

 **P.B. Group Limited**
倍搏集團有限公司

(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

2024

INTERIM REPORT



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

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

CONTENTS

Corporate Information	3
Management Discussion and Analysis	4
Corporate Governance and Other Information	20
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	32
Condensed Consolidated Statement of Financial Position	33
Condensed Consolidated Statement of Changes in Equity	35
Condensed Consolidated Statement of Cash Flows	37
Notes to the Condensed Consolidated Financial Statements	38



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Mr. PUI Wai Lun (*Co-chairman and
Chief Executive Officer*)

Ms. ZONG Yan

Mr. PANG Ho Yin

(retired on 27 September 2024)

Independent Non-executive Directors

Mr. CHAN Ka Wai

Mr. CHOW Chi Hang Tony

Dr. KWOK Hiu Fung

AUTHORISED REPRESENTATIVES

Dr. CHAN Man Fung

Ms. CHIK Wai Chun

COMPANY SECRETARY

Ms. CHIK Wai Chun

COMPLIANCE OFFICER

Dr. CHAN Man Fung

AUDIT COMMITTEE

Mr. CHAN Ka Wai (*Chairman*)

Mr. CHOW Chi Hang Tony

Dr. KWOK Hiu Fung

NOMINATION COMMITTEE

Mr. CHOW Chi Hang Tony (*Chairman*)

Dr. KWOK Hiu Fung

Mr. CHAN Ka Wai

REMUNERATION COMMITTEE

Mr. CHAN Ka Wai (*Chairman*)

Mr. CHOW Chi Hang Tony

Dr. KWOK Hiu Fung

AUDITOR

CWK CPA Limited

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No. 183 Queen's Road Central

Hong Kong

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COMPANY'S WEBSITE

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COMPANY'S STOCK CODE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

LEGAL ADVISER

(*As to Cayman Islands Law*)

Appleby Global Services (Cayman) Limited

PRINCIPAL BANKERS

Bank of China Limited (Wuhu branch)

Industrial and Commercial Bank of

China Limited (Fanchang branch)

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “Board”) of the Company hereby presents the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2024 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2023.

BUSINESS REVIEW

Bentonite Mining

China’s economy has continued to grow in the second and third quarters of 2024, although the growth rate has slowed. Overall, the economy remains relatively healthy. In response to new economic challenges, the government has implemented timely macroeconomic control measures, which appear to be gradually taking effect. However, global market volatility has also impacted China’s macroeconomy, particularly in commodities. During this Reporting Period, underlying factors have remained stable, with supply exceeding demand. As a result, revenue from our bentonite product has seen a slight decline, dropping from approximately CNY20.5 million for the six months ended 30 September 2023 to approximately CNY19.6 million for the Reporting Period, and our profit margin has decreased from approximately 36.3% to approximately 31.8% compared to the same period in 2023.

Financial Services

Apart from the production and sale of bentonite products in the People’s Republic of China (the “PRC”), the Group has also carried out its business on financial services in Hong Kong through its wholly-owned subsidiaries – P.B. Nikyo Wealth Management Limited (“P.B. Nikyo”) and P.B. Credit Limited (“P.B. Credit”) as well as generating financial guarantee fee income through Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司) (“Wuhu Subsidiary”), a wholly-owned subsidiary of the Company in the PRC. The financial services of the Group include the wealth management services, money lending business and financial guarantee services.

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

* For identification purpose only

Wealth Management Services

The insurance brokerage business in Hong Kong is poised for continued growth in 2024, driven by a combination of increasing premiums, evolving consumer preferences, and regulatory changes. The overall insurance market is expected to expand, reflecting both the resilience of the sector and the changing dynamics within it. In the first half of 2024, Hong Kong's insurance industry reported a 5.1% year-on-year increase in total gross premiums, reaching approximately HK\$310.9 billion compared to the same period in 2023. This growth was primarily fueled by the long-term insurance sector, particularly individual life and annuity products, which saw a notable 6.9% increase in premiums. The long-term business segment recorded total premiums of approximately HK\$273 billion, with individual life and annuity (non-linked) products leading the charge. However, linked policies experienced a decline of 16%, indicating a shift in consumer preference towards more stable investment options. The general insurance sector also showed resilience, with gross premiums reaching about HK\$37.9 billion. Notably, the accident and health insurance segment surged by 12.5%, driven by increased demand for group medical and travel insurance. In conclusion, while the outlook for the insurance brokerage business in Hong Kong for 2024 appears optimistic due to robust premium growth and evolving consumer preferences, the Group will remain vigilant regarding regulatory compliance and market competition to fully capitalize on emerging opportunities.

For the six months ended 30 September 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\$1.4 million for the six months ended 30 September 2023 to approximately HK\$2.7 million for the Reporting Period, marking a substantial growth of approximately 99.0%. This increase reflects our enhanced marketing strategies. The persistency rate of insurance policies improved from approximately 98.4% for the six months ended 30 September 2023 to approximately 99.9% for the Reporting Period. 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 53 to 46. 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

		Six months ended 30 September		
		2024	2023	Change
Value of new business (Note 1)	HK\$'000	2,712	1,363	99.0%
Revenue of general insurance	HK\$'000	888	874	1.6%
Persistency Rate of insurance policy	Percentage	99.9	98.4	1.5%
Agency force	Number of agent	46	53	(13.2%)

Note 1:

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

Money Lending Business

The money lending market in Hong Kong faces multiple challenges and opportunities in 2024, influenced by factors such as interest rate changes, the pace of economic recovery, and market demand from small and medium-sized enterprises (SMEs). Lending demand in Hong Kong is influenced by various factors, including consumer confidence and business investment willingness. As per press release of reputable credit agency in September 2024, while inquiries for personal loans increased by 1% in the first quarter of 2024, the actual loan issuance volume decreased by 4.9%. As per the Half-Yearly Monetary and Financial Stability Report (September 2024) issued by Hong Kong Monetary Authority, the first half of 2024 saw a modest decline in total loans and advances from authorized institutions (the "AIs") by 1.9% on a half-yearly basis, continuing a trend from previous periods due to subdued credit demand amid high interest rates. For the delinquency rates, the gross classified loan ratio for the AIs rose to 1.89% at the end of June 2024 from 1.57% at the end of 2023, signaling potential increases in defaults. This indicates that despite existing market demand, lending institutions have become more cautious in their assessments of new customers due to rising credit risks. Looking ahead to 2024, Hong Kong's lending market will continue to be influenced by global economic conditions, interest rate changes, and the economic recovery situation in mainland China. The Group needs to closely monitor these factors to adjust our credit strategies and maintain stable business growth.

The loan interest income decreased from approximately CNY1.0 million for the six months ended 30 September 2023 to approximately CNY0.8 million during the Reporting Period. The decrease was due to the cautious money lending strategy resulted in lower amount of loan being approved and granted. As at 30 September 2024, a total principal amount and accrued interest of approximately decreased to CNY12.2 million (31 March 2024: approximately CNY14.2 million).

Financial Guarantee Services

The Group generated guarantee service fee income through 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 guarantee service fee income was approximately CNY566,000 during the Reporting Period (six months ended 30 September 2023: approximately CNY566,000).

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 CNY47,000 during the Reporting Period (six months ended 30 September 2023: approximately CNY45,000).

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) <i>(Note 1)</i>	Dry
Proved reserve <i>(metric tonnes)</i>	1,743,000
Probable reserve <i>(metric tonnes)</i>	4,539,000
Total <i>(metric tonnes)</i>	6,282,000
Reserve data (as of 30 September 2024) <i>(Note 2)</i>	Dry
Proved reserve <i>(metric tonnes)</i>	1,173,000
Probable reserve <i>(metric tonnes)</i>	4,539,000
Total <i>(metric tonnes)</i>	5,712,000
Average quality of bentonite	
Active montmorillonite	47.0%
Colloid index	61.1 ml/15g
Swelling capacity	8.7 ml/g
Capital expenditure for the six months ended 30 September 2024	CNY9,241,000
Output for the six months ended 30 September 2024 <i>(metric tonnes)</i>	37,000

Notes:

- (1) The reserve data as of 31 December 2020 is extracted from the independent technical report dated 29 March 2021 (the "SRK report") prepared by SRK Consulting (Hong Kong) Limited under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy.
- (2) The reserve data as of 30 September 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 September 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 30 September 2024.
- (3) There is no exploration activity carried out by the Group during the Reporting Period.



FINANCIAL REVIEW

Revenue

Breakdown of the Group's Revenue

	For the six months ended 30 September			
	2024		2023	
	<i>CNY'000</i>	%	<i>CNY'000</i>	%
	(Unaudited)		(Unaudited)	
Drilling mud	8,739	31.0	11,028	38.5
Pelletising clay	10,829	38.3	9,484	33.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue of bentonite mining	19,568	69.3	20,512	71.7
	<hr/>	<hr/>	<hr/>	<hr/>
Wealth management services income	7,285	25.8	6,450	22.6
Loan interest income	766	2.7	1,014	3.5
Guarantee service fee income	566	2.0	566	2.0
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue of financial services	8,617	30.5	8,030	28.1
	<hr/>	<hr/>	<hr/>	<hr/>
Rental income	47	0.2	45	0.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total rental income	47	0.2	45	0.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	28,232	100.0	28,587	100.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	For the six months ended 30 September			
	2024		2023	
	Sales volume (tonnes)	Average selling price (CNY/tonne)	Sales volume (tonnes)	Average selling price (CNY/tonne)
Drilling mud	19,970	437.6	24,303	453.8
Pelletising clay	19,159	565.2	20,518	462.2

The overall revenue decreased by approximately 1.2% from approximately CNY28.6 million for the six months ended 30 September 2023 to approximately CNY28.2 million for the Reporting Period. The decrease in revenue was due to combined effect of (i) increase of revenue of financial services and (ii) decrease of revenue of bentonite mining.

The revenue of bentonite products decreased approximately 4.6% from approximately CNY20.5 million for the six months ended 30 September 2023 to approximately CNY19.6 million during the Reporting Period. The decrease in revenue was mainly due to the downturn of the iron and steel industry, the market demand for bentonite products continued to slacken.

The revenue of financial services increased by approximately 7.3% from approximately CNY8.0 million for the six months ended 30 September 2023 to approximately CNY8.6 million for the Reporting Period. The increase in revenue of financial services for the Reporting Period was mainly due to combined effect of (i) the increase of approximately 12.9% in wealth management services income and (ii) decrease of approximately 24.5% in loan interest income comparing to the corresponding period in 2023. The decrease of loan interest income was mainly attributable to the reduction of loan portfolios size during the Reporting Period when compared with the corresponding period in 2023.



Cost of Sales

Breakdown of the Group's Cost of Sales

Cost Items	For the six months ended 30 September			
	2024		2023	
	CNY'000 (Unaudited)	%	CNY'000 (Unaudited)	%
Extraction costs	609	3.4	972	5.5
Processing costs				
– Air-drying costs	1,349	7.4	894	5.0
– Consumables, materials and supplies	2,888	16.0	3,419	19.3
– Depreciation and amortisation	701	3.9	548	3.1
– Staff costs	2,494	13.8	1,786	10.1
– Transportation costs	1,710	9.4	1,413	8.0
– Utility costs	1,627	9.0	1,759	9.9
– Others	1,347	7.4	1,092	6.2
Sales tax and surcharges	611	3.4	1,184	6.7
Total cost of bentonite mining	13,336	73.7	13,067	73.8
Commission expense of wealth management services	4,763	26.3	4,663	26.2
Total cost of financial services	4,763	26.3	4,663	26.2
Total cost	18,099	100.0	17,730	100.0

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

	For the six months ended 30 September					
	2024			2023		
	CNY/tonne	CNY'000 (Unaudited)	%	CNY/tonne	CNY'000 (Unaudited)	%
Drilling mud	361.4	7,218	54.1	298.3	7,248	55.0
Pelletising clay	319.3	6,118	45.9	283.6	5,819	45.0
		13,336	100.0		13,067	100.0

The overall cost of sales increased by approximately 2.1% from approximately CNY17.7 million for the six months ended 30 September 2023 to approximately CNY18.1 million for the Reporting Period. The increase in cost of sales was caused by combined effect of (i) increase of commission expenses of wealth management services and (ii) increase of cost of bentonite mining business.

The commission expense of wealth management services increased by approximately 2.1% from approximately CNY4.7 million for the six months ended 30 September 2023 to approximately CNY4.8 million for the Reporting Period. The increase in the commission expense of wealth management services mainly caused by the increase of approximately 12.9% in revenue of wealth management services income for the Reporting Period comparing to the corresponding period in 2023. Contributed by the cost control in reducing the rate of commission expenses, the increased percentage of commission expense of wealth management services was lower than the increased percentage of wealth management services income.

The total cost of sales of bentonite mining increased by approximately 2.1% from approximately CNY13.1 million for the six months ended 30 September 2023 to approximately CNY13.3 million for the Reporting Period. The increase in the total cost of sales of bentonite mining was mainly due to increase in unit cost of sales.

The cost of sales for drilling mud compared to last year's period is stable because the increase in unit price offset the decrease in sales volume. The sales volume declined by approximately 17.8% and the unit price of cost of sales increased by approximately 21.2% compared to the same period of last year.

The cost of sales for pelletising clay increased by approximately 5.1% from approximately CNY5.8 million for the six months ended 30 September 2023 to approximately CNY6.1 million for the Reporting Period. This increase in cost of sales was attributed to a smaller decline in sales volume compared to the rise in unit price. The sales volume declined by approximately 6.6% and the unit price of cost of sales increased by approximately 12.6% compared to the same period of last year.



Gross Profit and Gross Profit Margin

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

	For the six months ended 30 September 2024		2023	
	Gross profit margin CNY'000 (Unaudited)	Gross profit margin %	Gross profit margin CNY'000 (Unaudited)	Gross profit margin %
Drilling mud	1,521	17.4	3,780	34.3
Pelletising clay	4,711	43.5	3,665	38.6
Bentonite Mining	6,232	31.8	7,445	36.3
Wealth management services	2,522	34.6	1,787	27.7
Loan interest income	766	100.0	1,014	100.0
Guarantee services fee income	566	100.0	566	100.0
Financial services	3,854	44.7	3,367	41.9
Rental income	47	100.0	45	100.0
Total	10,133	35.9	10,857	38.0

The overall gross profit decreased by approximately 6.7% from approximately CNY10.9 million for the six months ended 30 September 2023 to approximately CNY10.1 million for the Reporting Period, and the overall gross profit margin decreased from approximately 38.0% for the six months ended 30 September 2023 to approximately 35.9% for the Reporting Period. The decrease in overall gross profit margin was mainly due to the decrease in gross profit margin of bentonite mining business and increase in gross profit margin of financial services business.

Gross profit for the sale of drilling mud decreased by approximately 59.8% from approximately CNY3.8 million for the six months ended 30 September 2023 to approximately CNY1.5 million for the Reporting Period, with the gross profit margin for the sale of drilling mud decreasing from approximately 34.3% for the six months ended 30 September 2023 to approximately 17.4% for the Reporting Period. The lower sales revenue and higher cost of sales resulted in a decrease in both gross profit and gross margin.

Gross profit for the sale of pelletising clay increased by approximately 28.5% from approximately CNY3.7 million for the six months ended 30 September 2023 to approximately CNY4.7 million for the Reporting Period, with the gross profit margin for the sale of pelletising clay increased from approximately 38.6% for the six months ended 30 September 2023 to approximately 43.5% for the Reporting Period. The increase in gross profit and gross profit margin for pelletising clay was attributed to the increase in average selling price offsetted by the slightly increase in cost of sales.

The increase of gross profit of financial services was contributed by the combined effect of (i) increase of gross profit of wealth management services and (ii) decrease of loan interest income. Gross profit for the wealth management services increased by approximately 41.1% from approximately CNY1.8 million for the six months ended 30 September 2023 to CNY2.5 million for the Reporting Period, while the gross profit margin of wealth management services increased from approximately 27.7% for the six months ended 30 September 2023 to approximately 34.6% for the Reporting Period. The increase of gross profit margin of wealth management services was contributed by the cost control on the rate of commission expenses.

Other Income

No material fluctuation was noted for the other income during the six months ended 30 September 2024.

Selling and Distribution Expenses

The selling and distribution expenses decreased by approximately 10.0% from approximately CNY1.8 million for the six months ended 30 September 2023 to approximately CNY1.6 million for the Reporting Period. This was primarily due to the decrease in sales volume of pelletising clay and drilling mud for the Reporting Period.

Administrative and Other Expenses

The administrative and other expenses decreased by approximately 16.5% from approximately CNY15.1 million for the six months ended 30 September 2023 to approximately CNY12.6 million for the Reporting Period. The decrease was primarily due to decrease of legal and professional fee, staff cost and for the Reporting Period one-off loss of disposal in fixed asset of amount of approximately CNY1.3 million recorded in 2023.

Finance Costs

The finance costs increased by approximately 5.9% from approximately CNY270,000 for the six months ended 30 September 2023 to approximately CNY286,000 for the Reporting Period. The increase was mainly due to the increase in unwinding of discount on provision for dismantlement.

Income Tax (Expense)/Credit

The Group had an income tax expense of approximately CNY0.1 million for the Reporting Period and income tax credit of approximately CNY0.8 million for the six months ended 30 September 2023. The income tax expense was mainly due to the increase of PRC enterprise income tax generated from profit of PRC business.

Loss for the Period

Due to the combined effect of the aforesaid factors, the loss for the period attributable to the owners of the Company for the Reporting Period was approximately CNY3.2 million, a decrease of approximately CNY1.8 million from the loss for the period of approximately CNY5.1 million for the six months ended 30 September 2023.

Property, Plant and Equipment

The Group's property, plant and equipment amounted to approximately CNY27.6 million as at 30 September 2024, compared to approximately CNY19.1 million as at 31 March 2024.

The increase was primarily due to the increase of construction in progress of approximately CNY9.2 million during the six months ended 30 September 2024. 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.

Prepayment

The prepayment and deposits were increased by approximately CNY7.0 million from approximately CNY9.0 million as at 31 March 2024 to approximately CNY16.1 million for the Reporting Period. The increase of prepayment and deposits was due to the payment for the construction of factory facilities which the details were disclosed in the announcement dated 29 February 2024 and the circular dated 21 March 2024.

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

As at 30 September 2024, the Group had net current assets of approximately CNY74.0 million (31 March 2024: approximately CNY85.9 million).

As at 30 September 2024, the Group had cash and cash equivalents of approximately CNY19.6 million (31 March 2024: approximately CNY26.8 million) which was mainly dominated in CNY.

As at 30 September 2024, the Group has pledged its bank deposit CNY20 million (31 March 2024: CNY20 million) to secure the general banking facilities granted to an independent third party with principal amount of CNY19 million (31 March 2024: CNY19 million).

Capital Commitments

As at 30 September 2024, the Group did not have significant capital commitments (31 March 2024: Nil).

Capital Structure

There was no change to the Group's capital structure for the Reporting Period (31 March 2024: Nil).

Significant Investments Held

The Group had no significant investment held during the Reporting Period (31 March 2024: Nil).

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 Reporting Period (31 March 2024: Nil).

Charges on the Group's Assets

As at 30 September 2024, the Group has pledged its bank deposit CNY20 million (31 March 2023: CNY20 million) to secure the general banking facilities granted to an independent third party with principal amount of CNY19 million (31 March 2023: CNY19 million). Details of the pledge are as set out in note 14 to the condensed consolidated financial statements.

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

Save as disclosed in this report, the Group did not have other plan for material investments or acquisition of material capital assets during the Reporting Period.

Gearing Ratio

As at 30 September 2024, the gearing ratio was nil (31 March 2024: 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 30 September 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 note 19 to the condensed consolidated financial statements.

OUTLOOK

In the past nine months of 2024, the government has determined to step up policy efforts to stimulate the economy. A series of targeted expansionary fiscal and monetary policies and highly supportive industrial policies have been and will continue to be successively implemented to speed up recovery and stabilize growth, which will lend steady support to urban infrastructure construction as well as bentonite demand. The iron and steel industry and the building materials industry are expected to slowly recover, as the real estate industry would expect to see more policy support in various innovative ways. Investment in the "Three Major Projects" under the new development model for the real estate sector – the construction of affordable housing, the development of "dual use" public infrastructure, and urban renewal projects – is expected to partially offset the decrease in capital expenditures by real estate enterprises. In the near future, the demand for bentonite products will recover slowly, and the profit margin of bentonite products is expected to remain stable.

The Group strives to upgrade products to meet the customer requirement for energy conservation and emission reduction and maintain the sales volume of its bentonite products by improving product quality and adhering to the “selling more with lower margin” strategy. The Group intends to continue expanding its customer base and market share by boosting product awareness of its bentonite products, refining its production technology and developing new products to enhance the Group’s overall competitiveness to cope with the risks and uncertainties of the business environment.

For the financial services segment, including our insurance brokerage and money lending businesses in Hong Kong, the year 2024 saw progress amidst evolving market conditions. This progress can be attributed in the growing awareness of wealth management among consumers. Despite these advancements, the Group remains cautiously optimistic about the medium and long term prospects of this segment in Hong Kong.

The insurance brokerage business is expected to experience a dynamic landscape for the second half of the financial year, characterized by growth opportunities, evolving consumer behaviors, and significant challenges. The outlook for the insurance brokerage market in Hong Kong for the second half of the financial year is optimistic, characterized by growth opportunities arising from increased demand for insurance products and technological advancements. With projected market growth driven by robust premium increases across various segments, the Group remains vigilant in addressing regulatory changes and economic uncertainties. 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.

Looking ahead, the money lending market in Hong Kong is expected to navigate a challenging landscape characterized by cautious consumer behavior and tighter credit conditions. However, with continued economic growth projected at around 3.3% for 2024 and ongoing adjustments in lending practices, there may be opportunities for recovery within specific segments such as personal loans and corporate financing as market conditions stabilize. In summary, while the first half of 2024 has presented challenges for the money lending industry in Hong Kong, ongoing adaptations among lenders and shifts in consumer preferences could pave the way for future growth opportunities within this dynamic market. 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed 122 full time employees (as at 30 September 2023: 131) for its principal activities. Employees' costs (including Directors' emoluments) amounted to approximately CNY10.4 million for the Reporting Period (six months ended 30 September 2023: approximately CNY12.7 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

APPRECIATION

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

By Order of the Board

P.B. Group Limited

CHAN Man Fung

Executive Director and Co-chairman

Hong Kong, 29 November 2024

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2024, the interests and short positions of the Directors and chief executives of the Company in the shares (the "Share(s)"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which were 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 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 the Directors as referred to in Rule 5.46 of the GEM Listing Rules, were set out below:

Interests and short positions in shares of the Company

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

Notes:

1. 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.
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. 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.

Save as disclosed above, as at 30 September 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.

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

As at 30 September 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 and 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:

Interests and short positions in shares of the Company

Name of substantial shareholders	Long/Short position	Capacity	Number of Shares	Notes	Approximate percentage of the issued Shares %
P.B. Capital Advanced Fund SPC– P.B. Capital Advance Fund 1 Segregated Portfolio	Long Position	Beneficial owner	11,176,200		7.02
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. 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 a controlled corporation	46,690,572	2	29.34

Notes:

- 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.
- 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 30 September 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.

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 30 September 2024.

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.

Details of the Share Option Scheme are set out in note 18 to the condensed consolidated financial statements.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix C1 to the GEM Listing Rules as its own code of corporate governance.

During the Reporting Period and up to the date of this report, the Company has complied with all the code provisions set forth in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the GEM Listing Rules, except for the following deviation from the CG Code which is explained below:

Pursuant to the code provision C.2.1 in the CG Code as set out in the Part 2 of Appendix C1 to the GEM Listing Rules, it is stated that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. PUI Wai Lun has performed both of the roles as the co-chairman of the Board (the “Co-chairman”) and the chief executive officer of the Company (the “Chief Executive Officer”) which deviates from the code provision C.2.1 of the CG Code.

Currently, Mr. PUI Wai Lun and Dr. CHAN Man Fung are Co-chairmen and responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. In addition, Mr. PUI Wai Lun is the Chief Executive Officer, taking care of the day-to-day management of the

Group's business and implementing the Group's policies, strategic plans and business goals formulated by the Board since 27 September 2024. Although Mr. PUI Wai Lun is both a Co-chairman and the Chief Executive Officer, the power of chairman has been shared by the other Co-chairmen, Dr. CHAN Man Fung, who would also exercise his power and authorities as a Co-chairman in managing the affairs of the Board and the Company. Besides, with three independent non-executive Directors out of a total of six Directors in the Board, there are sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole.

The Board considers that the balance of power and authority for the present arrangement has not been impaired and this structure enables the Company to make and implement decisions promptly and effectively. The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation.

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 Reporting Period.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors and controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group and any other conflicts of interests which such person had or may have with the Group.

PRE-EMPTIVE RIGHTS

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

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, any of the Company's listed securities (including sale of treasury shares (within the meaning of the GEM Listing Rules), if any) during the Reporting Period. As at 30 September 2024, the Company did not hold any such treasury shares.

EVENTS AFTER THE REPORTING PERIOD

There have been no material events undertaken by the Company or the Group occurring after the Reporting Period and up to the date of this report.

AUDIT COMMITTEE

The Company has an audit committee of the Company ("Audit Committee") which was established in accordance with the requirements of the GEM Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. CHAN Ka Wai (chairman of Audit Committee), Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The unaudited condensed consolidated financial statements and this report of the Group for the Reporting Period have been reviewed by the Audit Committee, which was of the opinion that the preparation of such statements complied with applicable IFRSs and that adequate disclosure has been made in respect thereof.



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 2024 and up to the date of this report are as follows:

1. Mr. PANG Ho Yin has retired as an executive Director and ceased to be Chief Executive Officer with effect from 27 September 2024.
2. Mr. PUI Wai Lun has been appointed as Chief Executive Officer with effective from 27 September 2024.

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.

RELATED PARTY TRANSACTIONS AND CONTINUING RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the six months ended 30 September 2024 are disclosed in note 20 to the condensed 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 report, based on the information that is publicly available to the Company and within the knowledge of the Directors, there was sufficient public float of not less than 25% of the Company's issued Shares as required under the GEM Listing Rules.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 September 2023: Nil).

OTHER INFORMATION

Prepayment to Suppliers

Reference was made to the Company's 2018, 2019, 2020, 2021, 2022/23 and 2023/24 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. The Pre-Trial Review was held on 27th November 2024.
- 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. The Pre-Trial Review was 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.

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, 28 July 2023 and 30 July 2024, the circular of the Company dated 26 August 2022, 18 August 2023 and 27 August 2024 in relation to the provision of financial guarantee services. On 30 July 2024, a renewal agreement to renew the back-to-back guarantee agreement was entered by 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 30 July 2024, 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 27 August 2024.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
		2024	2023
	<i>Notes</i>	CNY'000	<i>CNY'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	28,232	28,587
Cost of sales		(18,099)	(17,730)
		<hr/>	<hr/>
Gross profit		10,133	10,857
Other income	4	1,198	1,098
Selling and distribution expenses		(1,596)	(1,773)
Administrative and other expenses		(12,611)	(15,100)
Finance costs	5	(286)	(270)
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss	15	17	(675)
		<hr/>	<hr/>
Loss before tax		(3,145)	(5,863)
Income tax (expense)/credit	6	(102)	797
		<hr/>	<hr/>
Loss for the period	7	(3,247)	(5,066)
Other comprehensive (loss)/income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(410)	1,910
		<hr/>	<hr/>
Total comprehensive loss for the period		(3,657)	(3,156)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the period attributable to owners of the Company		(3,247)	(5,066)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive loss for the period attributable to owners of the Company		(3,657)	(3,156)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share (<i>CNY</i>):			
Basic and diluted	9	(2.04) cents	(3.18) cents
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024	31 March 2024
	<i>Notes</i>	CNY'000 (Unaudited)	<i>CNY'000</i> (Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	27,627	19,066
Right-of-use assets		2,562	2,609
Investment property	<i>11</i>	2,376	2,426
Intangible assets	<i>12</i>	4,893	4,936
Deferred tax assets		587	543
Restricted bank balances	<i>14</i>	14,403	14,345
		52,448	43,925
Current assets			
Inventories		6,208	5,715
Trade, guarantee service fee, loan and loan interest, bills and other receivables	<i>13</i>	46,876	53,218
Financial assets at fair value through profit or loss	<i>15</i>	1,535	1,551
Pledged bank deposit	<i>14</i>	20,000	20,000
Bank balances and cash	<i>14</i>	20,249	27,445
		94,868	107,929
Current liabilities			
Trade and other payables	<i>16</i>	19,687	20,892
Income tax payables		1,196	1,150
		20,883	22,042
Net current assets		73,985	85,887
Total assets less current liabilities		126,433	129,812

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30 September 2024

	30 September 2024	31 March 2024
<i>Note</i>	<i>CNY'000</i>	<i>CNY'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Asset retirement obligations	10,468	10,182
Deferred income	150	158
	10,618	10,340
Net assets	115,815	119,472
Capital and reserves		
Share capital	13,261	13,261
Reserves	102,554	106,211
Total equity	115,815	119,472



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Share capital	Share premium	Other reserve <i>(Note (i))</i>	Statutory reserve <i>(Note (ii))</i>	Safety fund and maintenance fund <i>(Note (iii))</i>	Foreign currency translation reserve	Accumulated losses	Total
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
At 1 April 2023 (audited)	13,261	146,974	23,351	8,731	1,880	2,695	(72,001)	124,891
Loss for the period	-	-	-	-	-	-	(5,066)	(5,066)
Exchange difference arising on translation of financial statement of foreign operations	-	-	-	-	-	1,910	-	1,910
Other comprehensive income for the period	-	-	-	-	-	1,910	-	1,910
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,910	(5,066)	(3,156)
Appropriation to statutory reserve	-	-	-	1,250	-	-	(1,250)	-
At 30 September 2023 (unaudited)	<u>13,261</u>	<u>146,974</u>	<u>23,351</u>	<u>9,981</u>	<u>1,880</u>	<u>4,605</u>	<u>(78,317)</u>	<u>121,735</u>
At 1 April 2024 (audited)	13,261	146,974	23,351	9,243	1,899	4,357	(79,613)	119,472
Loss for the period	-	-	-	-	-	-	(3,247)	(3,247)
Exchange difference arising on translation of financial statement of foreign operations	-	-	-	-	-	(410)	-	(410)
Other comprehensive loss for the period	-	-	-	-	-	(410)	-	(410)
Total comprehensive loss for the period	-	-	-	-	-	(410)	(3,247)	(3,657)
At 30 September 2024 (unaudited)	<u>13,261</u>	<u>146,974</u>	<u>23,351</u>	<u>9,243</u>	<u>1,899</u>	<u>3,947</u>	<u>(82,860)</u>	<u>115,815</u>

Notes:

(i) OTHER RESERVE

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

(ii) STATUTORY RESERVE

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

(iii) SAFETY FUND AND PRODUCTION MAINTENANCE FUND

As stipulated by the State Administration of Work Safety of the PRC, Wuhu Subsidiary 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.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended	
	30 September	
	2024	2023
<i>Note</i>	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,416	9,004
NET CASH USED IN INVESTING ACTIVITIES	(9,299)	(164)
NET CASH USED IN FINANCING ACTIVITIES	–	(517)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,883)	8,323
CASH AND CASH EQUIVALENTS AT 1 APRIL	26,779	29,001
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,319)	561
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	19,577	37,885

14

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 July 2015 and its shares were listed on the GEM of the Stock Exchange on 29 December 2015. P.B. Asia Holdings Limited held 34,235,118 Shares, representing approximately 21.52% of the total number of issued Shares and Bonus Eventus Securities Limited held 40,690,572 Shares, representing approximately 29.34% of the total number of issued Shares. P.B. Asia Holdings Limited and Bonus Eventus Securities Limited are owned and indirectly owned as to 50% by Dr. CHAN Man Fung and 50% by Mr. PUI Wai Lun. In addition, Dr. CHAN Man Fung directly holds 6,682,000 Shares, representing approximately 4.2% of the total number of issued Shares.

The address of the registered office of the Company is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands and the address of the principal place of business of the Company is Room 1601, 16/F., Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong.

The Company is an investment holding Company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in bentonite mining, production and sales of drilling mud and pelletising clay, financial services business and rental business.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2024 are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2024.

The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 April 2024:

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

The adoption of these new and amended standards does not have significant impact on the condensed consolidated financial statements of the Group.

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

The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies.

The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 of the Group are presented in Chinese Yuan ("CNY"), which is also the functional currency of the Company. CNY is the currency of the primary economic environment in which the principal subsidiary of the Company operates (the functional currency of the principal subsidiary).

3. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. Information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

For management purpose, the Group has three reportable and operating segments: (i) bentonite mining, production and sales of drilling mud and pelletising clay, (ii) financial services business and (iii) property investment.

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

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	CNY'000	CNY'000
Drilling mud	8,739	11,028
Pelletising clay	10,829	9,484
Total revenue of bentonite mining	19,568	20,512
Wealth management services income	7,285	6,450
Loan interest income	766	1,014
Guarantee service fee income	566	566
Total revenue of financial services	8,617	8,030
Rental income	47	45
Total rental income	47	45
Total revenue	28,232	28,587

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical information

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

	Six months ended 30 September	
	2024	2023
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Hong Kong	8,098	7,509
PRC excluding Hong Kong	20,134	21,078
	<hr/>	<hr/>
Total revenue	28,232	28,587

4. OTHER INCOME

	Six months ended 30 September	
	2024	2023
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Bank interest income	633	683
Release of government grant for property, plant and equipment	13	13
Government grant	8	8
Other income	544	394
	<hr/>	<hr/>
	1,198	1,098

5. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liability	-	13
Unwinding of discount on provision for dismantlement	286	257
	<hr/>	<hr/>
	286	270

6. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 September	
	2024	2023
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	(150)	-
Hong Kong Profits Tax	-	(71)
Deferred taxation:		
Current period	48	868
	(102)	797

Notes:

- Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.
- Hong Kong profits tax is provided at the rate of 16.5% on the Group's estimated assessable profit for the Reporting Period.
- Under the Law of the PRC on EIT ("EIT Law") and implementation regulation of the EIT Law, the tax rate of the subsidiaries established in the PRC other than Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司) is 25% for both periods.
- Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司) was recognised as a High Technology Enterprise and subject to EIT law at 15% for both periods.

* For identification purpose only

7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2024	2023
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Amortisation of intangible asset	36	36
Amortisation of prepaid lease payments	20	20
Amount of inventories recognised as an expenses	12,725	11,883
Exchange loss/(gain), net	19	(169)
Depreciation of property, plant and equipment	628	965
Depreciation of right-of-use assets	-	419
Amortisation of land-use right	46	46

8. DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period, nor has any dividend been proposed since the end of the Reporting Period (six months ended 30 September 2023: nil).

9. LOSS PER SHARE

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

	Six months ended 30 September	
	2024	2023
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(3,247)</u>	<u>(5,066)</u>

	Six months ended 30 September	
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000 shares)	<u>159,114</u>	<u>159,114</u>
Basic and diluted loss per share (CNY)	<u>(2.04) cents</u>	<u>(3.18) cents</u>

Note:

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

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group spent approximately CNY9,241,000 (six months ended 30 September 2023: approximately CNY164,000) on acquisition of property, plant and equipment.

During the Reporting Period, the Group has disposed certain property, plant and equipment with cost values of approximately CNY6,000 and net carrying value of CNYnil (six months ended 30 September 2023: approximately CNY1,267,000) for no cash proceeds (six months ended 30 September 2023: nil), resulting in no any loss on disposal (six months ended 30 September 2023: approximately CNY1,267,000).

11. INVESTMENT PROPERTY

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Fair value at the beginning of period/year	2,426	2,457
Net loss from fair value adjustment	-	(163)
Exchange adjustments	(50)	132
	<hr/>	<hr/>
Fair value at the end of period/year	<u>2,376</u>	<u>2,426</u>

12. INTANGIBLE ASSETS

During the six months end 30 September 2024, the Group did not spend any expenditure (six months ended 30 September 2023: nil) in relation to the mining site.

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

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Trade receivables – goods	10,606	9,584
Trade receivables – wealth management services	431	1,054
Guarantee service fee receivables	200	–
Less: loss allowance	(144)	(144)
	11,093	10,494
Loan and loan interest receivables	12,187	14,158
Less: loss allowance	(1,891)	(1,932)
	10,296	12,226
Bill receivables	3,772	12,610
Prepayments and deposits	16,076	9,043
Other receivables	5,837	9,214
Less: loss allowances	(198)	(369)
	46,876	53,218

As at 30 September 2024 and 31 March 2024, trade receivables from contracts with customers amounted to approximately CNY11,093,000 and approximately CNY10,494,000 respectively.

The Group offers revolving credit to one of its customer amounted approximately CNY400,000 as at 30 September 2024 (31 March 2024: one customer amounted approximately CNY400,000). This revolving credit provides for a predetermined credit limit that may be outstanding at any one time based on their background, credit history, length of business relationship and historical transaction amounts. The Group generally evaluates the credit limits granted to the customer annually upon renewal of the relevant sales agreements and upon special request from the customers. The Group held charges on such customers' vehicles as collaterals over the balance of approximately CNY400,000 as at 30 September 2024 (31 March 2024: approximately CNY400,000). Such collateral is not transferable and rentable and can be realised by the Group at first priority upon the liquidation or deregistration of such customer. For the remaining balances of approximately CNY21,617,000 as at 30 September 2024 (31 March 2024: approximately CNY22,274,000), the Group does not hold any collateral over these amounts.

13. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES (Cont'd)

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

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Within 30 days	11,043	10,238
31 to 60 days	80	222
61 to 90 days	39	29
Over 90 days	75	5
	<hr/>	<hr/>
Total	<u>11,237</u>	<u>10,494</u>

As at 30 September 2024 and 31 March 2024, all of the bills receivables were aged within 180 days.

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

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Within 30 days	8,772	9,569
31 to 60 days	5	3
61 to 90 days	274	–
Over 90 days	1,245	2,654
	<hr/>	<hr/>
Total	<u>10,296</u>	<u>12,226</u>

14. 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 0.15% to 3.24% per annum (31 March 2024: 0.25% to 3.24% per annum) during the Reporting Period.

Pledged bank deposit

Pledged bank deposit represented deposit pledged to banks to secure general banking facilities granted to an independent third party. During the Reporting Period, the bank deposit of CNY20,000,000 (31 March 2024: CNY20,000,000) has been pledged to secure short-term bank borrowing of the independent third party and was therefore classified as current asset. The pledged bank deposit carry interest rates at 1.95% per annum (31 March 2024: 2.1% per annum) and will be released upon the expiry of the relevant banking facilities.

Bank balances and cash

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

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Cash at bank and in hand	19,577	26,779
Short-term bank deposits	672	666
Bank balances and cash shown in the condensed consolidated statement of financial position	20,249	27,445
Less: Bank deposits with a maturity of more than three months	(672)	(666)
Cash and cash equivalents shown in the condensed consolidated statement of cash flows (<i>Note</i>)	19,577	26,779

Note:

Bank balances and bank deposits carried at prevailing market rates ranging from 0.15% to 1.85% per annum during the Reporting Period (31 March 2024: 0.10% to 1.89% per annum).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Equity securities listed in Hong Kong	1,535	1,551

As at 30 September 2024, the fair values of equity securities listed in Hong Kong were determined based on the quoted market closing prices available on the Stock Exchange. The equity securities were held in a portfolio designated by management of the Group as held for trading and are classified as current asset as at 30 September 2024.

16. TRADE AND OTHER PAYABLES

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Trade payables (<i>Note a</i>)	4,089	4,956
Other payables and accruals	15,472	15,810
Contract liabilities (<i>Note b</i>)	126	126
	19,687	20,892

(a) Trade payables

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

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Within 30 days	3,872	4,376
31 to 60 days	127	350
61 to 90 days	49	217
Over 90 days	41	13
Total	4,089	4,956

The average credit period granted is 30 days.

16. TRADE AND OTHER PAYABLES (Cont'd)

(b) Contract liabilities

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

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Contract liabilities arising from:		
Sales of goods	<u>126</u>	<u>126</u>

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

Movements in contract liabilities:

	As at 30 September 2024 CNY'000 (Unaudited)	As at 31 March 2024 CNY'000 (Audited)
Balance as at 1 April 2024/2023	126	76
Decrease in contract liabilities as a result of recognising revenue during the reporting period/year that was included in the contract liabilities at the beginning of the reporting period/year	-	(76)
Increase in contract liabilities as a result of receipt in advance of sales of drilling mud and pelletising clay not yet delivered at the end of reporting period/year	-	126
As at 30 September 2024/31 March 2024	<u>126</u>	<u>126</u>

17. SHARE CAPITAL

	Number of shares	Share capital	
		HK\$'000	CNY'000
Ordinary share of HK\$0.1 each			
Authorised			
As at 1 April 2023, 31 March 2024 and 30 September 2024	<u>1,000,000,000</u>	<u>100,000</u>	
Issued and fully paid			
As at 1 April 2023, 31 March 2024 and 30 September 2024	<u>159,114,400</u>	<u>15,911</u>	<u>13,261</u>

18. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

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

No share options have been granted, exercised, expired, lapsed, cancelled and outstanding during the Reporting Period (six months ended 30 September 2023: nil).

19. CONTINGENT LIABILITIES

During the Reporting Period, Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司) entered into the back-to-back Guarantee Agreement, pursuant to which Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司) has agreed to provide financial guarantee to the Wuhu Haiyuan Copper Industrial Co., Limited* (蕪湖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 30 September 2024, 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, Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司) receive a guarantee fee of 6% of the amount of deposit pledged by Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司). The fair value of the financial guarantee issued at initial recognition was immaterial.

* For identification purpose only

20. RELATED PARTY TRANSACTIONS

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

Compensation to key management personnel

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

	Six months ended 30 September	
	2024	2023
	CNY'000	CNY'000
	(Unaudited)	(Unaudited)
Short-term benefits	620	447
Post employment benefit	8	8
	628	455

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

Related party relationship	Notes	Type of transaction	Transaction amount	
			Six months ended 30 September	
			2024	2023
			CNY'000	CNY'000
			(Unaudited)	(Unaudited)
Company controlled by member of key management personnel	(i)	Accounting fees	609	273
	(i)	Internal Control and ESG Reporting fee	452	365
	(i)	Motor car expenses	149	41
	(i)	Consultancy fee	507	-
Company controlled by the common directors	(ii)	Secretarial fees	443	689
	(ii)	Consultancy fee	74	327
	(ii)	Rental expenses	120	110
	(ii)	Equity analysis services fee	-	28

Notes:

- (i) Accounting fees, internal control and ESG reporting fee, motor car expenses and consultancy fee were paid to a company directly owned by key management personnel of the Group.
- (ii) Secretarial fees, consultancy fee, rental expenses and equity analysis services fee were paid to companies controlled by directors.