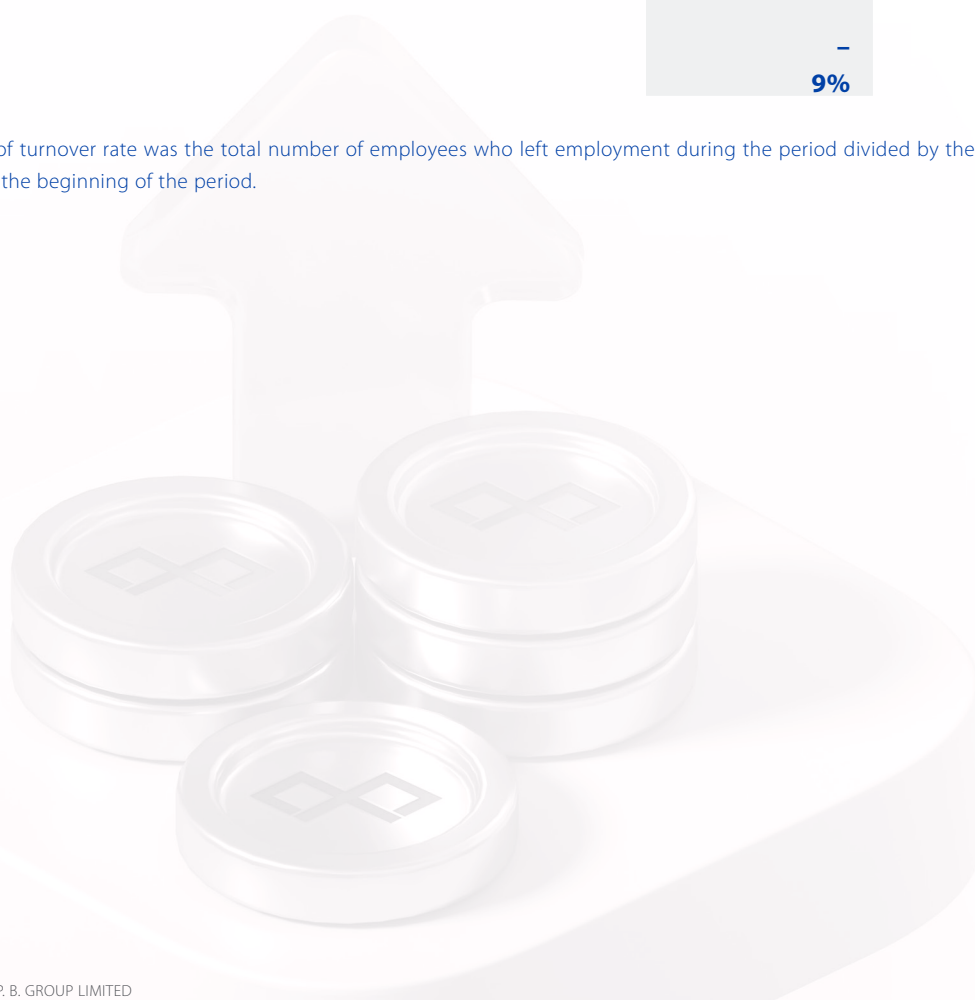
Note 1: The number of employees is calculated by the average monthly number of employees.

Environmental, Social and Governance Report

The analysis of turnover rate of employees of the business of bentonite mining during the Reporting Period is as follow:

Classification	2024 (note 1)	2023 (note 1)
Total employee	9%	18%
By gender		
Male	14%	22%
Female	–	10%
By age		
Aged below 30	–	–
Aged 30-50	2%	4%
Aged 50 or above	17%	38%
By grade		
General	9%	21%
Middle level	11%	–
Senior management	–	17%
By region		
Hong Kong	–	–
PRC	9%	18%

Note 1: The calculation of turnover rate was the total number of employees who left employment during the period divided by the total number of employees at the beginning of the period.



Environmental, Social and Governance Report

Employment profile of business of financial services in Hong Kong

Classification	Number of employees		Turnover rate	
	2024	2023	2024	2023
Total employee	58	56	11%	12%
By gender				
Male	28	30	15%	14%
Female	30	26	3%	4%
By region				
Hong Kong	58	56	10%	10%
Others	–	–	–	–
By age				
Aged below 30	12	18	26%	17%
Aged 30-50	37	33	3%	3%
Aged 50 or above	9	5	–	17%
By grade				
General	41	42	13%	11%
Middle level	10	10	–	9%
Senior management	7	4	–	–

Concerns About Occupational Safety

As P.B. Group has a great sense of responsibility and a natural tendency to care about its employee, it invests of a large sum of money to formulate and implement thorough safety control measures as well as to build a safe production environment for its employee.

Production Safety

Safety of our employees is always our Group's central concern and is the core of our mission. One of our approaches is to create a strong culture of safety, by implementing high safety standards and by providing appropriate training and education to our employees. We care about our employees and their families, and therefore strive to protect them and by providing a safe and healthy working environment.

Environmental, Social and Governance Report

We have our own safety production and operational manual which specify certain procedures such as our safety production procedures in respect of different posts and departments, our accident prevention procedures and accident reporting procedures. The roles and responsibilities of each of the supervising employee and workers are clearly defined and each supervising employee is accountable for their respective areas of responsibility. Our mine manager supervises the implementation of regular on-site examination and continuously monitors the safety policies. Regular safety drills are carried out to ensure the awareness of safety production measures in case of emergency handling. We strictly complied with the Production Safety Law of the PRC.

The key points of our policies are:

- to provide our employees with appropriate protective gears
- to reduce work-related injury and illness
- to ensure information regarding occupational health and safety are made readily available to employees in appropriate language(s)
- to ensure that employees are aware, through newsletters, training or other effective and frequent means of communication, of our obligations with regards to site safety and their own obligations of ensuring the safety of themselves and other employees

During the Reporting Period and the past three years, we recorded zero cases of occupational disease and we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to occupational health and safety.

Safety Training

New hires are subject to production safety education and training. They cannot enter to factory before the completing examination. The training methods include lesson, case study and practice. All employees are subject to annual production safety training.

Special workers, including electrician, welder, forklift driver, mine manager and securities officer, are required to pass the national legal examination.

Safety Check System

The Safety Department conducted a total safety check and review in monthly basis. The checking team is composed of senior management, department head and factory manager. The securities risk identify in the safety check was communicated to each department. The relevant department prepared a plan by proposal to Safety Department and for their verification.

Safety check is performed daily, seasonal and before and after the holiday. The department or employees violating the safety guidelines are subject to punishment and re-education.

Environmental, Social and Governance Report

Safety Incident Emergency Management

The Group has established a safety incident emergency procedure which:

- any accident should be reported to mine manager and management
- if the accident is related to law and regulation, it should be reported to local government
- the rescue should be executed immediately
- the accident scene should be properly protected for following investigation
- the cause of accident must be identified
- the accident responsible person must be punished
- the education about the accident must be provided to employees Corresponding procedures must be adopted to prevent the same accident

Customer

We believe that the reliability and quality of our products are crucial to the success of the Group. As such, we have established and maintained stringent quality control standards and testing and inspection procedures at each critical step in the production of our drilling mud and pelletizing clay. These standards and procedures are documented in our quality control manual. In addition, we provide training to our employees to ensure effective application of our quality control procedures. We are dedicated to consistently producing high-quality products to meet the requirements of our customers.

As regards to trading business, we have established a sales management system to monitor the sales process. By identifying customers' requirements on our products, we negotiate with them on prices, quantity, quality and delivery schedule prior to entering into sales contracts. Subsequently, we will follow up the delivery process to ensure that our products fulfill the terms under the sales contracts. We will collect customers' feedback through various communication channels before, during and after the delivery processes. Customers' feedback is used as the benchmark to evaluate our quality assurance system and we will take rectification measures when needed.

As for advertising and marketing policies, we are committed to a responsible approach to communication. It is the Group's policy to adhere to internal verification process for information used in advertising and promotion and ensure that our advertising and promotional materials are backed by past performance and relevant data based on customer feedback or laboratory results.

Environmental, Social and Governance Report

Data Privacy Policy

For each of the new customer, Sales Department is responsible to perform detailed background check by obtaining certificate, business license, tax registration and written report. The sales contracts and information were safe kept.

Data and information provided by all customers, suppliers and other parties are keep confidential in the Group. The responsibility for saving confidential information continues even the termination of the commission contract. In order to fulfill our obligations regarding confidentiality, we require employees, supervisors or directors to sign a confidentiality agreement to confirm their consent to be bound by this rule.

Our business and communication records are restricted to be disclosed and used without the approval of the management. Employees and directors are not allowed to use the company email system, computer system and internet for personal purpose.

Without the consent of the board of directors, all employees, supervisors or directors must not use the company's assets, data or their position to obtain personal benefits.

Protection of intellectual property rights

Brand is one of the most important intangible assets for modern enterprises. In order to exercise our product philosophy consistently throughout the product design and production process comprehensively and sufficiently, as well as to ensure the exclusivity of our brand, we firmly stick to the concept of intellectual property protection and emphasise the utmost importance of intellectual property right management. We strictly comply with the relevant laws and regulations on intellectual property protection, such as the "Intellectual Property Protection Law of the PRC" by setting up specialised departments to follow up related work while seeking professional advice from external intellectual property law firms.

In the course of co-operation with our partners, we maintain our own intellectual property rights in accordance to law. We also respect our partners in intellectual property, which will be applied strictly within the authorised scope as required. In respect of marketing and promotion, we strictly comply with the "Advertising Law of the PRC", and use authorised promotion materials and information to ensure that others' intellectual property rights are not infringed. In case of litigation, we can apply the intellectual property system in a timely manner to safeguard the legitimate rights and interests of enterprises, and appeal against intellectual property infringers.

Intellectual property management system

The Group's intellectual property management system was certified by a leading IPMS certification company in the PRC for the compliance of national intellectual property standards of "Enterprise Intellectual Property Management (GB/T 29490-2013)". The compliance of the standards enhance the Group's capabilities of risk management and control environment related to intellectual property management.

Environmental, Social and Governance Report

The Group's intellectual property management system includes the following process:

- Planning: To understand the Group's intellectual property management needs and formulate intellectual property policies and objectives;
- Implementation: To obtain, maintain, apply and protect intellectual property rights in the business aspects of product establishment, research and development, procurement, production, sales and after-sales;
- Evaluation: To monitor and review the effectiveness of intellectual property management;
- Improvement: To continuously improve the intellectual property management system based on the evaluation results.

Product Quality Control

The Group is in strict compliance with the Product Quality Law of the PRC. Our product quality supervision process can be divided into fourth stages including raw material testing, semi-finished products testing, finished products testing and testing for products delivery. The testing results are recorded in the system for the management's review and control.

We have been accredited with ISO9001:2008 certification, an international certification for quality management systems, for the production of bentonite product, including our drilling mud and pelletizing clay.

For the compliant and product quality issues, our Sales Department is responsible to communicate with customer and record the details. Employees are sent to assist customer, if necessary. The returned products are assayed by our laboratory in order to verify the product quality. The procedures of the sales return are governed by the sales contract and negotiation with customers.

Recall Procedures

The Group had set up standards for managing quality incidents, which identify and diagnose the incidents, provide solutions to handle substandard products and offer compensation standards, recall mechanism and process flow. Once discovered and confirmed that substandard products have left our factories or there are serious quality issues in the process of using the products, we would immediately inform the relevant customers to stop using or isolate that batch of products, organize recall on that batch of products if unused, confirm and compensate damages to customers. We will also conduct investigation and analysis on the quality incidents, formulate rectification measures and account for responsibilities, and verify the rectification results.

Environmental, Social and Governance Report

No products sold or shipped were subject to recalls for safety and health reasons for the Reporting Period and the past three years.

The Group did not receive any complaints related to the products or services for the Reporting Period and the past three years.

CODE OF CONDUCT AND GUIDELINES

Insider Trading

Employees are prohibited from using or transmitting to anyone the confidential data which they hold for stock trading purposes or for purposes other than processing the company's business. All company data not disclosed to the public is considered confidential. Using undisclosed data to obtain personal benefits or to disseminate such data to others affects their investment decisions, not only unethical, but also illegal.

Fair Competition

We seek to compete with competitors fairly and honestly. Without the consent of the patent owner, we prohibit to steal or obtain the patent data, inside information and trade secrets from former or current employees of competitors.

Every employee should respect the interests of the company's customers, suppliers, competitors and employees and trade with them fairly. All employees must not infringe upon the interests of others by manipulating, concealing, abusing privileged data, issuing misleading information or intend to deliberate unfair transactions.

Report of Illegal or Unethical Behavior

We encourage employees to report violations or unethical behaviors to their supervisors, managers or senior management. The anonymous reporter is protected by the Group's policy. Employees should cooperate with internal investigations. Non-cooperative employees will be terminated the employment relationship.

Management Effort for Anti-fraud

The anti-fraud work of the management includes:

- promoting integrity and anti-fraud corporate culture;
- assessing fraud risks and establishing specific control procedures and mechanisms to reduce opportunities of fraud;
- providing appropriate training and communication about the compliance of law and regulation and ethics;
- offering an open channel to employees for whistleblowing; and
- involving the Board of Directors and Audit Committee to monitor the whistleblowing.

Environmental, Social and Governance Report

Anti-corruption in the PRC

The Group strictly complies with the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC. No person is allowed to take advantage of their position to demand and receive bribery or obtain benefits by improper means.

The Group's Employee Handbook strictly prohibited employee behaviours like receiving gifts and cash, accepting free travelling and meals, and asking for bribery and other severe violations of the Group's discipline. The Group annually organizes the board meetings and all employees to study the Employee Handbook to strengthen their anti-corruption awareness. The Group regularly provided the training materials to the directors and employees for their updated the knowledge of anti-corruption and enhance their awareness.

None of the Group or its employees were involved in any corruption litigation cases for the Reporting Period.

Equal Opportunity and Anti-Discrimination in Hong Kong

In Hong Kong, we believe cultural and individual diversity fosters innovation and enhances productivity. Thus, we strongly advocate cultural diversity, value and respect individual differences. We aim at creating an inclusive workplace by adopting non-discriminatory hiring and employment practices, with the principle that no one should be treated less favourably because of their personal characteristics, including but not limited to gender, pregnancy, marital status, disability, family status and race. Opportunities for employment, training, and career development are equally opened to all qualified employees, where they are assessed by experienced personnel through objective criteria.

By adopting the above practices, we comply with, in all material respects, the following ordinances and the relevant codes of practice issued by the Equal Opportunities Commission of Hong Kong: Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527), and Race Discrimination Ordinance (Cap. 602). During the Reporting Period, we were not aware of any non-compliance regarding the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Whistleblowing

The Group is committed to maintaining sound corporate governance. We maintain smooth whistle-blowing channels including telephone hotlines, in-person visits and email reporting to encourage our employees and parties who deal with us (including customers, contractors, suppliers, creditors and debtors) to report any misconducts within the Group. All investigations on non-compliance issues are handled seriously.

Annual Anti-fraud Meeting

The Group hold an anti-fraud meeting annually. At the meeting, the heads of departments report to the management about the status of anti-fraud progress and obtain opinions and instructions from management. The internal audit function prepares an evaluation report about the anti-fraud work progress and investigation results and listen to relevant opinions and instructions from management.

Environmental, Social and Governance Report

Sustainable Supply Chain Management

All companies in which P.B. Group have a controlling interest, its affiliates and subsidiaries should commit to sustainable purchasing and give preference to sustainable products. The commitment should include identifying, selecting and purchasing products (i.e. goods and services) with significantly less adverse environmental and social impacts than alternative competing products.

The Group's Purchasing Manager will establish administrative procedures relating to this Policy and will be designated the responsible party to communicate and implement the policy and admin procedures, including explaining to all affiliates, subsidiaries and external parties the reason for the implementation.

The following factors should be considered, where appropriate, during procurement:

- minimal use of virgin material in the product;
- replacement of disposables with reusables or recyclables;
- minimal environmental impact from the entire product or service life cycle;
- minimal packaging or elimination of packaging;
- reduced energy/water consumption;
- toxicity reduction or elimination;
- durability and maintenance requirements (avoid single-use disposable items); and
- waste disposal considerations (high recyclability).

Preference should be given to suppliers which have:

- policy stating their sustainability values and commitments;
- sustainability certificates or awards;
- sustainability management systems or quality management systems that incorporate environmental and social considerations; and
- full compliance with the Supplier Code of Conduct and all applicable environmental and social regulations and legislation.

Environmental, Social and Governance Report

As a Group we strive to be good stewards of the natural resources and biodiversity under our influence. We prefer to work with suppliers and contractors including financial institutions, consultants and professional advisors who promote sustainable development through their own business activities. When procuring products and services, due consideration shall be taken into account to optimise the benefits in terms of the environment, social impact and cost, both from the point of view of the general public good and from enlightened self-interest.

Sustainable procurement helps achieving actual environmental and social benefits, promoting public awareness on sustainability issues and encourages manufacturers to introduce environmentally and socially responsible products.

By the end of Reporting Period, we have 55 (2023: 51) key suppliers in our business of bentonite mining and all of them are in the PRC. All of these key suppliers are subject to our policy of supplier management stated above.

By the end of Reporting Period, we have 38 (2023: 35) key suppliers in our business of financial services in Hong Kong. The key suppliers of financial services were mainly the insurance companies. During the Reporting Period, we have performed assessments on 4 suppliers for their quality and performance for their services and products and relevant environmental and social risk related.

COMMUNITY INVESTMENT

Community Participation

Initiatives and efforts of social service organisations should be recognised and supported. The Group will also explore possibilities to cooperate with different organisations that share the same values and principles with the Group. The Group strives to raise employees' awareness in terms of social involvement and civic consciousness. Employees are also encouraged to participate in community enhancement events such as volunteering and fundraising activities. The Group continuously promotes charitable community business according to the Charity Law of the PRC. In Hong Kong, the Group participated in a heartwarming charitable event this year, specifically focused on visiting and caring for elders who live alone. Our dedicated employees carried along thoughtful gifts and daily necessities and donate to these elders during our visits. The primary goal of this initiative was to express our sincere concern and provide companionship to these elders.



Community Charitable Donation

For the Reporting Period under review, the Group mainly focused on education concerns and community support in its community engagement. The Group proactively participates in community service work. During the Reporting Period, the resources contributed to charity concerns was approximately CNY12,000. To enhance community participation, evaluation from local citizen is the one of the important factors to determine the success of our reclamation plan. In order to timely adjust and revise our reclamation plan, we regularly invited stakeholders and public to hold a communication.

Environmental, Social and Governance Report

HKEX ESG REPORTING GUIDE CONTENT INDEX

A. Environmental	Description	Reference Section
Aspect: A1: Emissions	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	<p>Environment</p> <p>Environmental Management System</p> <p>Compliance of Laws and Regulations Relating to Environment</p>
KPI A1.1	The types of emissions and respective emissions data.	Air Emission Analysis
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas (“GHG”) Emission Analysis
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emission Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous waste Non-hazardous waste

Environmental, Social and Governance Report

A. Environmental	Description	Reference Section
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Efficient Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Analysis of Resources Usage
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Efficient Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Materials
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection Plan
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Reclamation Plan
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Risk
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Risk

Environmental, Social and Governance Report

B. Social	Description	Reference Section
Aspect B1: Employment	<p>General Disclosure Information on:</p> <p>(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Employees
KPI B1.1	<p>Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.</p>	Employment Profile
KPI B1.2	<p>Employee turnover rate by gender, age group and geographical region.</p>	Employment Profile
Aspect B2: Health and Safety	<p>General Disclosure Information on:</p> <p>(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	<p>Production Safety Safety Training Safety Check System Safety Incident Emergency Management</p>
KPI B2.1	<p>Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p>	Production Safety
KPI B2.2	<p>Lost days due to work injury.</p>	N/A
KPI B2.3	<p>Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	<p>Production Safety Safety Training Safety Check System</p>

Environmental, Social and Governance Report

B. Social	Description	Reference Section
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Comprehensive Incentive System Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Prohibiting Child and Forced Labour Compliance to Protect the Interests of Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Prohibiting Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Prohibiting Child and Forced Labour
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain Management

Environmental, Social and Governance Report

B. Social	Description	Reference Section
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Customer Data Privacy Policy Protection of intellectual property rights Product Quality Control
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Recall Procedures
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Recall Procedures
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of intellectual property rights Intellectual property management system
KPI B6.4	Description of quality assurance process and recall procedures.	Recall Procedures
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy Policy



Environmental, Social and Governance Report

B. Social	Description	Reference Section
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Code of Conduct and Guidelines
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption in the PRC
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Whistleblowing Annual Anti-fraud Meeting
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption in the PRC
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Charitable Donation
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Charitable Donation

Independent Auditor's Report



TO THE SHAREHOLDERS OF P.B. GROUP LIMITED (倍搏集團有限公司)

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of P.B. Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 106 to 183, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024, the consolidated statement of changes in equity for the year ended 31 March 2024 and the consolidated statement of cash flows for the year ended 31 March 2024, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year ended 31 March 2024 in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report

KEY AUDIT MATTER *(Continued)*

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

Key audit matter

We identified the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter as they are quantitatively significant to the consolidated financial statements as a whole and there are significant judgements exercised by the management of the Group in determining the recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets.

As disclosed in notes 17, 18 and 20 to the consolidated financial statements, the Group had property, plant and equipment, right-of-use assets and intangible assets which amounted to CNY19,066,000, CNY2,609,000 and CNY4,936,000 respectively, which were allocated to the cash generating units of mining operation and financial service business.

How our audit addressed the key audit matter

Our procedures in relation to the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets included:

- We have obtained an understanding of the management's internal control and assessment processes over the accounting estimates;
- We have enquired management on their basis of identifying impairment indicators and challenged the judgements made in the identification of impairment indicators;
- We have engaged auditor's expert to assess the appropriateness of the recoverable amount calculation methodology adopted by external valuer by examining the key data inputs and assessing their accuracy and completeness, and challenging the assumptions used to determine the recoverable amount;
- We have assessed the reasonableness of discount rate applied in determining the recoverable amount;
- We have challenged the external valuer and management's reasonableness of other key assumptions based on our knowledge of the business and industry; and
- We have compared and verified the input data to supporting evidence, such as management's cash flow forecasts and considering the reasonableness of these cash flow forecasts.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

DIRECTOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CWK CPA Limited

Certified Public Accountants

Chan Tsz Yeung

Practising Certificate no. P07382

Hong Kong, 28 June 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Revenue	7	64,716	92,295
Cost of sales		(42,973)	(52,071)
Gross profit		21,743	40,224
Other income, other gains/(loss), net	9	4,571	(1,260)
Selling and distribution expenses		(3,287)	(6,780)
Administrative expenses		(29,773)	(32,710)
Finance costs	10	(541)	(615)
Loss before tax	11	(7,287)	(1,141)
Income tax credit/(expenses)	12	206	(1,594)
Loss for the year/period		(7,081)	(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		1,662	2,877
Total comprehensive (expense)/income for the year/period		(5,419)	142
Loss for the year/period attributable to owners of the Company		(7,081)	(2,735)
Total comprehensive (expense)/income for the year/ period attributable to owners of the Company		(5,419)	142
Losses per share:			
Basic (CNY)	16	(4.45) cents	(1.72) cents
Diluted (CNY)	16	(4.45) cents	(1.72) cents

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Non-current assets			
Property, plant and equipment	17	19,066	13,825
Right-of-use assets	18	2,609	3,589
Investment property	19	2,426	2,457
Intangible assets	20	4,936	4,997
Deferred tax assets	21	543	364
Restricted bank balances	25	14,345	14,137
		43,925	39,369
Current assets			
Inventories	22	5,715	5,313
Trade, guarantee service fee, loan and loan interest, bills and other receivables	23	53,218	63,631
Financial assets at fair value through profit or loss	24	1,551	2,340
Pledged bank deposit	25	20,000	20,000
Bank balances and cash	25	27,445	29,655
		107,929	120,939
Current liabilities			
Trade and other payables	26	20,892	23,138
Lease liabilities	27	–	887
Income tax payables		1,150	1,535
		22,042	25,560
Net current assets		85,887	95,379
Total assets less current liabilities		129,812	134,748

Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Non-current liabilities			
Asset retirement obligations	28	10,182	9,661
Deferred tax liabilities	21	–	23
Deferred income	29	158	173
		10,340	9,857
Net assets			
		119,472	124,891
Capital and reserves			
Share capital	30	13,261	13,261
Share premium and reserves		106,211	111,630
Total equity		119,472	124,891

The consolidated financial statements on pages 106 to 183 were approved by the Board of Directors on 28 June 2024 and were signed on its behalf.

CHAN Man Fung
Director

PUI Wai Lun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital CNY'000	Share premium CNY'000	Other reserve CNY'000 (Note (i))	Statutory reserve CNY'000 (Note (ii))	Safety fund and production maintenance fund CNY'000 (Note (iii))	Foreign currency translation reserve CNY'000	Accumulated losses CNY'000	Total CNY'000
As at 1 January 2022	13,261	146,974	23,351	7,609	1,694	(182)	(67,958)	124,749
Loss for the period	-	-	-	-	-	-	(2,735)	(2,735)
Exchange difference arising on translation of financial statement of foreign operation	-	-	-	-	-	2,877	-	2,877
Other comprehensive income for the period	-	-	-	-	-	2,877	-	2,877
Total comprehensive income/(expense) for the period	-	-	-	-	-	2,877	(2,735)	142
Appropriation to statutory reserve	-	-	-	1,122	-	-	(1,122)	-
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	-	-	186	-	(186)	-
As at 31 March 2023 and 1 April 2023	13,261	146,974	23,351	8,731	1,880	2,695	(72,001)	124,891
Loss for the year	-	-	-	-	-	-	(7,081)	(7,081)
Exchange difference arising on translation of financial statement of foreign operation	-	-	-	-	-	1,662	-	1,662
Other comprehensive income for the year	-	-	-	-	-	1,662	-	1,662
Total comprehensive income/(expense) for the year	-	-	-	-	-	1,662	(7,081)	(5,419)
Appropriation to statutory reserve	-	-	-	512	-	-	(512)	-
Appropriation and utilisation of safety fund and production maintenance fund, net	-	-	-	-	19	-	(19)	-
As at 31 March 2024	13,261	146,974	23,351	9,243	1,899	4,357	(79,613)	119,472

Notes:

(i) Other reserve

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

(ii) Statutory reserve

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

(iii) Safety fund and production maintenance fund

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

* For identification purpose only

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Cash flows from operating activities		
Loss before tax	(7,287)	(1,141)
Adjustments for:		
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
Government grants	(150)	(563)
Loss on disposal/write off of property, plant and equipment	1,804	128
Write off of other payable	(4,572)	–
Gain on lease modification	–	(450)
Fair value loss on investment property	163	191
Fair value loss on financial assets at FVTPL	908	655
Finance costs	541	615
Bank interest income	(907)	(863)
Release of government grant for property, plant and equipment	(15)	(99)
Net (reversal)/provision of expected credit loss for trade, loan and loan interest receivables and other receivables	(1,269)	2,643
Operating cash flow before movement in working capital changes	(8,039)	3,594
Increase in inventories	(402)	(1,051)
Decrease/(increase) in trade, guarantee service fee, loan and loan interest, bills and other receivables	7,957	(16,099)
Increase in financial assets at FVTPL	–	(2,961)
Increase/(decrease) in trade and other payables	4,024	(2,944)
Cash from/(used in) operations	3,540	(19,461)
Income tax expenses paid	(378)	(2,382)
Net cash from/(used in) operating activities	3,162	(21,843)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Cash flows from investing activities			
Withdrawal for bank deposits with a maturity of more than three months		654	1,290
Placement of bank deposits with a maturity of more than three months		(666)	(1,302)
Withdrawal for restricted bank balances		6,437	20,287
Placement of restricted bank balances		(6,645)	(20,603)
Purchases of property, plant and equipment		(8,663)	(1,567)
Purchases of right-of-use assets		–	(605)
Proceeds from disposal of property, plant and equipment		30	291
Proceed from disposal of right-of-use asset		–	605
Purchase of investment property		–	(2,611)
Bank interest income received		907	863
Net cash used in investing activities		(7,946)	(3,352)
Cash flows from financing activities			
Government grant received		150	563
Payment of principal portion of lease liabilities		(926)	–
Interest paid		(20)	–
Net cash (used in)/from financing activities		(796)	563
Net decrease in cash and cash equivalents		(5,580)	(24,632)
Cash and cash equivalents at the beginning of year/period		29,001	49,982
Effect of exchange rate changes on cash and cash equivalents		3,358	3,651
Cash and cash equivalents at the end of year/period	25	26,779	29,001

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

Except as described below, 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.

2.1 Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.2 Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) The Group also, as at 1 January 2022, recognised a deferred tax asset ((to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group’s financial position and performance and it has no impact on the retained earnings at the earliest period presented.

2.3 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.4 **Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong**

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of IAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of IAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of IAS 19.

By following the guidance, the Group has therefore changed its accounting policy and ceased to apply the Practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with IAS 19 paragraph 93(a). The cumulative effect of recognising these adjustments as of 31 March 2023 or for the year ended was not material and hence no adjustment was made to the beginning retained earnings, or another component of equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

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 ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after 1 January 2025

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to IAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or noncurrent, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 have been properly prepared in compliance with the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on these consolidated financial statements and major sources of estimation uncertainty are discussed in Note 4.

3.2 Material accounting policy information

3.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.1 Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3.2.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment, except for dismantlement asset, are depreciated so as to write off their costs net of expected residual values over their estimated useful lives on a straight-line basis. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Buildings	20 years
Leasehold improvement	5 years
Machinery and equipment and furniture and fixtures	5 to 10 years
Motor vehicles	5 years

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.2 Property, plant and equipment *(Continued)*

Dismantlement asset (included restoration costs for the closure of mining site) are depreciated using the Unit-of-Production ("UOP") method to write-off cost of the assets proportionately to the extraction of the proven and probable mineral reserves.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount if any indication of impairment is identified.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net disposal proceeds and its carrying amount, and is recognised in profit or loss on disposal.

3.2.3 Leasing

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property to which the Group applies the fair value model. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.4 Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

3.2.5 Intangible assets (other than goodwill)

Intangible assets acquired separately and in a business combination

Mining right with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for mining right with finite useful lives is recognised on an units-of-production basis over the total proved and probable reserves. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Except for mining right, amortisation is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative and other expenses. The estimated useful lives are as follows:

Insurance brokerage license	Indefinite
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Impairment

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 3.2.11).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the assets.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Dividend income is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(i) *Financial assets (Continued)*

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, loan and loan interest receivables, bill receivables, deposit certain other receivables, restricted bank balances, pledged bank deposit and bank balances. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measured loss allowances for trade receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For loan and loan interest receivables, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

(l) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

(I) Significant increase in credit risk *(Continued)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(II) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(III) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

(IV) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and loan and loan interest receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(V) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and loan and loan interest receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments (i.e. the Group's trade receivables, loan and loan interest receivables and certain other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where applicable.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

(V) Measurement and recognition of ECL *(Continued)*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade, guarantee service fee, loan and loan interest, bill and other receivables where the corresponding adjustment is recognised through a loss allowance account.

(VI) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with the accounting policy set out in note 3.2.7(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

(vii) *Derecognition of financial liabilities and equity instruments*

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.7 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3.2.8 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.8 Revenue recognition *(Continued)*

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) *Sale of bentonite products*

The performance obligation is satisfied upon delivery of the drilling mud and pelletising clay and payment is generally due within 5 to 90 days from delivery.

(ii) *Wealth management service income*

The performance obligation related to the insurance and MPF scheme brokerage service income in Hong Kong is satisfied at the point in time when the placement is successful. Payment is generally due within 30 days from service is provided, except for new customers, where payment in advance is normally required.

(iii) *Loan interest income*

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of loan arrangement and customer acceptance.

(iv) *Financial guarantee fee income*

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion guarantee service.

(v) *Rental income*

Rental income is recognised on a straight line basis over the lease term.

(vi) *Interest income*

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.8 Revenue recognition *(Continued)*

(vi) Interest income *(Continued)*

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3.2.9 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.9 Income taxes *(Continued)*

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

3.2.10 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Chinese Yuan) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign currency translation reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.10 Foreign currencies *(Continued)*

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

3.2.11 Impairment of assets *(other than financial assets)*

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- Intangible assets; and
- investments in subsidiaries in the Company's statement of financial position.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another IFRS, in which case the impairment loss is treated as a revaluation decrease under that IFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another IFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that IFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generated unit ("CGU"), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.12 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.2.13 Employee benefits

(i) *Short term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) *Defined contribution retirement plan*

Contributions to defined contribution retirement plans are recognised in profit or loss when the services are rendered by the employees.

(iii) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.14 Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Assets retirement obligations

Dismantlement liability is recognised when the Group has a present legal or constructive obligation as a result of the past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of dismantlement, discounted to its present value using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Changes in the estimated timing of dismantlement or dismantlement cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the dismantlement provision is included as a finance cost.

3.2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

3.2.16 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.
- (c) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
 - (i) that person's children and spouse or domestic partner;
 - (ii) children of that person's spouse or domestic partner; and
 - (iii) dependents of that person or that person's spouse or domestic partner.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) **Impairment of non-financial assets**

The Group assesses at the end of each reporting period whether non-financial assets suffered any impairment in accordance with accounting policy stated in Note 3.2.11. The non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The determination of recoverable amount requires an estimation of future cash flows and the selection of appropriate discount rates. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

(ii) **Provision of ECL for trade receivables and loan and loan interest receivables**

Trade receivables and loan and loan interest receivables with different historical loss patterns or credit-impaired are assessed for ECL individually. In addition, when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors that have similar loss patterns, after considering internal credit ratings of trade debtors based on ageing, repayment history and/or past due status of respective trade receivables and loan and loan interest receivables.

The Group has considered all the possible default events over the expected life of the trade receivables and loan and loan interest receivables and assessed individually and/or collectively through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors based on ageing, repayment history and/or past due status of respective trade receivables and loan and loan interest receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. In addition, trade receivables and loan and loan interest receivables that are credit impaired are assessed for ECL individually. The loss allowance amount of the credit impaired trade receivables and loan and loan interest receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

The provision of ECL is sensitive to changes in estimates. The information about the Group's assessment of ECL and the details of the Group's trade receivables and loan and loan interest receivables are disclosed in notes 6 and 23, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(iii) Asset retirement obligations

The ultimate asset retirement obligations are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect the future financial results. As at 31 March 2024, the carrying amounts of asset retirement obligations were approximately CNY10,182,000 (as at 31 March 2023: CNY9,661,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior period.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors regularly review and manage the Group's capital structure. As part of this review, the Directors consider the cost of capital and risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, issue of new share or repurchase of existing shares or issue of new debts or the repayment of existing debts.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS

(a) Summary of financial assets and financial liabilities by category

	Notes	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Financial assets			
Financial assets at FVTPL		1,551	2,340
At amortised cost			
Trade, loan and loan interest, bills and other receivables	23	44,571	55,413
Restricted bank balances		14,345	14,137
Pledged bank deposit		20,000	20,000
Bank balances and cash		27,445	29,655
		107,912	121,545
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	26	20,766	23,062

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade, loan and loan interest, bills and other receivables (exclude prepayment), financial assets at FVTPL, restricted bank balances, pledged bank deposit, bank balances and cash, trade and other payables (exclude contract liabilities).

Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, price risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Currency risk

The Group operates in the PRC with transactions denominated in CNY. At the end of the financial year, certain restricted bank balances and trade and other payables of the Group are denominated in or linked to foreign currencies, details of which are set out in respective notes, expose the Group to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's monetary assets and liabilities denominated in HK\$ at the end of the reporting period are as follows:

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Assets	3,634	3,514
Liabilities	–	(75)
	3,634	3,439

Sensitivity analysis:

The Group's currency risk is mainly exposed to HK\$.

The following table details the Group's sensitivity to a 5% (for the period ended 31 March 2023: 5%) increase and decrease in CNY against HK\$ for the year ended 31 March 2024. 5% (for the period ended 31 March 2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (for the period ended 31 March 2023: 5%) change in foreign currency rates.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Currency risk (Continued)

A positive (negative) number below indicates an increase (decrease) in post-tax loss for the year/period where functional currency strengthen 5% (for the period ended 31 March 2023: 5%) against foreign currency. For a 5% (for the period ended 31 March 2023: 5%) weakening of functional currency of respective group entities against foreign currency, there would be an equal and opposite impact on the result for the year.

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Post-tax profit or loss	137	129

(ii) Price risk

Equity price risk relates to the risk that the fair values of equity securities will fluctuate because of changes in the levels of equity indices and the values of individual securities. The Group is mainly exposed to equity price risk arising from the investments in listed equity securities classified as financial assets at FVTPL as at 31 March 2024 as mentioned in note 24 which are valued at quoted market prices at the reporting dates. The Group's investments in listed equity securities are mainly publicly traded in the Stock Exchange.

The table below summaries the impact of increase/decrease on the Group's loss for the year/period and accumulated losses. The analysis is increased/decreased by 10% with all other variables held constant and all the Group's listed equity securities moved.

	Effect on loss for the year/period ended and accumulated losses			
	Possible change in market price %	Increase in profit and retained losses CNY'000	Possible change in market price %	Increase in profit and retained losses CNY'000
As at 31 March 2024	+10%	154	-10%	(154)
As at 31 March 2023	+10%	195	-10%	(195)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposit. The Group is also exposed to cash flow interest rate risk in relation to the fluctuation of the prevailing market interest rate on restricted bank balances, bank balances and bank deposits. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. Due to their short-term maturities, the exposure of the interest rate risk is minimal and no sensitivity to interest rate risk is presented.

(iv) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade, bills and other receivables, restricted bank balances, pledged bank deposit, bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts, except that the credit risks associated with trade receivables of approximately CNY446,000 (as at 31 March 2023: CNY417,000) is mitigated because they are secured over properties.

The Group performed impairment assessment for financial assets and financial guarantee contract under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables arising from contracts with customers

The Group offers revolving credit to one customer (as at 31 March 2023: one customer). This revolving credit provides for a predetermined credit limit that may be outstanding at any one time based on, among others, their background, credit history, length of business relationship and historical transaction amounts. The Group generally evaluates the credit limits granted to the customers annually upon renewal of the relevant sales agreements and upon special request from the customers.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Loan and loan interest receivables

The Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Credit risk and impairment assessment (Continued)

Bill receivables

The Group performs impairment assessment under ECL model upon application of IFRS 9 on bills receivables individually. The assessed credit losses for bills receivables is insignificant. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Restricted bank balances/Pledged bank deposit/Bank balances

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by authorised credit-rating agencies.

Other receivables and deposits

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

Amount due from a director

In determining the ECL for amount due from a director, the Group has taken into account the historical default experience and forward-looking information as appropriate.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and loan and loan interest receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch List	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the assets is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

					At 31 March 2024	At 31 March 2023
	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount CNY'000	Gross carrying amount CNY'000
Financial assets at amortised cost						
Trade and guarantee service fee receivables	23	N/A	(Note)	Lifetime ECL	10,638	9,470
Loan and loan interest receivables	23	N/A	(Note)	12-month ECL	11,028	12,775
				Lifetime ECL	3,130	5,302
Bills receivables	23	Low risk	N/A	12-month ECL	12,610	14,215
Deposits	23	N/A	(Note)	12-month ECL	396	326
Other receivables	23	N/A	(Note)	12-month ECL	9,086	15,575
				Lifetime ECL	51	1,294
Amount due from a director	23	N/A	(Note)	12-month ECL	77	-
Restricted bank balances	25	Low risk	N/A	12-month ECL	13,345	14,137
Pledged bank deposit	25	Low risk	N/A	12-month ECL	20,000	20,000
Bank balances	25	Low risk	N/A	12-month ECL	27,445	29,655

Note:

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The trade receivables and loan and loan interest receivables are assessed on a collective basis after considering internal credit rating of trade debtors based on ageing, repayment history and/or past due status of respective trade receivables and loan and loan interest receivables, other than customers with different historical loss patterns or credit-impaired which are assessed individually. Details of the credit risk exposure of the Group's trade receivables and loan and loan interest receivables are set out in Note 23(a).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2024, the Group provided CNY33,000 (for the period ended 31 March 2023: CNY110,000) and CNY207,000 (for the period ended 31 March 2023: CNY1,153,000) net provision of expected credit loss on trade receivables and loan and loan interest receivables respectively.

During the year ended 31 March 2024, the Group assessed the ECL for other receivables and deposits and reversed the allowance for credit losses of CNY1,509,000 (for the period ended 31 March 2023: recognised the allowance for credit losses of CNY1,597,000).

No impairment allowance on amount due from a director was provided as the amount involved was immaterial for the year ended 31 March 2024.

No impairment allowance on bills receivables was provided as the amounts involved were immaterial for the year/period ended 31 March 2024 and 31 March 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iv) Credit risk and impairment assessment *(Continued)*

Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was CNY20,000,000 (as at 31 March 2023: CNY20,000,000) as at 31 March 2024. At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. No loss allowance was recognised in the profit or loss because the premium received less cumulative amount recognised in profit or loss was higher than expected amount of loss allowance. Details of the financial guarantee contracts are set out in Note 33.

The Group's concentration of credit risk by geographical location is in the PRC, which accounted for all of the trade receivables as at 31 March 2024 and 31 March 2023.

The Group has concentration of credit risk as 39% (as at 31 March 2023: 17%) and 75% (as at 31 March 2023: 53%) of the total trade receivables was due from the Group's largest trade receivable and the five largest trade receivables respectively as at 31 March 2024.

(v) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the Group can be required to pay, are within one year or on demand (as at 31 March 2023: within one year or on demand).

As at 31 March 2024, the maximum gross amount of financial guarantee contracts was CNY19 million (as at 31 March 2023: CNY19 million), which are based contractual undiscounted cash flows and the earliest date that the Group can be required to pay, are within one year or on demand (as at 31 March 2023: within one year or on demand). Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement

The following table presents financial assets and liabilities measured at fair value in the combined statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial asset and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets and liabilities are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the combined statements of financial position are grouped into the fair value hierarchy as follows:

	Level 1 CNY'000	Level 2 CNY'000	Level 3 CNY'000	Total CNY'000
Aa at 31 March 2024				
Financial assets at FVTPL				
– Listed equity investments	1,551	–	–	1,551
Aa at 31 March 2023				
Financial assets at FVTPL				
– Listed equity investments	2,340	–	–	2,340

The listed equity securities were measured at fair value determined based on their quoted bid prices in active markets at the end of each reporting period.

The Directors considered that the carrying amounts of the non-current financial assets approximate its fair value as the impact of discounting is immaterial.

The Directors considered that the carrying amounts of other current financial assets and financial liabilities recorded at amortised cost approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

7. REVENUE

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

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

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		
– Financial guarantee fee income	1,132	1,415
	62,729	89,146
Revenue from other sources		
– Loan interest income	1,896	3,079
– Rental income	91	70
	1,987	3,149
	64,716	92,295

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. 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:

Reporting segment	Nature	Place of operation
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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. SEGMENT REPORTING (Continued)

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. SEGMENT REPORTING (Continued)

Reportable segment revenue, profit, assets and liabilities (Continued)

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 CNY'000	Financial service business CNY'000	Property investment business CNY'000	Unallocated CNY'000	Total CNY'000
Revenue from external customers and reportable segment revenue	43,823	20,802	91	-	64,716
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	(26)	1,220	-	75	1,269
Profit/(loss) before tax	697	1,187	(95)	(9,076)	(7,287)
Income tax credit	100	106	-	-	206
Profit/(loss) for the year	797	1,293	(95)	(9,076)	(7,081)
As at 31 March 2024					
Assets					
Reportable segment assets	117,127	20,020	2,426	-	139,573
Unallocated corporate assets	-	-	-	12,281	12,281
Consolidated total assets	117,127	20,020	2,426	12,281	151,854
Liabilities					
Reportable segment liabilities	22,613	4,630	24	-	27,267
Unallocated corporate liabilities	-	-	-	5,115	5,115
Consolidated liabilities	22,613	4,630	24	5,115	32,382
Other segment information					
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	26	(1,220)	-	(75)	(1,269)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. SEGMENT REPORTING (Continued)

Reportable segment revenue, profit, assets and liabilities (Continued)

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
Revenue from external customers and reportable segment revenue	76,543	15,682	70	–	92,295
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)
Profit/(loss) before tax	12,344	(850)	(146)	(12,489)	(1,141)
Income tax expenses	(1,565)	(29)	–	–	(1,594)
Profit/(loss) for the period	10,779	(879)	(146)	(12,489)	(2,735)
As at 31 March 2023					
Assets					
Reportable segment assets	115,691	26,634	2,457	–	144,782
Unallocated corporate assets	–	–	–	15,526	15,526
Consolidated total assets	115,691	26,634	2,457	15,526	160,308
Liabilities					
Reportable segment liabilities	23,104	3,099	23	–	26,226
Unallocated corporate liabilities	–	–	–	9,191	9,191
Consolidated liabilities	23,104	3,099	23	9,191	35,417
Other segment information					
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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. SEGMENT REPORTING (Continued)

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
	29,037	24,868

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

* Relating to bentonite mining operation

Note:

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

8. SEGMENT REPORTING (Continued)

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
	43,823	76,543

9. OTHER INCOME, OTHER GAINS/(LOSSES), NET

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Other income		
Bank interest income	907	863
Government grants (Note (i))	150	563
Release of government grant for property, plant and equipment (Note 29)	15	99
Sundry income	409	89
	1,481	1,614
Other gains/(losses), net		
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)
	4,571	(1,260)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

9. OTHER INCOME, OTHER GAINS/(LOSSES), NET (Continued)

Note:

- (i) Government grants of CNY150,000 (for the period ended 31 March 2023: CNY322,000) received from PRC government authority were related to product innovation contributed by the Group to the industry, employment stabilisation fund, economic development subsidies and Hi-tech enterprise subsidies. The government grants were recognised as other income for the year as the Group fulfilled the relevant granting criteria. There was no unfulfilled conditions or contingencies relating to these government grants.

For the year ended 31 March 2023, the amount of CNY199,000 represents the government grants obtained from Financial Industry Recruitment Scheme for Tomorrow ("FIRST") under the Anti-epidemic Fund launched by the Hong Kong Financial Services Development Council supporting the creation of full-time jobs in the financial services sector. Under FIRST, the Group had to make new full-time employment in the financial services sector and the employee head count must represent a net increase in the eligible employer's number of employees in Hong Kong as compared to that before the official launch of FIRST. The subsidy is up to HK\$8,000 per month for each eligible new hire for 12 months. The Group does not have other unfulfilled obligations relating to this program.

For the year ended 31 March 2023, included in profit or loss is CNY42,000 of government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period. The Group does not have other unfulfilled obligations relating to this program.

10. 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	20	–
Unwinding of discount on provision for dismantlement (Note 28)	521	615
	541	615

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

11. 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
Total staff costs	16,477	22,246
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 (Note (i))	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)

Note:

- (i) Staff cost of approximately CNY1,209,000 (for the period ended 31 March 2023: CNY1,353,000) are included in the research and development cost for the year ended 31 March 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. 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)	–
	(9)	1,627
Deferred tax:		
Current year/period (Note 21)	(197)	(33)
	(206)	1,594

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 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.
- (v) As at 31 March 2024, the aggregate amount of temporary differences associated with the PRC subsidiary's undistributed retained earnings for which deferred tax liabilities have not been recognised were approximately CNY12,128,000 (as at 31 March 2023: CNY12,000,000). No deferred tax liabilities have been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not be reversed in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12. INCOME TAX (CREDIT)/EXPENSES (Continued)

The income tax (credit)/expenses for the year/period can be reconciled to the loss before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Loss before tax	(7,287)	(1,141)
Tax at the tax rate of 25%	(1,822)	(285)
Preferential income tax rates applicable to subsidiary	(22)	243
Tax effect of expenses not deductible for tax purpose	2,749	3,249
Tax effect of income not taxable for tax purpose	(1,316)	(1,936)
Tax effect of tax losses not recognised	335	384
Utilisation of tax losses previously not recognised	(11)	(94)
Tax effect of deductible temporary differences	(197)	33
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	109	–
Over-provision in previous period	(31)	–
Income tax (credit)/expenses	(206)	1,594

Details of the deferred tax was set out in Note 21.

As at 31 March 2024, the Group has unused tax losses of approximately CNY14,355,000 (2023: CNY13,061,000) available for offsetting against future profits. No deferred tax assets have been recognised as certain entities of the Group have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. All unused tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' and the chief executives' emoluments were disclosed as follows:

	Fees CNY'000	Salaries and other benefits CNY'000	Contributions to retirement benefits schemes CNY'000	Total CNY'000
Year ended 31 March 2024				
Executive directors				
Dr. Chan Man Fung	–	–	–	–
Mr. Pang Ho Yin (Note (viii))	110	856	16	982
Mr. Pui Wai Lun	–	–	–	–
Mr. Su Chun Xiang (Note (vii))	43	–	–	43
Ms. Zong Yan (Note (iii))	67	–	–	67
Independent non-executive Directors				
Mr. Chow Chi Hang, Tony	110	–	–	110
Mr. Chan Ka Wai (Note (iv))	53	–	–	53
Mr. Hung Chiu Fat (Note (i))	56	–	–	56
Dr. Kwok Hiu Fung	110	–	–	110
Total	549	856	16	1,421

	Fees CNY'000	Salaries and other benefits CNY'000	Contributions to retirement benefits schemes CNY'000	Total CNY'000
Period ended 31 March 2023				
Executive directors				
Dr. Chan Man Fung	–*	–	–	–*
Mr. Pang Ho Yin (Note (viii))	129	931	19	1,079
Mr. Pui Wai Lun	–*	–	–	–*
Mr. Su Chun Xiang	129	–	–	129
Independent non-executive Directors				
Mr. Chow Chi Hang, Tony	129	–	–	129
Mr. Yip Chong Ho, Eric (Note (v))	129	–	–	129
Mr. Zhang Kun (Note (vi))	50	–	–	50
Mr. Hung Chiu Fat (Note (i))	1	–	–	1
Dr. Kwok Hiu Fung (Note (ii))	54	–	–	54
Total	621	931	19	1,571

* CNY0.86 director emoluments paid during the period

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS *(Continued)*

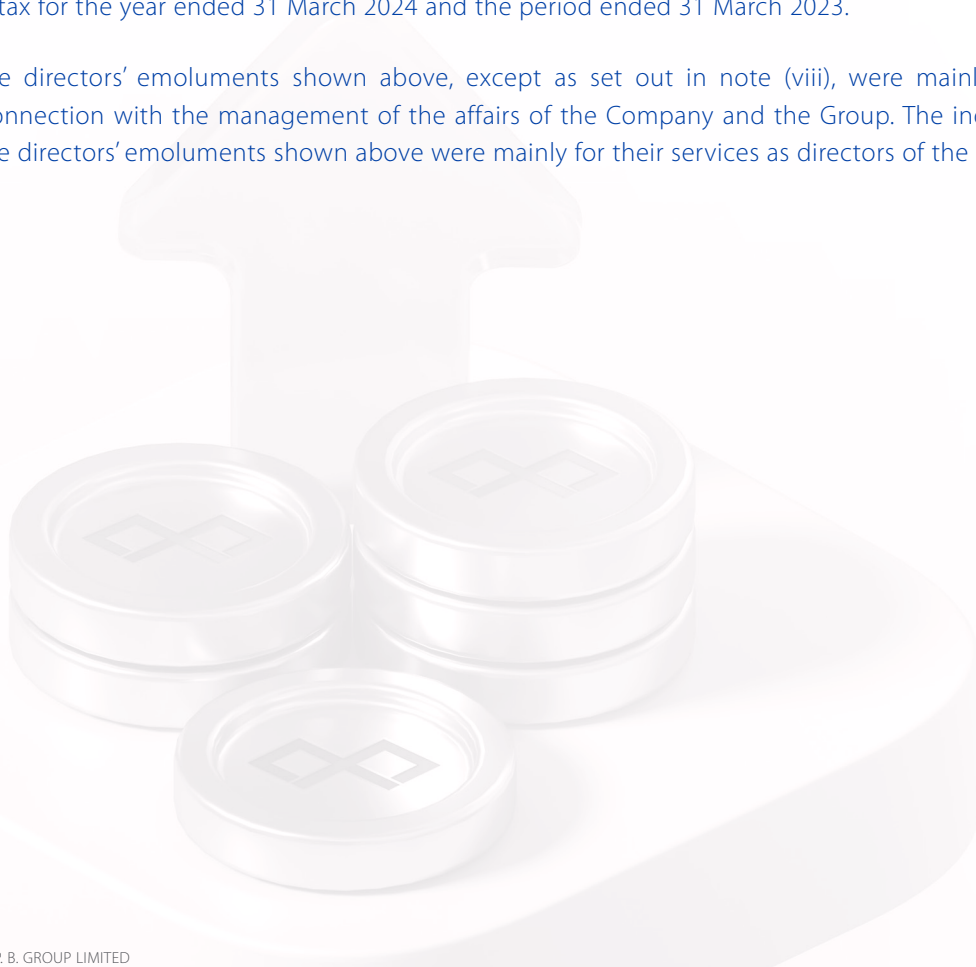
Notes:

- (i) Appointed on 28 March 2023 and resigned on 6 October 2023.
- (ii) Appointed on 23 September 2022.
- (iii) Appointed on 23 August 2023.
- (iv) Appointed on 6 October 2023.
- (v) Resigned on 28 March 2023.
- (vi) Resigned on 24 June 2022.
- (vii) Resigned on 23 August 2023.
- (viii) The remuneration represents remuneration received from the Group by the respective directors in their capacity as an employee of the subsidiaries.

There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 31 March 2024 and the period ended 31 March 2023.

No emoluments were paid by the Group as an incentive payment for joining the Group or as compensation for loss of office tax for the year ended 31 March 2024 and the period ended 31 March 2023.

The executive directors' emoluments shown above, except as set out in note (viii), were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14. EMPLOYEES' EMOLUMENTS

Five highest paid employees

Of the five individuals with the highest emoluments in the Group, one was director (for the period ended 31 March 2023: one) of the Company whose emoluments are set out in Note 13 above. The emoluments of five (for the period ended 31 March 2023: five) highest paid individuals for the year ended 31 March 2024 were as follows:

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Salaries, allowances and other benefits	3,149	3,106
Contributions to retirement benefits schemes	82	97
	3,231	3,203

	Year ended 31 March 2024 Number of individuals	Period from 1 January 2022 to 31 March 2023 Number of individuals
Nil to HK\$1,000,000	5	4
HK\$1,000,000 to HK\$1,500,000	–	1
	5	5

There was no arrangement to the five highest paid individuals for waiving or agreed to waive any remuneration for the year ended 31 March 2024 and the period ended 31 March 2023.

No emoluments were paid by the Group to the five highest paid individuals as an incentive payment for joining the Group or as compensation for loss of office for the year ended 31 March 2024 and the period ended 31 March 2023.

15. 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).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

16. 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:

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings CNY'000	Leasehold improvement CNY'000	Machinery and equipment and furniture and fixtures CNY'000	Dismantlement asset CNY'000	Motor vehicles CNY'000	Construction in progress CNY'000	Total CNY'000
Cost							
As at 1 January 2022	12,856	1,254	14,045	3,706	1,281	–	33,142
Additions	–	–	1,279	–	288	–	1,567
Disposals/written off	(1,923)	–	(201)	–	–	–	(2,124)
Exchange adjustments	–	92	46	–	37	–	175
As at 31 March 2023 and 1 April 2023	10,933	1,346	15,169	3,706	1,606	–	32,760
Additions	–	–	277	–	–	8,386	8,663
Disposals/written off	(5,079)	–	(4,933)	–	–	–	(10,012)
Transfer	1,024	–	582	–	–	(1,606)	–
Exchange adjustments	–	73	65	–	30	–	168
As at 31 March 2024	6,878	1,419	11,160	3,706	1,636	6,780	31,579
Accumulated depreciation and impairment							
As at 1 January 2022	6,827	767	9,033	624	1,036	–	18,287
Charge for the period	670	167	1,126	76	196	–	2,235
Eliminated on disposals/written off	(1,527)	–	(178)	–	–	–	(1,705)
Exchange adjustments	–	59	24	–	35	–	118
As at 31 March 2023 and 1 April 2023	5,970	993	10,005	700	1,267	–	18,935
Charge for the year	399	143	949	45	105	–	1,641
Eliminated on disposals/written off	(3,614)	–	(4,565)	–	–	–	(8,179)
Exchange adjustments	–	55	31	–	30	–	116
As at 31 March 2024	2,755	1,191	6,420	745	1,402	–	12,513
Net book values							
As at 31 March 2024	4,123	228	4,740	2,961	234	6,780	19,066
As at 31 March 2023	4,963	353	5,164	3,006	339	–	13,825

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

18. RIGHT-OF-USE ASSETS

	Land use rights (Note (i)) CNY'000	Office premises (Note (ii)) CNY'000	Total CNY'000
Cost			
As at 1 January 2022	2,586	–	2,586
Addition	605	842	1,447
Disposal	(176)	–	(176)
Exchange adjustments	–	45	45
As at 31 March 2023 and 1 April 2023	3,015	887	3,902
Exchange adjustments	–	48	48
As at 31 March 2024	3,015	935	3,950
Accumulated Amortisation			
As at 1 January 2022	232	–	232
Charge for the period	102	–	102
Elimination on disposal	(21)	–	(21)
As at 31 March 2023 and 1 April 2023	313	–	313
Charge for the year	93	927	1,020
Elimination on disposal	–	8	8
As at 31 March 2024	406	935	1,341
Net book values			
As at 31 March 2024	2,609	–	2,609
As at 31 March 2023	2,702	887	3,589

Notes:

- (i) Land use rights represents lump sum considerations paid or payable by the Group to acquire leasehold lands located in the PRC. These leasehold lands are with lease periods of 37 years and there are no ongoing payments to be made under the terms of the land leases.
- (ii) For the year ended 31 March 2024 and the period ended 31 March 2023, the Group leases an office for its operations. Lease contracts are entered into for fixed term of 1 year (as at 31 March 2023: 1 year). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. INVESTMENT PROPERTY

	Total CNY'000
Net book value	
At 1 January 2022	–
Additions	2,611
Net loss from fair value adjustments	(191)
Exchange adjustment	37
At 31 March 2023 and 1 April 2023	2,457
Net loss from fair value adjustments	(163)
Exchange adjustment	132
At 31 March 2024	2,426

The Group acquired investment property which will be held under leasehold interests to earn rentals is measured using the fair value model, and are classified and accounted for as investment property. The fair value as at 31 March 2024 assessed by a third-party amounted to CNY2,426,000 (as at 31 March 2023: CNY2,457,000). In determining the fair value of the relevant investment properties, the Group engages independent professional property valuers, Norton Appraisals Holdings Limited to perform the valuation. Management works closely with the independent professional property valuers to establish the appropriate valuation techniques and inputs to the model. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management reports the valuation report and findings to the board of directors of the Group yearly to explain the cause of fluctuations in the fair value of the investment property.

In determining the fair value of investment property, the highest and best use of properties is their current use.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

19. INVESTMENT PROPERTY (Continued)

There were no transfers between Level 1, 2 and 3 in current and prior year/period.

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Fair value loss recognised in profit or loss (included in other gains/(loss), net) at the reporting date	(163)	(191)

- (i) Summary of the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

	Fair value as at		Valuation Technique	Significant unobservable inputs	Range of inputs
	31 March 2024 CNY'000	31 March 2023 CNY'000			
Investment property – warehouse in HK	2,426	2,457	Income capitalisation approach	Unit sale rate taking into account of individual factors such as location floor, size, etc. (HK\$/square feet)	HK\$11 per square feet (31 March 2023: HK\$11 per square feet)

The fair value of investment property is estimated using an income capitalisation approach.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

20. INTANGIBLE ASSETS

	Mining right CNY'000 (Note (i))	Insurance brokerage license CNY'000 (Note (ii))	Total CNY'000
Cost			
As at 1 January 2022	5,666	425	6,091
Exchange adjustments	–	32	32
As at 31 March 2023 and 1 April 2023	5,666	457	6,123
Exchange adjustments	–	23	23
As at 31 March 2024	5,666	480	6,146
Accumulated amortisation			
As at 1 January 2022	985	–	985
Charge for the period	141	–	141
As at 31 March 2023 and 1 April 2023	1,126	–	1,126
Charge for the year	84	–	84
As at 31 March 2024	1,210	–	1,210
Net book values			
As at 31 March 2024	4,456	480	4,936
As at 31 March 2023	4,540	457	4,997

Notes:

- (i) The mining right represents a mining license acquired for exploration and mining of a bentonite mine in the PRC. The mining right is amortised on a units-of-production basis over the total proved and probable reserves in the mine.
- (ii) The acquisition of P.B. Group on 5 November 2020 which resulted in an increase in other intangible assets for insurance brokerage license. The license has a legal life of 3 years but is renewable every 3 years at minimal cost. The Directors are of the opinion that the Group would renew the license continuously and has the ability to do so.

The license is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The license will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

21. DEFERRED TAXATION

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Deferred tax assets	543	364
Deferred tax liabilities	–	(23)

Details of the deferred tax assets and (liabilities) recognised and movements during the current and prior year/period:

	Temporary difference on allowance, accrued liabilities and deferred income CNY'000	Temporary difference on asset retirement obligations CNY'000	Accelerated tax depreciation CNY'000	Total CNY'000
As at 1 January 2022	(172)	1,358	(883)	303
(Charge)/credit to profit or loss (Note 12)	(71)	92	12	33
Exchange adjustments	–	–	5	5
As at 31 March 2023 and 1 April 2023	(243)	1,450	(866)	341
Credit to profit or loss (Note 12)	18	78	101	197
Exchange adjustments	–	–	5	5
As at 31 March 2024	(225)	1,528	(760)	543

22. INVENTORIES

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Materials and supplies	1,392	1,186
Work-in-progress	3,999	3,454
Finished goods	324	673
	5,715	5,313

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

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

	Notes	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Trade receivables – goods	6a	9,584	7,787
Trade receivables – wealth management services	6a	1,054	883
Guarantee service fee receivables	6a	–	800
Less: allowance for credit losses (Note (a))	6a	(144)	(110)
		10,494	9,360
Loan and loan interest receivables	6a	14,158	18,077
Less: allowance for credit losses (Note (b))	6a	(1,932)	(1,634)
		12,226	16,443
Bills receivables	6a	12,610	14,215
Deposits	6a	396	326
Prepayments		8,647	8,218
Amount due from a director (Note (e))	6a	77	–
Other receivables (Note (d))	6a	9,137	16,869
Less: allowance for credit losses (Note (c))	6a	(369)	(1,800)
		53,218	63,631

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 offers revolving credit to its one customer amounted approximately CNY400,000 as at 31 March 2024 (as at 31 March 2023: CNY400,000). This revolving credit provides for a predetermined credit limit that may be outstanding at any one time based on their background, credit history, length of business relationship and historical transaction amounts. The Group generally evaluates the credit limits granted to the customer annually upon renewal of the relevant sales agreements and upon special request from the customers. The Group held charges on such customers' motor vehicles as collaterals over the balance of approximately CNY400,000 as at 31 March 2024 (as at 31 March 2023: CNY400,000). Such collateral is not transferable and rentable and can be realised by the Group at first priority upon the liquidation or deregistration of such customer. For the remaining balances of approximately CNY22,274,000 as at 31 March 2024 (as at 31 March 2023: CNY24,586,000), the Group does not hold any collateral over these amounts.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

23. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES (Continued)

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
	10,494	9,360

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

23. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

Movements in the allowance for credit losses on trade receivables:

	Lifetime ECL not credit impaired CNY'000
At 1 January 2022	(217)
Net allowance for credit losses recognised in profit or loss	(110)
Written off	217
At 31 March 2023 and 1 April 2023	(110)
Net allowance for credit losses recognised in profit or loss	(33)
Exchange adjustments	(1)
At 31 March 2024	(144)

(b) Loan and loan interest receivables

Movements in the allowance for credit losses on loan and loan interest receivables:

	12-month ECL not credit impaired CNY'000	Lifetime ECL not credit impaired CNY'000	Lifetime ECL credit impaired CNY'000	Total CNY'000
As at 1 January 2022	(241)	(18)	(272)	(531)
Net allowance for credit losses recognised				
in profit or loss	(186)	(766)	(201)	(1,153)
Exchange adjustments	69	(12)	(7)	50
As at 31 March 2023 and 1 April 2023	(358)	(796)	(480)	(1,634)
Net allowance for credit losses (recognised)/				
reversed in profit or loss	(92)	(148)	33	(207)
Exchange adjustments	(20)	(45)	(26)	(91)
As at 31 March 2024	(470)	(989)	(473)	(1,932)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

23. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES (Continued)

(c) Other receivables

Movements in the allowance for credit losses on other receivables:

	12-month ECL not credit impaired CNY'000	Lifetime ECL credit impaired CNY'000	Total CNY'000
As at 1 January 2022	(225)	–	(225)
Net allowance for credit losses recognised in profit or loss (note)	(323)	(1,274)	(1,597)
Exchange adjustments	42	(20)	22
As at 31 March 2023 and 1 April 2023	(506)	(1,294)	(1,800)
Net allowance for credit losses reversed in profit or loss	208	1,301	1,509
Exchange adjustments	(20)	(58)	(78)
As at 31 March 2024	(318)	(51)	(369)

Note: The ECL is mainly represented the receivable amount on join-in fee paid to technical representatives of insurance brokers who not yet meet the sales target within 2021 of approximately CNY1,274,000.

(d) 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 CNY7,880,000 (as at 31 March 2023: CNY10,386,000).

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

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Equity securities listed in Hong Kong, at fair value	1,551	2,340

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

25. RESTRICTED BANK BALANCES, PLEDGED BANK DEPOSIT AND BANK BALANCES AND CASH

Restricted bank balances

Restricted bank balances represent restricted cash set aside by the Group in banks placed for the settlement of asset retirement obligations for future environmental rehabilitation. The restricted bank balances carried at prevailing market rates ranging from 0.25% to 3.24% per annum (as at 31 March 2023: 0.01% to 3.24% per annum) as at 31 March 2024.

Pledged bank deposit

Pledged bank deposit represents deposit pledged to bank to secure general banking facilities granted to an independent third party. The board of directors consider that the Group has surplus cash in excess of its working capital needs and the provision of Guarantee in favour of the Borrower will better utilize the Group's surplus cash with reasonable return since 2018. As at 31 March 2024, the bank deposit of CNY20,000,000 (as at 31 March 2023: CNY20,000,000) has been pledged to secure bank borrowing of the independent third party. The bank borrowing is payable on demand and classified as current asset. The pledged bank deposit carry interest rates at 2.1% (as at 31 March 2023: 1.95%) per annum and will be released upon the expiry of the relevant banking facilities.

Bank balances and cash

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

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Cash at bank and in hand	26,779	26,025
Short-term bank deposits	666	3,630
Bank balances and cash shown in the consolidated statement of financial position	27,445	29,655
Less: Bank deposits with a maturity of more than three months	(666)	(654)
Cash and cash equivalents shown in the consolidated statement of cash flow (Note)	26,779	29,001

Note:

Bank balances and bank deposits carried at prevailing market rates ranging from 0.10% to 1.89% per annum as at 31 March 2024 (as at 31 March 2023: 0.10% to 1.89% per annum).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

26. TRADE AND OTHER PAYABLES

	Notes	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Trade payables (Note (a))	6a	4,956	5,201
Other payables and accruals	6a	15,790	17,832
Contract liabilities (Note (b))		126	76
Amount due to a related company (Note (c))	6a	9	8
Amounts due to directors (Note (d))	6a	11	21
		20,892	23,138

(a) Trade payables

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

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

The average credit period granted is 30 days.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

26. TRADE AND OTHER PAYABLES (Continued)

(b) Contract liabilities

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

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Contract liabilities arising from:		
Sale of goods	126	76

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

Movements in contract liabilities:

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Opening balances	76	3,576
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(76)	(3,565)
Increase in contract liabilities as a result of receipt in advance of sales of drilling mud and pelletising clay not yet delivered and loan repayments received at year/period end	126	65
Closing balances	126	76

- (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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

27. LEASE LIABILITIES

Group as a lessee

The exposure of the Group's lease liabilities was as follows:

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Current	–	887

The total cash outflow for leases for the year ended 31 March 2024 was CNY946,000 (for the period ended 31 March 2023: CNY10,291,000).

Lease obligations of the Company are denominated in Hong Kong dollars.

Group as a lessor

The Group leases its investment property under operating lease arrangements, with leases negotiated for terms of two years. The terms of the leases generally also require the tenants to pay deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Within one year	39	24

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

28. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations primarily relate to the restoration costs for the closure of mining site, which included dismantling mining-related structures and the reclamation of land upon exhaustion of bentonite reserves.

The following is the asset retirement obligations recognised by the Group and movement is set out as below:

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Opening balances	9,661	9,046
Unwinding of discount (Note 10)	521	615
Closing balances	10,182	9,661

The asset retirement obligation is calculated at the net present value of estimated future net cash flows of the restoration costs, amounting to approximately CNY15,305,000 discounted at 5.40% per annum at 31 March 2024 (as at 31 March 2023: CNY15,305,000 discounted at 5.40% per annum).

29. DEFERRED INCOME ARISING FROM GOVERNMENT GRANTS

	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Analysed as:		
Current liabilities (included in other payables)	18	18
Non-current liabilities	158	173
	176	191

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

29. DEFERRED INCOME ARISING FROM GOVERNMENT GRANTS *(Continued)*

Note:

During the year ended 31 December 2013, the Group received government grants of CNY800,000, which were designated for the purchase of plant and machinery. Such government grants are presented as deferred income and are released to income over the useful lives of the related plant and machinery. During the year ended 31 March 2024, government grants released to the consolidated statement of profit or loss and other comprehensive income amounted to CNYnil (for the period ended 31 March 2023: CNY80,000).

During the year ended 31 December 2016, the Group received government grants of CNY300,000, which was designated for buildings improvement work. Such government grants are presented as deferred income and are released to income over the useful lives of building. During the year ended 31 March 2024, government grants released to the consolidated statement of profit or loss and other comprehensive income amounted to CNY15,000 (for the period ended 31 March 2023: CNY19,000).

30. SHARE CAPITAL

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

31. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

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

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Equity-settled share option scheme of the Company *(Continued)*

Options granted must be taken up on the date of grant, upon payment of HK\$1.00. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

As at 31 March 2024 and 2023, no share options have been granted, exercised, expired, lapsed, cancelled and outstanding.

32. RETIREMENT BENEFITS SCHEME

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions.

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its Hong Kong employees. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, each of the subsidiaries (the "Employer") in Hong Kong and its employees makes monthly mandatory contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The mandatory contributions from each of the Employer and employees are subject to a cap of HK\$1,500 per month.

During the year ended 31 March 2024, the total amount contributed by the Group to these scheme and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately CNY1,083,000 (for the period ended 31 March 2023: CNY1,600,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

33. CONTINGENT LIABILITIES

During the period ended 31 March 2023, Feishang Material entered into the back-to-back Guarantee Agreement, pursuant to which Feishang Material has agreed to provide financial guarantee to the Wuhu Haiyuan Copper Industrial Co., Limited (蕪湖市海源銅業有限責任公司), a company established in the PRC and an independent third party (the "Borrower"). As at 31 March 2024 and 2023, deposit in the sum of CNY20 million for was pledged procuring the Borrower to obtain the loan of CNY19 million provided by the bank. In return, Feishang Material receive a guarantee fee of 6% of the amount of deposit pledged by Feishang Material. The fair value of the financial guarantee issued at initial recognition was immaterial. Details of the loss allowance for financial guarantee contracts are set out in Note 6(b).

34. RELATED PARTY TRANSACTIONS

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

(a) Compensation to key management personnel

Compensation of key management personnel of the Group including directors' remuneration as disclosed in note 13 to these consolidated financial statements is as follows:

	Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Short-term benefits	1,405	1,552
Retirement benefits scheme contributions	16	19
	1,421	1,571

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

34. RELATED PARTY TRANSACTIONS (Continued)

(b) Related parties transactions

Relationship	Type of transaction	Notes	Transaction amount	
			Year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000
Companies controlled by the common directors	Company secretarial fee	(i)	878	1,414
Companies controlled by the common directors	Compliance services fee	(i)	734	–
Companies controlled by the common directors	Legal expense	(i)	2	–
Companies controlled by the common directors	Rental expense	(i)	219	–
Member of key management personnel	Accounting fee	(ii)	549	646
Member of key management personnel	Internal Control and ESG Reporting fee	(ii)	841	–
Member of key management personnel	Motor car expenses	(ii)	82	–
Executive director	Payment for purchase of investment property	(iii)	–	2,568
Companies controlled by the common directors	Equity analysis services fee	(iv)	55	–
Shareholder of a company controlled by the common directors	Advertising fee	(v)	914	–

Notes:

- (i) Rental expenses, company secretarial fees, compliance services fees and legal expenses were paid to a related company indirectly owned by directors and shareholders of the Company.
- (ii) Accounting fees, internal control and ESG reporting fees and motor car expenses were paid to a company directly owned by the Chief financial officer of the Group.
- (iii) On 28 April 2022, P.B. Two (Hong Kong) Limited, a subsidiary of the Company, entered into a sales and purchase agreement with the director, pursuant to which the director agreed to sales a property.
- (iv) The consultant fees were paid to a related company owned by directors and shareholders of the Company.
- (v) The advertising fees were paid to a shareholder of an associate of the Company, PB Vast Vision Multi-Media Cultural & Tourism Group Limited, a company with common director of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities:

	Lease liabilities (note 27) CNY'000
As at 1 January 2022	–
Changes from financing cash flows:	
Additions	842
Total changes from financing cash flows	842
Exchange adjustments	45
As at 31 March 2023 and 1 April 2023	887
Changes from financing cash flows:	
Repayment of principal element of lease liabilities	(926)
Repayment of interest element of lease liabilities	(20)
Total changes from financing cash flows	(946)
Other changes:	
Interest expenses	20
Exchange adjustments	39
As at 31 March 2024	–

36. RECLASSIFICATION OF COMPARATIVES

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	As at 31 March 2024 CNY'000	As at 31 March 2023 CNY'000
Non-current assets			
Investment in subsidiaries		52,865	52,865
Plant and equipment		304	312
		53,169	53,177
Current assets			
Other receivables and prepayments		10,213	11,157
Amounts due from subsidiaries		16,627	26,421
Bank balances		47	27
		26,887	37,605
Current liability			
Other payables and accrual		5,039	9,136
Net current assets		21,848	28,469
NET ASSETS		75,017	81,646
Capital and reserves			
Share capital		13,261	13,261
Reserves	(a)	61,756	68,385
TOTAL EQUITY		75,017	81,646

The statement of financial position of the Company was approved and authorised by the board of directors on 28 June 2024 and were signed on its behalf.

CHAN Man Fung
Director

PUI Wai Lun
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

(a) Reserves

	Share premium CNY'000	Other reserve CNY'000 (Note)	Exchange reserve CNY'000	Accumulated losses CNY'000	Total CNY'000
As at 1 January 2022	146,974	44,051	(3,520)	(112,892)	74,613
Loss for the period	–	–	–	(7,439)	(7,439)
Other comprehensive income for the period	–	–	1,211	–	1,211
Total comprehensive income/ (expense) for the period	–	–	1,211	(7,439)	(6,228)
As at 31 March 2023 and 1 April 2023	146,974	44,051	(2,309)	(120,331)	68,385
Loss for the year	–	–	–	(9,421)	(9,421)
Other comprehensive income for the year	–	–	2,792	–	2,792
Total comprehensive income/ (expense) for the year	–	–	2,792	(9,421)	(6,629)
As at 31 March 2024	146,974	44,051	483	(129,752)	61,756

Note:

Other reserve represents the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon the Reorganisation on 17 September 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

38. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at period ended were as follows:

Name of subsidiary	Place and date of incorporation and type of legal entity	Place of operation	Issued and fully paid ordinary share capital/registered capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
				Direct		Indirect		
				As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	
Feishang International Holdings Limited	Incorporated in the BVI on 5 February 2002 as a limited liability company	The PRC	United States Dollar 1	100%	100%	–	–	Investment holding
P.B. Two Capital Holdings Limited	Incorporated in the BVI on 12 June 2018 as a limited liability company	Hong Kong	United States Dollar 1	100%	100%	–	–	Investment holding
Wuhu Feishang Non-metallic Material Co., Ltd* (蕪湖飛尚非金屬材料有限公司)	Incorporated in the PRC on 21 June 2002 as a limited liability company	The PRC	HK\$35,000,000	–	–	100%	100%	Bentonite mining, production and sales of drilling mud and pelletising clay
P.B. TWO (Hong Kong) Limited	Incorporated in Hong Kong on 23 May 2018 as a limited company	Hong Kong	HK\$1	–	–	100%	100%	Securities trading and property investment business
P.B. One Capital Holdings Limited	Incorporated in the Cayman Islands on 14 September 2015 as a limited liability	Hong Kong	United States Dollar 0.01	100%	100%	–	–	Investment holding
P.B. Nikyo Wealth Management Limited	Incorporated in Hong Kong on 9 February 1995 as a limited liability	Hong Kong	HK\$11,800,088.30 (as at 31 December 2021: HK\$8,800,088.30)	–	–	100%	100%	Provide insurance brokerage services
P.B. Credit Limited (formerly known as P.B. Investment Limited)	Incorporated in Hong Kong on 9 October 2015 as a limited liability	Hong Kong	HK\$6,619,630.83	–	–	100%	100%	Provision of personal and corporate loans
P.B. Charity Fund Limited	Incorporated in Hong Kong on 21 December 2017 as a limited by guarantee without a share capital	Hong Kong	Nil	–	–	100%	100%	Charitable institution
P.B. Three Capital Holdings Limited [#]	Incorporated in BVI on 16 September 2020 as a limited by guarantee without a share capital	Hong Kong	United States Dollar 1,000	100%	100%	–	–	Investment holding

None of the subsidiaries has issued any debt securities at the end of the year/period or at any time during the year/period.

* The English name is for identification purpose only.

[#] Acquired during the prior period at consideration of US\$1,000.

Financial Summary

	For the year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000	For the year ended 31 December 2021 CNY'000	For the year ended 31 December 2020 CNY'000	For the year ended 31 December 2019 CNY'000
Revenue and Profit					
Revenue	64,716	92,295	70,898	55,727	58,099
Cost of sales	(42,973)	(52,071)	(37,157)	(26,362)	(28,153)
Gross profit	21,743	40,224	33,741	29,365	29,946
Other income, gains/(losses), net	4,571	(1,260)	9,205	4,092	2,337
Selling and distribution expenses	(3,287)	(6,780)	(6,311)	(7,041)	(7,308)
Administrative expenses	(29,773)	(32,710)	(25,036)	(16,737)	(15,907)
Finance costs	(541)	(615)	(523)	(502)	(451)
(Loss)/profit before tax	(7,287)	(1,141)	11,076	9,177	8,617
Income tax credit/(expenses)	206	(1,594)	(1,959)	(1,974)	(1,209)
(Loss)/profit for the year/period	(7,081)	(2,735)	9,117	7,203	7,408
				(Re-presented)	(Re-presented)
(Losses)/earnings per share (CNY)					
Basic and diluted	(4.45) cents	(1.72) cents	9.85 cents	9.57 cents	10.13 cents
	At 31 March 2024 CNY'000	At 31 March 2023 CNY'000	At 31 December 2021 CNY'000	At 31 December 2020 CNY'000	At 31 December 2019 CNY'000
Assets and Liabilities					
Current assets	107,929	120,939	126,666	94,198	76,799
Non-current assets	43,925	39,369	36,460	35,125	33,181
Current liabilities	(22,042)	(25,560)	(29,115)	(26,120)	(21,285)
Non-current liabilities	(10,340)	(9,857)	(9,262)	(9,885)	(8,528)
Total equity	119,472	124,891	124,749	93,318	80,167