
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in P.B. Group Limited (the “**Company**”), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

MAJOR TRANSACTION
RENEWAL OF FINANCIAL GUARANTEE

A letter from the Board is set out on pages 4 to 9 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders' approval pursuant to Rule 19.44 of the GEM Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

This circular will remain on the Stock Exchange's website at www.hkexnews.hk on the “Latest Company Announcements” page for at least seven days from the date of its publication and on the website of the Company at www.thepbg.com.

27 August 2024

CHARACTERISTICS OF GEM

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

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

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2023 Agreement”	the back-to-back guarantee agreement dated 28 July 2023 and entered into between the Wuhu Subsidiary and the Borrower to renew the back-to-back agreement dated 28 July 2022, details of which were set out in the announcement of the Company dated 28 July 2023
“Announcement”	the announcement made by the Company dated 30 July 2024 regarding the provision of the Guarantee
“Bonus Eventus”	Bonus Eventus Securities Limited, a company incorporated in the Hong Kong with limited liability 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 and 50% by Mr. Pui
“Borrower”	Wuhu Haiyuan Copper Industrial Co., Ltd* (蕪湖市海源銅業有限責任公司), a company established in the PRC and an Independent Third Party
“Company”	P.B. Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8331)
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Man Fung, the Co-chairman of the Company and an executive Director
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guarantee”	the financial guarantee to the Borrower for procuring it to obtain the loan provided by the lending bank with principal amount of RMB19 million (equivalent to approximately HK\$20.8 million) by means of the Wuhu Subsidiary entering into a guarantee contract for the pledge of its deposit in the sum of RMB20 million (equivalent to approximately HK\$21.9 million) with the lending bank
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons
“Latest Practicable Date”	22 August 2024, being the latest practicable date for ascertaining certain information for inclusion in this circular prior to the printing of this circular
“Mr. Pui”	Mr. Pui Wai Lun, the Co-chairman of the Company and an executive Director
“P.B. Asia”	P.B. Asia Holdings Limited, a company incorporated in British Virgin Islands with limited liability which is owned as to 50% by Dr. Chan and 50% by Mr. Pui
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewal Agreement”	the back-to-back guarantee agreement dated 30 July 2024 and entered into between the Wuhu Subsidiary and the Borrower in relation to the Guarantee
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Wuhu Subsidiary”	Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司), a wholly-owned subsidiary of the Company established in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

The provision of English translation of names in Chinese language which are marked with “*” are not official names but are provided for identification purposes only.

LETTER FROM THE BOARD



(incorporated in Cayman Islands with limited liability)
(Stock code: 8331)

Executive Directors:

Dr. CHAN Man Fung (*Co-chairman*)
Mr. PUI Wai Lun (*Co-chairman*)
Mr. PANG Ho Yin
Ms. ZONG Yan

Registered office:

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

Independent non-executive Directors:

Mr. CHAN Ka Wai
Mr. CHOW Chi Hang Tony
Dr. KWOK Hiu Fung

Principal place of business in Hong Kong:

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

27 August 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION RENEWAL OF FINANCIAL GUARANTEE

1. INTRODUCTION

References are made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the financial assistance to be provided by the Company to the Borrower; (ii) financial information of the Group; and (iii) other information in accordance with the GEM Listing Rules.

2. PROVISION OF THE GUARANTEE TO THE BORROWER

Wuhu Subsidiary has been providing financial guarantee to the Borrower for procuring it to obtain a loan of RMB19 million (equivalent to approximately HK\$20.8 million) provided by Huishang Bank (徽商銀行) in the PRC (the “**Lending Bank**”) by entering into a guarantee contract for the pledge of its deposit in the sum of RMB20 million (equivalent to approximately HK\$21.9 million) with the Lending Bank since 2018.

LETTER FROM THE BOARD

Wuhu Subsidiary and the Borrower has entered into the Renewal Agreement, 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 RMB20 million and in return the Wuhu Subsidiary shall receive a guarantee fee of 6% of the amount of deposit pledged by the Wuhu Subsidiary.

A brief summary of the Renewal Agreement is set out below:

- (a) Date : 30 July 2024
- (b) Parties : The Borrower; and Wuhu Subsidiary
- (c) Purpose : To provide financial guarantee to the Borrower for procuring it to obtain the loan provided by the lending bank in the PRC with principal amount of RMB19 million (equivalent to approximately HK\$20.8 million)
- (d) Guarantee Fee : 6% of the amount deposit pledged by the Wuhu Subsidiary payable annually to Wuhu Subsidiary by the Borrower (determined after making reference to the guarantee fee charged by other guarantors in similar transaction ^{Note 1})
- (e) Security : The Borrower shall provide security of its main products comprising electrolytic copper, copper rod and copper busbar with market value of not less than RMB20 million during the term of the Guarantee. In the event that the market value of the security falls below RMB20 million at any time during the term of the Guarantee, the Borrower shall provide additional security to meet the shortfall upon request by the Wuhu Subsidiary
- (f) Term : One year commencing from 31 July 2024 to 31 July 2025

Note 1: The Company made reference to the guarantee services provided by Jinshang Bank, a commercial bank in China, which is an Independent Third Party. According to a notice issued by Jinshang Bank, Jinshang Bank charges up to 5% of the guarantee balance per annum for the provision of financial guarantee services. Jinshang Bank also charges up to 1% of the guarantee balance as assessment fee. The Company has also enquired other banks in the PRC, and noted that the guarantee fees charged by those banks for the provision of guarantee services fall within a similar range. Based on the above, the Company considers the guarantee fee charged by Wuhu Subsidiary is fair and reasonable.

LETTER FROM THE BOARD

3. REASONS FOR AND BENEFITS OF THE PROVISION OF FINANCIAL ASSISTANCE

The Group is principally engaged in (i) bentonite mining; (ii) the production and sales of drilling mud and pelletising clay; (iii) financial service business, including money lending business and wealth management services in Hong Kong as well as generating financial guarantee fee income in the PRC and (iv) rental business.

As disclosed in the annual report of the Company for the year ended 31 March 2024, 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. Nonetheless, faced with the complex and ever-changing environment in the future, the Board considers that the provision of Guarantee in favour of the Borrower will better utilise the Group’s cash in return for a stable interest income (i.e. the annual guarantee fee from the Borrower and the normal bank deposit interest income).

As at the Latest Practicable Date, the annual guarantee fee under the 2023 Agreement in the amount of RMB1.2 million has been duly received by the Group. The Wuhu Subsidiary provided financial guarantee to the Borrower since 2018, timely payments of the annual guarantee fee under the back-to-back guarantee agreements were made by the Borrower to the Group and, to the best knowledge of the Directors, there was no default on the part of the Borrower with the lending bank. With the security provided by the Borrower, being the main products of the Borrower, the Directors consider that its financial exposure has been secured.

The market value of electrolytic cooper is determined based on (i) the price quoted on the Shanghai Futures Exchange and the Changjiang Coloured Metal Website* (長江有色金屬網); and (ii) the physical delivery unit price. The market value of cooper rod and cooper busbar are determined based on the market value of electrolytic cooper together with processing fees in accordance with industry norm. The Company conducts weekly reviews on the market price of the main products by referring to the price quoted on the Shanghai Futures Exchange and the Changjiang Coloured Metal Website. Electrolytic copper, cooper rod and cooper busbar are purchased by copper processing companies and power equipment manufacturers in order to produce materials including but not limited to copper foil and copper strips for the manufacturing of electronic components. The Directors consider that there is a liquid market for these securities

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as copper is one of the most commonly used metal, and in the event of default, the Company may sell the securities to various copper processing companies in Wuhu. According to the Renewal Agreement, the main products are stored in a storage where the Company have access to, in the event of default, the Company may dispose the main products in the storage.

To the Directors' best information and knowledge, the term of the loan agreement entered into between the Borrower and the Lending Bank is one year. The Company has conducted review on the financial position of the Borrower before entering into the Renewal Agreement. The Company considers that the credit risk of the Borrower under the Guarantee is low after evaluating the financial ability of the Borrower because (i) the interest payable by the Borrower to the Lending Bank amounts to less than 1% of the net asset of the Borrower for the financial years ended 31 December 2019, 2020, 2021, 15-month period ended 31 March 2023 and for the financial year ended 31 March 2024, respectively; and (ii) the 6% guarantee fee payable by the Borrower to the Group only amounts to no more than 1.5% of the net asset of the Borrower for the financial years ended 31 December 2019, 2020, 2021, 15-month period ended 31 March 2023 and for the financial year ended 31 March 2024, respectively.

As the Company has a decent understanding of the background of the Borrower and has established a good track record with the Borrower by now, the Directors are of the view that the renewal of the provision of the Guarantee with the Borrower would continue to provide an efficient and cost-effective way to utilise the Group's cash to secure reasonable return for the Company and its Shareholders as a whole.

In view of the foregoing, the Board considers that the annual guarantee fee from the Borrower together with the normal bank deposit interest income under the Renewal Agreement could generate a stable source of revenue for the Group. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the use of the renewed loan by the Borrower with the lending bank is for working capital purpose.

The Directors consider that the terms and conditions of the Renewal Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

4. INFORMATION ON THE BORROWER

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Borrower is a company established in the PRC in 1996 with a registered capital of RMB32 million principally engaged in manufacture and subcontracting of nonferrous metals in the PRC and its main products are copper rod, copper busbar, high frequency resistance welding copper wire and other copper materials. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Borrower and its ultimate beneficial owner, namely, Mr. Zhou Tianliang are Independent Third Parties.

LETTER FROM THE BOARD

5. FINANCIAL EFFECTS OF RENEWING THE FINANCIAL GUARANTEE ON THE GROUP

There is an increase in earnings of the Group which amounts to approximately RMB1.2 million, being the guarantee fee payable to the Wuhu Subsidiary, and the same will be recorded to the Group's statement of profit or loss.

There is no immediate effect on the assets and liabilities of the Group on the date of renewing the financial guarantee. However, the Company, as the guarantor, will be responsible for the principal amount of RMB19 million and any interest, other bank charges, costs and expenses accrued thereon if the Borrower fails to make payments in accordance with the facility agreement between the Borrower and the Lending Bank.

6. IMPLICATIONS UNDER THE GEM LISTING RULES

The provision of the Guarantee constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements.

7. WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 19.44 of the GEM Listing Rules, Shareholders' approval of the Guarantee may be given by way of written Shareholders' approval in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Guarantee and the transactions contemplated thereunder; and (ii) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued Shares of the Company giving the right to attend and vote at that general meeting to approve the Guarantee and the transactions contemplated thereunder.

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates (as defined in the GEM Listing Rules) has any material interest in the Renewal Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Renewal Agreement.

The written Shareholders' approval of the transactions contemplated thereunder has been obtained from P.B. Asia, Bonus Eventus and Dr. Chan, which in aggregate hold 87,607,690 Shares, representing approximately 55.06% of the total number of issued Shares of the Company as at the Latest Practicable Date. Pursuant to Rule 19.44 of the GEM Listing Rules, the written Shareholders' approval from P.B. Asia, Bonus Eventus and Dr. Chan has been accepted in lieu of holding a general meeting for the approval of the Guarantee and the transactions contemplated thereunder.

LETTER FROM THE BOARD

8. RECOMMENDATION

This circular is despatched to Shareholders for information purposes only. Although no general meeting will be convened, the Directors (including the independent non-executive Directors) are of the view that the transaction, based on the reasons set out in the above paragraph “REASONS FOR AND BENEFITS OF THE PROVISION OF FINANCIAL ASSISTANCE”, is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting was convened for approving the transaction under the Renewal Agreement, the Board would recommend the Shareholders to vote in favour of the ordinary resolution(s) to approve the Renewal Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the other additional information set out in the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
For and on behalf of the Board of
P.B. Group Limited
CHAN Man Fung
Executive Director and Co-chairman

(1) FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 December 2021, the audited consolidated financial statements of the Group for the 15-month period ended 31 March 2023 and the year ended 31 March 2024 were disclosed in the annual reports of the Company for the year ended 31 December 2021 (pages 99 to 160) respectively, the 15-month period ended 31 March 2023 (pages 103 to 178) and the year ended 31 March 2024 (pages 106 to 184). The aforementioned financial information of the Group has been published on both the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.thepbg.com.

Please refer to the hyperlinks as stated below:

Annual Report for the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0327/2022032700244.pdf>

Annual Report for the 15-month period ended 31 March 2023:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0702/2023070200049.pdf>

Annual Report for the year ended 31 March 2024:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0724/2024072400353.pdf>

(2) STATEMENT OF INDEBTEDNESS

As at 31 July 2024, being the most recent practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

Borrowings

As at 31 July 2024, being the most recent practicable date for the purpose of this statement of indebtedness, the Group has outstanding borrowings of approximately RMB22,401 details of which are set out as follows:

	31 July 2024
	unaudited
	<i>RMB</i>
Amount due to directors ^(Note)	<u>22,401</u>

Note: The amounts are unsecured, interest free and has no fixed terms of repayment. The amounts due to directors are amounted at HK\$24,474. The exchange rate accepted on that date is HK\$1: RMB0.9153.

Contingent liabilities and financial guarantees

As at 31 July 2024, the Group's financial guarantee contracts were as follows:

RMB

Fair value of financial guarantees provided to third party	<u>50,000</u>
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During the period ended 31 July 2024, the Group entered into a back-to-back guarantee agreement, pursuant to which the Wuhu Subsidiary has agreed to provide financial guarantee to the Borrower, an Independent Third Party, by means of pledging its deposit in the sum of RMB20 million (equivalent to approximately HK\$21.9 million) for procuring the Borrower to obtain the loan of RMB19 million (equivalent to approximately HK\$20.8 million) provided by the bank. In return, the Wuhu Subsidiary would receive a guarantee fee of 6% of the amount of deposit pledged by the Wuhu Subsidiary. The fair value of the financial guarantee issued at initial recognition was immaterial.

Lease liabilities

As at 31 July 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the date of this circular, the Group had lease liabilities of HK\$721,480, which were unguaranteed and unsecured.

Pledged bank deposit

Pledged bank deposit represented deposit pledged to bank to secure short-term bank borrowing granted to an Independent Third Party. As at 31 July 2024, the bank deposit of RMB20 million 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 and will be released upon the expiry of the short-term bank borrowing.

Save as disclosed above, and apart from intra-group liabilities, the Group did not have any outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees, debt securities, term loans, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or other material contingent liabilities as at 31 July 2024.

(3) WORKING CAPITAL

The Directors are of the opinion that, taking into account the effect of the Renewal Agreement, cash flow from operations, and the Group's present available financial resources, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular.

(4) FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment holding company and the Group is principally engaged in (i) bentonite mining, the production and sales of drilling mud and pelletising clay in the PRC; (ii) financial service business, including money lending business and wealth management services in Hong Kong as well as generating financial guarantee fee income in the PRC; and (iii) rental business.

Bentonite Mining Business

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

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

Financial Service Business

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.

(5) MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that save as disclosed in the annual report for the year ended 31 March 2024, there has been no material adverse change in the financial or trading position of the Group since 31 March 2024, the date to which the latest published audited accounts of the Group were made up.

(1) RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

(2) DISCLOSURE OF INTERESTS**(a) Directors' Interests**

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares and the underlying shares

Name of Director	Number of Shares held	Capacity	Approximate percentage of the issued share capital of the Company
Dr. Chan	34,235,118	Interests of a controlled corporation <i>Note 1</i>	21.52%
	46,690,572	Interests of a controlled corporation <i>Note 2</i>	29.34%
	6,682,000	Beneficial Owner	4.20%
Mr. Pui	34,235,118	Interests of a controlled corporation <i>Note 1</i>	21.52%
	46,690,572	Interests of a controlled corporation <i>Note 2</i>	29.34%

Note 1: P.B. Asia is owned as to 50% by Dr. Chan and 50% by Mr. Pui. By virtue of the SFO, Dr. Chan and Mr. Pui are deemed to be interested in these 34,235,118 Shares.

Note 2: Bonus Eventus 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 and 50% by Mr. Pui. By virtue of the SFO, Dr. Chan and Mr. Pui are deemed to be interested in these 46,690,572 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or the chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions

Name of Substantial Shareholders	Number of Shares held	Capacity	Approximate percentage of the issued share capital of the Company
Mr. ZHANG Qiang	27,500,000	Beneficial Owner	17.28%
Ms. WANG Jie <i>Note 1</i>	27,500,000	Interest of Spouse	17.28%
P.B. Capital Advanced Fund SPC – P.B. Capital Advance Fund 1 Segregated Portfolio	11,176,200	Beneficial Owner	7.02%
P.B. Asia	34,235,118	Beneficial Owner	21.52%
Bonus Eventus <i>Note 2</i>	46,690,572	Beneficial Owner	29.34%
Value Dynasty Limited <i>Note 2</i>	46,690,572	Beneficial Owner	29.34%

Note:

1. Ms. WANG Jie is the spouse of Mr. ZHANG Qiang. Therefore, Ms. WANG Jie is deemed to be interested in the Shares in which Mr. ZHANG Qiang is interested.
2. Bonus Eventus 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 and 50% by Mr. Pui. By virtue of the SFO, Dr. Chan and Mr. Pui are deemed to be interested in these 46,690,572 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(3) DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or may be terminated by the employer within one year without payment of compensation, other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (c) None of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

(4) DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, 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.

(5) LITIGATION

As disclosed in the annual report of the Company for the year ended 31 March 2024, 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.
- 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.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any member of the Group.

(6) MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular which are, or may be, material:

- (a) a back-to-back guarantee renewal agreement dated 28 July 2023 and entered into between the Wuhu Subsidiary and the Borrower in relation to the renewal of the Guarantee;
- (b) the contract dated 28 July 2023 entered between Wuhu Subsidiary and Huishang bank in relation to the pledge of RMB20 million;
- (c) the Renewal Agreement; and
- (d) the contract dated 31 July 2024 entered between Wuhu Subsidiary and Huishang bank in relation to the pledge of RMB20 million.

(7) MISCELLANEOUS

- (a) The secretary of the Company is Ms. CHIK Wai Chun. 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.
- (b) The registered office of the Company is at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, the Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Room 1601, 16/F, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (e) The audit committee of the Company was established on 12 December 2015 with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules and in compliance with paragraphs D.3.1 to D.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee include, among others, to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and handling any questions of their resignation or dismissal of that auditor, to review the Group's financial statements and the annual and interim financial reports, to review the Group's financial and accounting policies and practices and to review the Group's financial controls, and risk management and internal control system. The audit committee currently consists of three independent non-executive Directors, namely Mr. CHAN Ka Wai, Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung, and is chaired by Mr. CHAN Ka Wai.

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 and the remuneration committee of the Company and the member of the nomination committee of the Company 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 is the chairman of nomination committee and the member of each of the audit committee and remuneration committee of the Company. 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 of Hong Kong Limited.

Dr. KWOK Hiu Fung, aged 41, was appointed as an independent non-executive Director on 23 September 2022. He is the member of the audit committee, nomination committee and remuneration committee of the Company. 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.

- (f) The English text of this circular shall prevail over the Chinese text.

(8) DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <https://www.thepbg.com> from the date of this circular until 14 days hereafter:

- the material contracts referred to in the paragraph headed “Material Contracts” above in this Appendix.