P.B. Group Limited
倍搏集團有限公司

(incorporated in Cayman Islands with limited liability)

(Stock code: 8331)

2025/26 ANNUAL REPORT

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*This annual 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 annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this annual report misleading.*

Contents

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. HUANG Yongcai (appointed on 23 June 2026)

Independent Non-executive Directors
Mr. LAW Ping Keung
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

AUDIT COMMITTEE

Mr. LAW Ping Keung *(Chairman)*
Mr. CHOW Chi Hang Tony
Dr. KWOK Hiu Fung

NOMINATION COMMITTEE

Mr. CHOW Chi Hang Tony *(Chairman)*
Dr. KWOK Hiu Fung
Mr. LAW Ping Keung
Ms. ZONG Yan (appointed as a member on 30 June 2025)

REMUNERATION COMMITTEE

Mr. LAW Ping Keung *(Chairman)*
Mr. CHOW Chi Hang Tony
Dr. KWOK Hiu Fung

AUDITOR

Prism Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Unit 1903-1905, 19/F,
8 Observatory Road,
Tsim Sha Tsui, Hong Kong

REGISTERED OFFICE

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Cayman Islands

HONG KONG OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

COMPANY'S WEBSITE

www.thepbg.com

COMPANY'S STOCK CODE

8331

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
P. O. Box 500, Suite 210, 2nd Floor
Windward III, Regatta Office Park
Grand Cayman, KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS

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

PRINCIPAL BANKERS

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

Chairmen's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of P.B. Group Limited and its subsidiaries (collectively, the "**Group**"), we hereby present the audited consolidated results of the Group for the year ended 31 March 2026 (the "**Reporting Period**") together with the comparative figures for the year ended 31 March 2025 (the "**Comparative Period**"). During the Reporting Period, the Group recorded revenue of approximately CNY46.2 million, representing a decrease of approximately 12.6% from approximately CNY52.9 million for the Comparative Period, while loss attributable to owners of the Company amounted to approximately CNY14.5 million, as compared with approximately CNY7.5 million for the Comparative Period.

OUR BUSINESSES

The Reporting Period remained challenging for the Group. Market demand for the Group's bentonite mining business continued to be affected by weakness in traditional downstream industries, while the financial services business also operated in a cautious and competitive environment. At the same time, the Group continued to broaden its revenue base, and its wholesales of personal care products business recorded further growth during the Reporting Period, contributing additional revenue to the Group.

Notwithstanding the short-term pressure on financial performance, the Board remains committed to maintaining prudent financial management and operational discipline. The Group has continued to strengthen cost control, monitor market changes closely and allocate resources cautiously, with a view to enhancing resilience across its business segments and preserving a sound foundation for long-term development.

OUTLOOK

Looking ahead, the Group expects the operating environment to remain uncertain. In light of persistent weakness in demand from traditional downstream industries, the Group will continue to prudently manage its bentonite mining business, with a focus on enhancing product quality, strengthening cost control and improving operational efficiency to navigate industry cyclical pressures. At the same time, the Group will actively advance its business portfolio optimization by allocating resources to its financial services business, which offers growth potential. The Group will further expand the customer base and digital capabilities of its wealth management and insurance brokerage services, while prudently developing its money lending business to balance risk and return.

The Group will also continue to develop its wholesales business of greater health and personal care products, enrich its product portfolio, strengthen supplier and distribution networks, and capture market opportunities arising from changing consumer preferences in the Greater China market. In addition, the Group will steadily expand its professional manager and corporate management advisory services business through its wholly-owned subsidiary to broaden its revenue base.

The Board believes that through prudent risk management, continuous business portfolio optimization and enhanced operational resilience, the Group will be well-positioned to navigate the changing market environment and create sustainable long-term value for shareholders.

Chairmen’s Statement

ACKNOWLEDGEMENT

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

CHAN Man Fung
Co-chairman

PUI Wai Lun
Co-chairman

Hong Kong, 30 June 2026

Management Discussion and Analysis

BUSINESS REVIEW

Bentonite Mining

In 2025, amid persistent geopolitical tensions, sluggish global growth and domestic demand constraints, the People's Republic of China (the "**PRC**") intensified macroeconomic regulation through proactive fiscal policies and precision-targeted monetary measures. The full-year gross domestic product (GDP) grew by approximately 5.0% year-on-year, supported by sustained infrastructure and manufacturing investment which was bolstered by accelerated special bonds and equipment upgrade initiatives. Conversely, real estate investment contracted sharply by approximately 17.2%, exacerbating downstream demand weakness in traditional industries such as iron and steel. Against this backdrop, bentonite demand remained under pressure, resulting in an approximately 18.6% decrease in bentonite product revenue from approximately CNY38.3 million in the Comparative Period to approximately CNY31.2 million in the Reporting Period, with gross profit declining from approximately CNY14.4 million in the Comparative Period to approximately CNY9.2 million in the Reporting Period and gross profit margin decreasing from approximately 37.5% in the Comparative Period to approximately 29.4% in the Reporting Period.

During the Reporting Period, the Group completed the disposal of 30% equity interest in Feishang International Holdings Limited*（飛尚國際控股有限公司）, the holding company of its bentonite mining business. The disposal was in line with the Group's strategy to optimise the shareholder base of the bentonite mining business for its long-term development, while the relevant business continues to be consolidated as the Group retains control over the company. For more details, please refer to the announcement of the Company dated 30 January 2026.

Financial Services

Apart from the production and sale of bentonite products in the PRC, the Group has also carried out diversified financial services business through its wholly-owned subsidiaries – P.B. Wealth Management Limited ("**P.B. WM**"), P.B. Credit Limited ("**P.B. Credit**"), and generated financial guarantee fee income through Wuhu Feishang Non-metal Material Co., Limited*（蕪湖飛尚非金屬材料有限公司）, a non-wholly-owned subsidiary of the Company in the PRC, during the Reporting Period. The Group's financial services segment comprises wealth management services, money lending business and, up to July 2025, financial guarantee services, which were ceased in July 2025 upon the expiry of the relevant back-to-back guarantee agreement.

P.B. WM 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 a Principal Intermediary with the Mandatory Provident Fund Schemes Authority. P.B. Credit is a company incorporated in Hong Kong with limited liability and has been carried on business as a money lender under the Money Lenders Ordinance.

* *For identification purpose only*

Management Discussion and Analysis

Wealth Management Services

In terms of the overall market environment, despite the continued uncertainties surrounding the global economic and geopolitical outlook, the Hong Kong insurance market maintained steady growth in 2025, reflecting sustained customer demand for protection, savings, wealth succession and long-term financial planning solutions. According to the provisional statistics for 2025 published by the Insurance Authority, the Hong Kong insurance industry recorded total gross premiums of HK$827.0 billion during the year, representing a year-on-year increase of 29.7%. Among these, new business premiums for long-term business (excluding retirement scheme business) amounted to HK$330.9 billion, representing a year-on-year increase of 50.6%, while total premiums for in-force long-term business amounted to HK$718.5 billion, representing a year-on-year increase of 33.7%. These figures demonstrate the solid foundation of Hong Kong's insurance market and provide continuing room for development for wealth management services with insurance brokerage services as their core operations.

As an important international financial and risk management centre in the region, Hong Kong continued to benefit from cross-border customers' demand for protection planning, asset succession and long-term savings arrangements. Against this market backdrop, the Group continued to focus on its wealth management services centred on insurance brokerage services, and remained committed to enhancing service quality, operational efficiency and digital capabilities in order to address customers' expectations for professional, flexible and personalised wealth management solutions.

Technology Enhancement and System Development

The Group continued to advance its digital transformation and further deepened the application of its existing cloud-based insurance brokerage management platform, with a view to enhancing the efficiency of frontline support, back-office operations and management oversight. Building on the system infrastructure deployed in the Comparative Period, the Group's focus during the Reporting Period gradually shifted from system establishment to process optimisation, data integration and deeper application, with the aim of improving overall service consistency and operational effectiveness through more comprehensive digital workflows.

The Group also actively explored the application scenarios of artificial intelligence technologies in insurance brokerage and wealth management services, focusing primarily on enhancing frontline productivity, customer service efficiency and compliance monitoring capabilities. Relevant applications include customer communication and follow-up reminders, renewal management support, document and data organisation, internal knowledge management, as well as auxiliary analytical functions in sales and operational processes. The Board believes that, as artificial intelligence technologies continue to mature, their integration with the Group's existing digital platform will help improve operational efficiency, enhance customer experience and identify new business opportunities in an increasingly digitalised market environment.

Financial Performance

For the Reporting Period, despite the continued challenges arising from market competition and business transformation, the Group's wealth management services maintained a stable performance. During the Reporting Period, the value of new business amounted to approximately HK$4.1 million, representing a slight decrease of approximately 2.5% as compared with approximately HK$4.2 million for the Comparative Period. Revenue from general insurance amounted to approximately HK$3.0 million in the Reporting Period, representing a slight decrease of approximately 3.2% as compared with approximately HK$3.1 million in the Comparative Period.

In addition, the persistency rate of insurance policies remained at a high level of 99.93% in the Reporting Period, broadly stable as compared with 99.95% in the Comparative Period. This demonstrates customers' continued recognition of the Group's service quality and reflects the Group's effective execution in customer relationship management, after-sales services and ongoing policy management. During the Reporting Period, the number of technical representatives ("**TR**") was adjusted from 34 to 31, reflecting the Group's continued optimisation of its team structure and resource allocation while maintaining a stable level of service amid efforts to enhance operational efficiency.

Overall, notwithstanding the slight decrease in both new business and general insurance revenue during the Reporting Period, the Group maintained an exceptionally high persistency rate and a stable customer base, demonstrating a degree of resilience in its business model. The management will continue to enhance operational efficiency and service effectiveness through digitalisation and the application of artificial intelligence, while prudently capturing business opportunities arising from changes in market demand.

Key performance indicator of wealth management services

		Year ended 31 March 2026	Year ended 31 March 2025	Change
Value of new business (note)	*HK$'000*	**4,096**	4,200	(2.5)%
Revenue of general insurance	*HK$'000*	**3,010**	3,136	(3.2)%
Persistency Rate of insurance policy	*Percentage*	**99.93**	99.95	(0.02)%
Technical Representatives ("**TR**")	*Number of TR*	**31**	34	(8.8)%

Note:

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

Money Lending Business

During the Reporting Period, the Hong Kong credit market operated within a recovering yet complex economic environment. While overall economic conditions improved – highlighted by a robust 5.9% GDP growth in the first quarter of 2026 – interest rate volatility and structural adjustments in the property sector continued to demand caution. Total loans and advances in the banking sector grew by 3.3% in 2025, reversing a 2.3% contraction in 2024, and further accelerated to 4.7% year-on-year growth as at March 2026, signalling a clear and sustained stabilisation in broader loan demand. Nevertheless, credit risk remained a focal point, as the gross classified loan ratio stood at 1.87% as at March 2026, reflecting residual credit stress primarily concentrated in the commercial real estate sector. According to reports from a major Hong Kong credit reference agency, the consumer credit market exhibited mixed trends entering 2026. While personal loan balances demonstrated resilience, lenders maintained disciplined underwriting and a highly selective approach, tightening their focus on lower-risk borrowers and significantly scaling back on certain products such as revolving credit lines.

In this context, the Group implemented a proactive and prudent money lending strategy to prioritise stability and asset quality. The primary objective was to moderate the pace of new lending and actively manage the overall size of the loan portfolio to mitigate potential credit risks associated with shifting borrower behaviours and ongoing sector-specific headwinds.

Looking ahead, the Group will continue its cautious approach to the money lending business. The Group will prioritise rigorous credit assessment, effective risk control, and the pursuit of sustainable, risk-adjusted returns, aiming to capture growth in stronger segments while maintaining strict underwriting discipline.

Internal control procedures for credit and lending services

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

– Loan application — Upon receipt of loan application from potential borrower, a series of know-your-client ("**KYC**") procedures are performed by our credit control team. The KYC procedures include interviewing the applicants to understand their financial needs and repayment abilities, inspecting supporting documents to verify their information submitted, performing background research and on-site visiting. The credit control team summarises the results of the KYC procedures and reports to the management of money lending department for recommendations of approval.

– Loan approval — With reference to the application information and the KYC result, the credit control team make recommendations to the management of money lending department in terms of approvability, credit limit, interest rate and length of loan period. Factors being taken into account in considering the loan application include:

1) the financial ability of the applicant, namely, their assets, liabilities and income;

2) the past credit records of the applicant;

3) prevalent market interest rates; and

4) the availability of guarantee or provision of collateral.

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

– Loan monitoring and repayment collection

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

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

Size and diversity of loans receivable

	Interest rate, terms, maturity for 2026, and securities obtained	As at 31 March 2026 Gross carrying amount CNY'000	Percentage to the total gross carrying amount	Interest rate, terms, maturity for 2025, and securities obtained	As at 31 March 2025 Gross carrying amount CNY'000	Percentage to the total gross carrying amount
Customer 1	12% per annum, 4 years term, maturity within 1 year, unsecured	1,854	24.0%	17% per annum, 4 years term, maturity within 1 year, unsecured	2,082	16.9%
Customer 2	13% per annum, 1 year term, maturity within 1 year, unsecured	969	12.5%	12% per annum, 4 years term, maturity within 1 year, unsecured	1,855	15.0%
Customer 3	12% per annum, 1 year term, maturity within 1 year, unsecured	963	12.4%	16% per annum, 4 years term, maturity within 1 year, unsecured	1,581	12.8%
Customer 4	16% per annum, 1 year term, maturity within 1 year, unsecured	769	9.9%	18% per annum, 3 years term, maturity immediately, unsecured	1,339	10.9%
Customer 5	18% per annum, 1 year term, maturity within 1 year, unsecured	663	8.6%	13% per annum, 1 year term, maturity immediately, unsecured	1,202	9.7%
Others		2,517	32.6%		4,282	34.7%
Total gross carrying amount		7,735	100%		12,341	100.0%

Overview of Loans Receivable Portfolio

As of 31 March 2026, the Group's total gross carrying amount of loans receivable was approximately CNY7.7 million, a decrease of about approximately 37.3% from approximately CNY12.3 million as of 31 March 2025. This reduction is primarily due to repayments from customers during the Reporting Period and the Group's adoption of a cautious money lending strategy aimed at slowing down new borrowing activities.

The concentration of the portfolio within the five largest customers slightly increased, accounting for 67.4% of the total gross carrying amount as of 31 March 2026, compared to 65.3% in the Comparative Period. As of 31 March 2026, the top five customers represented a combined gross carrying amount of approximately CNY5.2 million, which is a decrease of approximately 35.3% or approximately CNY2.8 million compared to the combined gross carrying amount of the top five customers as of 31 March 2025.

All major loans in the portfolio as of 31 March 2026 are unsecured, which exposes the Group to credit risk. The maturity profile has shifted towards the shorter term.

Management Discussion and Analysis

The management of the money lending department continues to monitor and pursue the collection of all outstanding loan receivables.

Breakdown of loans receivable by categories

Client type	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000	Terms
Corporate client	**700**	2,082	unsecured with personal guarantee
Personal client	**7,035**	10,259	unsecured
	7,735	12,341	

Ageing analysis of loans receivable

Ageing analysis	2026 CNY'000	2025 CNY'000
within 30 days	**6,085**	7,666
31-60 days	**–**	–
61-90 days	**–**	–
91-180 days	**526**	2,123
over 180 days	**1,124**	2,552
	7,735	12,341

Impairment assessment of loans receivable

	As at 31 March 2026 Amount of allowance CNY'000	Percentage to the total allowance	As at 31 March 2025 Amount of allowance CNY'000	Percentage to the total allowance
Customer 1	**101**	**6.4%**	109	6.4%
Customer 2	**52**	**3.3%**	96	5.6%
Customer 3	**51**	**3.3%**	83	4.9%
Customer 4	**37**	**2.3%**	85	5.0%
Customer 5	**32**	**2.0%**	407	23.9%
Others	**1,294**	**82.7%**	921	54.2%
	1,567	**100.0%**	1,701	100.0%

There was total 18 (31 March 2025: 19) number of loans receivable as at 31 March 2026.

The Group assesses its loans receivable for expected credit losses (the "**ECL**") on an ongoing basis. In addition, the Group also engaged an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date. For the Reporting Period, the total accumulated allowance for ECL on loans receivable decreased by approximately CNY134,000, or approximately 7.9%, to approximately CNY1,567,000 from approximately CNY1,701,000 in the Comparative Period. This net decrease was the result of the positive impacts of a decrease in the total size of the loan portfolio and the successful recovery of a substantial portion of previously overdue loans receivable.

Financial Guarantee Services

The Group generated financial guarantee fee income through Wuhu Feishang Non-metal Material Co., Limited*（蕪湖飛尚非金屬材料有限公司）("**Wuhu Subsidiary**"), a non-wholly-owned subsidiary of the Company in the PRC. Wuhu Subsidiary has been providing financial guarantee services to a borrower since 2018, and such services ceased in July 2025 upon the expiry of the relevant back-to-back guarantee agreement.

The financial guarantee fee income amounted to approximately CNY380,000 during the Reporting Period (Comparative Period: approximately CNY1,132,000). The cessation of financial guarantee services was in line with the Group's prudent risk management policy to reduce exposure to uncertain market conditions.

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 amounted to approximately CNY93,000 during the Reporting Period (Comparative Period: approximately CNY95,000).

Wholesales Business of Greater Health Personal Care Products

During the Reporting Period, the Group continued to develop its wholesales business, focusing on the trading of greater health personal care products, particularly premium personal care items. The business offers a curated selection of internationally sourced products designed to meet the growing consumer demand for high-quality, natural, and wellness-oriented personal care solutions.

The global beauty and personal care market continues its upward trajectory, underpinned by rising health consciousness, increased focus on clean ingredients, and a shift towards holistic self-care. In the Greater China region, Mainland consumers demonstrate a sustained preference for Hong Kong-sourced health and personal care products, which are widely regarded as authentic and of premium quality. These trends present a compelling commercial opportunity for the Group's wholesales operations.

Following its first full financial year of operation, the Group continued to scale its wholesales business in the Reporting Period, with revenue growing from approximately CNY1.0 million to approximately CNY3.7 million, reflecting strengthened supplier partnerships and an expanded client base. Looking ahead, the Group will continue to enrich its product range and deepen supplier relationships to further grow its presence in the greater health and personal care wholesales market.

* *For identification purpose only*

Management Discussion and Analysis

Key Performance Analysis

		Year ended 31 March 2026	Year ended 31 March 2025	Variance
Revenue	*CNY'000*	**46,192**	52,880	(12.6)%
Loss attributable to owners of the Company	*CNY'000*	**(14,509)**	(7,523)	92.9%
Loss per share	*CNY*	**(9.12) cents**	(4.73) cents	92.8%
Loss on equity	*%*	**(14.12)**	(6.71)	110.6%
Net assets per share	*CNY*	**0.67**	0.71	(4.4)%
Trade receivables collection period	*Days*	**142**	152	(6.6)%

Revenue and Profitability

The Group recorded revenue of approximately CNY46.2 million for the Reporting Period, representing a decrease of approximately 12.6% compared to approximately CNY52.9 million in the Comparative Period. This decline was primarily due to lower revenue from the bentonite mining business and financial services business, including lower wealth management service income, loan interest income and financial guarantee fee income. The decrease was partially offset by the introduction of revenue of wholesales of personal care products.

During the Reporting Period, gross profit decreased to approximately CNY16.7 million (Comparative Period: approximately CNY21.5 million), with the overall gross profit margin contracting to approximately 36.1% (Comparative Period: approximately 40.7%). The gross profit margin for financial services successfully expanded to approximately 59.9% (Comparative Period: approximately 51.3%), mainly driven by wealth management operations due to reduced commission expenses following a strategic reduction in technical representatives. Conversely, the gross profit margin for bentonite mining compressed to approximately 29.4% (Comparative Period: approximately 37.5%) primarily due to reduced sales volumes and fluctuations in average processing costs. This downward pressure was partially mitigated by our expanding wholesales segment, which saw its gross profit margin improve to approximately 18.4% (Comparative Period: approximately 13.1%).

Loss and Shareholder Returns

During the Reporting Period, loss attributable to shareholders increased sharply to approximately CNY14.5 million (Comparative Period: approximately CNY7.5 million), reflecting a approximately 92.9% rise. Loss per share rose to CNY9.12 cents (Comparative Period: CNY4.73 cents), and loss on equity increased to approximately 14.12% (Comparative Period: approximately 6.71%). The net assets per share declined by approximately 4.4% to approximately CNY0.67 (Comparative Period: approximately CNY0.71), reflecting the impact of continued loss on shareholder equity.

Trade and Loan Receivables

The Group's trade receivables collection period decreased by 10 days from 152 days for the year ended 31 March 2025 to 142 days for the year ended 31 March 2026, representing a 6.6% decrease. The decrease in collection period suggests that while the Group improved overall collection efficiency during the Reporting Period. The Group continues to monitor receivables ageing and collection activities to ensure optimal working capital management while supporting customer relationships in both business segments.

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	70%
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 2026 to 10 March 2036
Reserve data (as of 31 December 2020) (Note 1)	Dry
Proved reserve (metric tonnes)	1,743,000
Probable reserve (metric tonnes)	4,539,000
Total (metric tonnes)	6,282,000
Reserve data (as of 31 March 2026) (Note 2)	Dry
Proved reserve (metric tonnes)	1,091,000
Probable reserve (metric tonnes)	4,539,000
Total (metric tonnes)	5,630,000
Average quality of bentonite	
Active montmorillonite	47.0%
Colloid index	61.1 ml/15g
Swelling capacity	8.7 ml/g
Capital expenditure (including construction in progress) for the Reporting Period	CNY36,288,000
Output for the Reporting Period (metric tonnes)	48,000

Notes:

(1) The reserve data as of 31 December 2020 is extracted from the independent technical report dated 29 March 2021 (the "**SRK report**") prepared by SRK Consulting (Hong Kong) Limited under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy.

(2) The reserve data as of 31 March 2026 has been substantiated by the Group's internal expert by adjusting those reserve extracted by the Group's mining activities from January 2021 to March 2026 from the proved reserve figure as of 31 December 2020. All assumptions and technical parameters set out in the SRK report have not been materially changed and are continued to apply to the reserve data as of 31 March 2026.

(3) There is no exploration activity carried out by the Group during the Reporting Period.

Business Strategies Review with Progress of Implementation

The Group aims to strengthen its market position in the PRC. In order to achieve this objective, the Group intends to pursue the following strategies. The following table sets out the Group's business strategies in Bentonite Mining Business as disclosed in the Annual Report 2024/25 with the actual progress of implementation as at 31 March 2026.

Management Discussion and Analysis

Business Strategy	Implementation Plan	Progress of Implementation as of 31 March 2026
Broaden customer base and develop product recognition	(i) Collaborating with external institutions in the PRC for the development of new technologies and new bentonite products to cater for high-valued downstream markets other than iron ore pelletising and civil engineering;	(i) The Group has completed techno-economic viability study of two new bentonite products as mentioned below. The external institutions are currently conducting laboratory-scale testing of the two products. In addition, the internal research and development team was working on the multifunctional pelletising clay; and it was also working with the external institutions on the techno-economic viability of several other new bentonite products and processing technologies;
	(ii) attending and participating in industry forums and events to network with other industry professionals and potential customers; and	(ii) The management team had attended and participated in an industry seminar and established contacts with several industry experts and potential customers to explore cooperation opportunities and there were one new drilling mud customer and three new pelletising clay customers starting their purchases with the Group in 2019; and
	(iii) expanding sales and marketing team to further enhance sales and marketing activities.	(iii) The Group was in the process of recruiting more experienced personnel for sales and marketing.
Development of new production technology and new products	Signing collaboration agreements with two universities and one research institute.	Completed techno-economic viability study of two new products: (a) polyaniline/montmorillonite nano-composite conductive coating materials; and (b) titanium dioxide/montmorillonite nano-composite materials and photocatalytic.

Management Discussion and Analysis

Business Strategy	Implementation Plan	Progress of Implementation as of 31 March 2026
Recruitment of more talents	Recruiting more experienced personnel who possess abundant knowledge and rich experience in various aspects of the business, including mine design and construction, mining, processing, sales and marketing and research and development of principal products.	The Group was in the process of recruiting more experienced personnel for processing, sales and marketing, and research and development.
Acquisition of other non-metal mines	Evaluating any potential targets meeting the criteria when opportunities arise.	The Group continued to monitor the market for suitable non-metallic mineral acquisition opportunities.
Improvement of plant and equipment	Upgrading current processing plant by, among others, purchasing new processing equipment such as Raymond Mill, modifying the rotary drum dryer and construction of new storage bins for storing pelletising clay.	Completed the feeding system for one pelletising clay production line; Completed the construction of new storage facilities for pelletising clay; Completed the expansion of storage facilities for dried bentonite ore to be processed into drilling mud; Replaced the old forklift truck; Replaced a transformer in the processing plant; Completed the modification of existing rotary drum dryer; Purchased one new flour mill; Completed the modification of existing transformer room; Purchased one electric motor and one electric belt scale; Purchased and completed the construction of two new storage tanks;

Business Strategy	Implementation Plan	Progress of Implementation as of 31 March 2026
		Purchased one flour mill and fittings of the machine;
		Purchased two forklift trucks;
		Purchased one transformer;
		Purchased four dedusting machines;
		Purchased one oil-immersed power transformer;
		Purchased two vacuum circuit breakers;
		Purchased one 5R Raymond Mill;
		Purchased one analysis machine;
		Purchased one mixing drum;
		Purchased one drying raw soil belt conveyor;
		Purchased one screw machine (200KW);
		Purchased one electric machine;
		Completed the renovation of the delivery room in the production complex building;
		Completed the renovation of storage tank;
		Completed the construction of new material shed;

Business Strategy	Implementation Plan	Progress of Implementation as of 31 March 2026
		Completed retaining wall project (include phase I & II);
		Completed rough stone retaining wall project;
		Completed power expansion project;
		Completed comprehensive workshop 14,547.65 square meters;
		Completed finished goods warehouse 2,938.49 square meters;
		Completed road; and
		Completed purchased and self-made equipment installation.

FINANCIAL REVIEW

Revenue

Breakdown of the Group's Revenue

	Year ended 31 March 2026		Year ended 31 March 2025	
	CNY'000	**%**	CNY'000	%
Drilling mud	**14,955**	**32.4**	17,659	33.4
Pelletising clay	**16,212**	**35.1**	20,619	39.0
Total revenue of bentonite mining	**31,167**	**67.5**	38,278	72.4
Wealth management services income	**9,334**	**20.2**	10,729	20.3
Loan interest income	**1,504**	**3.3**	1,658	3.1
Financial guarantee fee income	**380**	**0.8**	1,132	2.1
Total revenue of financial services	**11,218**	**24.3**	13,519	25.5
Rental income	**93**	**0.2**	95	0.2
Wholesales of personal care products	**3,714**	**8.0**	988	1.9
Total revenue	**46,192**	**100.0**	52,880	100.0

The overall revenue decreased by approximately 12.6% from approximately CNY52.9 million in the Comparative Period to approximately CNY46.2 million in the Reporting Period. The decrease in revenue was due to the combined effect of (i) a decrease in revenue from bentonite mining and financial services and net-off with the effect of (ii) increase of revenue of wholesales of personal care products.

Revenue of Bentonite Mining

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

	Year ended 31 March 2026		Year ended 31 March 2025	
	Sales volume (tonnes)	**Average selling price (CNY/tonne)**	Sales volume (tonnes)	Average selling price (CNY/tonne)
Drilling mud	**34,579**	**432.5**	40,441	436.7
Pelletising clay	**30,566**	**530.4**	35,068	588.0

The revenue of drilling mud and pelletising clay decreased by approximately CNY2.7 million and approximately CNY4.4 million respectively in the Reporting Period compared to the Comparative Period. The decrease in revenue was mainly due to the downturn of the iron and steel industry. The market demand for bentonite products continued to slacken in third consecutive year. For drilling mud, the sales volume decreased by approximately 14.5% from approximately 40,441 tonnes to approximately 34,579 tonnes in the Reporting Period compared to the Comparative Period, and the average selling price decreased by approximately 1.0% from approximately CNY436.7 to approximately CNY432.5 per tonne. For pelletising clay, sales volume decreased by approximately 12.8%, from approximately 35,068 tonnes to approximately 30,566 tonnes in the Reporting Period compared to the Comparative Period. This decrease was primarily due to reduced output from one of the top 5 customers. The average selling price for the pelletising clay decreased by approximately 9.8%, from approximately CNY588.0 to approximately CNY530.4 per tonne.

Revenue of Financial Services

The revenue of financial services decreased by approximately CNY2.3 million or approximately 17.0% from approximately CNY13.5 million in the Comparative Period to approximately CNY11.2 million during the Reporting Period. The decrease in revenue of financial services for the Reporting Period was mainly driven by the (i) decrease of approximately 13.0% in wealth management services income, (ii) decrease of approximately 9.3% in loan interest income, and (iii) decrease of approximately 66.4% in financial guarantee fee income comparing to the Comparative Period.

During the Reporting Period, wealth management services income decreased by approximately 13.0% to approximately CNY9.3 million (Comparative Period: approximately CNY10.7 million). This decline was primarily attributable to the strategic reduction in the number of technical representatives from 34 to 31, representing an approximately 8.8% reduction in headcount.

During the Reporting Period, loan interest income decreased by approximately 9.3% to approximately CNY1.5 million (Comparative Period: approximately CNY1.7 million). The decrease in loan interest income was primarily driven by the Group's deliberate decision to reduce the overall size of its loan portfolio, with total gross loans receivable declining by approximately 37.3% to approximately CNY7.7 million as at 31 March 2026, compared to approximately CNY12.3 million in the Comparative Period.

During the Reporting Period, financial guarantee fee income decreased by approximately 66.4% to approximately CNY0.4 million (Comparative Period: approximately CNY1.1 million). The decrease in financial guarantee fee income was primarily due to the cessation of the financial guarantee service in July 2025, resulting in income being recognised only for a partial period during the Reporting Period.

Revenue of Wholesales of Personal Care Products

Revenue of wholesales of personal care products increased significantly by approximately CNY2.7 million, or approximately 275.9%, from approximately CNY1.0 million in the Comparative Period to approximately CNY3.7 million during the Reporting Period. This robust growth was primarily driven by the continued scaling of the Group's wholesales operations in its second year of business, supported by strengthened supplier partnerships and an expanded client base.

Revenue of Property Investment

The rental income decreased from approximately CNY95,000 to approximately CNY93,000 mainly due to fluctuation of exchange rate.

Cost of Sales

Breakdown of the Group's Cost of Sales

Cost Items	Year ended 31 March 2026 CNY'000	%	Year ended 31 March 2025 CNY'000	%
Extraction costs	**4,124**	**14.0**	1,559	5.0
Processing costs				
– Air-drying costs	**1,653**	**5.6**	2,024	6.5
– Consumables, materials and supplies	**4,759**	**16.1**	6,636	21.2
– Depreciation and amortisation	**1,872**	**6.3**	1,290	4.0
– Staff costs	**3,629**	**12.3**	3,609	11.5
– Transportation costs	**2,010**	**6.8**	2,937	9.4
– Utility costs	**2,442**	**8.3**	3,596	11.5
– Others	**296**	**1.0**	1,056	3.4
Sales tax and surcharges	**1,219**	**4.1**	1,199	3.8
Total cost of bentonite mining	**22,004**	**74.5**	23,906	76.3
Commission expenses of wealth management services	**4,498**	**15.2**	6,579	21.0
Total cost of financial services	**4,498**	**15.2**	6,579	21.0
Wholesales of personal care products	**3,029**	**10.3**	859	2.7
Total cost of wholesales of personal care products	**3,029**	**10.3**	859	2.7
Total cost	**29,531**	**100.0**	31,344	100.0

The overall cost of sales decreased by approximately 5.8% from approximately CNY31.3 million in the Comparative Period to approximately CNY29.5 million during the Reporting Period. The decrease in cost of sales was mainly due to the combined effect of (i) decrease in cost of sales of bentonite mining, (ii) decrease of cost of commission expenses of wealth management services, and net-off with the effect of (iii) increase of cost of wholesales of personal care products.

Cost of Sales of Bentonite Mining

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

Cost Items	Year ended 31 March 2026			Year ended 31 March 2025		
	Average cost of sales CNY/tonne	Total cost of sales CNY'000	%	Average cost of sales CNY/tonne	Total cost of sales CNY'000	%
Drilling mud	343.8	11,888	54.0	286.1	11,570	48.4
Pelletising clay	331.0	10,116	46.0	351.8	12,336	51.6
Total cost of bentonite mining		22,004	100.0		23,906	100.0

The total cost of sales of bentonite mining decreased by approximately 8.0% from approximately CNY23.9 million to approximately CNY22.0 million in the Reporting Period compared to the Comparative Period. The decrease in the total cost of sales of bentonite mining was mainly caused by the decline in output as the sales volume decreased.

The cost of sales for drilling mud slightly increased by approximately 2.7% from approximately CNY11.6 million to approximately CNY11.9 million in the Reporting Period compared to the Comparative Period. The increase in the cost of sales for drilling mud was mainly due to net-off with the effect of:

1) A sharp increase in the unit processing cost from approximately CNY286.1 per tonne to approximately CNY343.8 per tonne; and

2) A decrease in the sales volume of drilling mud from approximately 40,441 tonnes to approximately 34,579 tonnes.

The cost of sales for pelletising clay decreased by approximately 18.0% from approximately CNY12.3 million to approximately CNY10.1 million in the Reporting Period compared to the Comparative Period. The decrease in the cost of sales for pelletising clay was caused by the decline in sale volume from approximately 35,068 tonnes to approximately 30,566 tonnes and decrease in the unit processing cost from approximately CNY351.8 per tonne to approximately CNY331.0 per tonne.

Cost of Financial Services

The commission expense of wealth management services sharply decreased by approximately CNY2.1 million or approximately 31.6% from approximately CNY6.6 million for the Comparative Period to approximately CNY4.5 million for the Reporting Period. The decrease of commission expense of wealth management services was driven by the decrease of wealth management services income and the decrease of commission rate paid to the technical representatives.

Gross Profit and Gross Margin

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

	Year ended 31 March 2026		Year ended 31 March 2025	
	Gross profit CNY'000	**Gross profit margin %**	Gross profit CNY'000	Gross profit margin %
Drilling mud	**3,067**	**20.5**	6,089	34.5
Pelletising clay	**6,096**	**37.6**	8,283	40.2
Bentonite mining	**9,163**	**29.4**	14,372	37.5
Wealth management services income	**4,836**	**51.8**	4,150	38.7
Loan interest income	**1,504**	**100.0**	1,658	100.0
Financial guarantee fee income	**380**	**100.0**	1,132	100.0
Financial services	**6,720**	**59.9**	6,940	51.3
Rental income	**93**	**100.0**	95	100.0
Wholesales of personal care products	**685**	**18.4**	129	13.1
Total	**16,661**	**36.1**	21,536	40.7

The overall gross profit decreased by approximately 22.6% from approximately CNY21.5 million in the Comparative Period to approximately CNY16.7 million during the Reporting Period, while the overall gross profit margin decreased from approximately 40.7% in the Comparative Period to approximately 36.1% during the Reporting Period. The decrease in the overall gross profit was mainly due to the decrease of gross profit of bentonite mining by approximately 36.2% and the decrease of gross profit of financial guarantee fee income by approximately 66.4% with net-off effect of the increase of wealth management business by approximately 16.5% and wholesales business by approximately 431.0%.

Gross Profit and Gross Profit Margin of Bentonite Mining

The gross profit of drilling mud sharply decreased by approximately 49.6% from approximately CNY6.1 million to approximately CNY3.1 million in the Reporting Period compared to the Comparative Period, with the gross profit margin decreasing from approximately 34.5% to approximately 20.5%. The average selling price slightly decreased by approximately 1.0% from approximately CNY436.7 per tonne in Comparative Period to approximately CNY432.5 per tonne in Reporting Period, while the average cost of sales increased by approximately 20.2% from approximately CNY286.1 per tonne in Comparative Period to approximately CNY343.8 per tonne in Reporting Period. This resulted in a decrease in both gross profit and gross profit margin.

The gross profit of pelletising clay decreased by approximately 26.4% from approximately CNY8.3 million to approximately CNY6.1 million in the Reporting Period compared to the Comparative Period, with the gross profit margin for decreasing from 40.2% to approximately 37.6%. The decrease in gross profit margin was caused by the decline in sales volume and selling price with net-off effect of decreased in unit cost of sales.

Gross Profit and Gross Profit Margin of Financial Services

The financial services segment recorded a slight decrease in gross profit of approximately 3.2% from approximately CNY6.9 million for the Comparative Period to approximately CNY6.7 million for the Reporting Period, while its gross profit margin improved from approximately 51.3% to approximately 59.9%. The decrease in gross profit was mainly attributable to the decrease in gross profit from financial guarantee fee income by approximately CNY0.8 million, or approximately 66.4%, as the financial guarantee services ceased in July 2025, and the slight decrease in gross profit from loan interest income by approximately CNY0.2 million, or approximately 9.3%. Such decreases were substantially offset by the increase in gross profit from wealth management services.

Gross profit from wealth management services increased by approximately 16.5% from approximately CNY4.2 million for the Comparative Period to approximately CNY4.8 million for the Reporting Period. The corresponding gross profit margin increased from approximately 38.7% to approximately 51.8%, mainly due to the decrease in commission expenses by approximately 31.6% from approximately CNY6.6 million to approximately CNY4.5 million, reflecting the optimisation of the technical representative team structure and the reduction in technical representatives headcount from 34 to 31. As a result, the overall gross profit margin of the financial services segment improved during the Reporting Period, notwithstanding the slight decrease in its overall gross profit.

Other Income, Other Gains/(Loss), Net

Other income, other gains/(loss), net decreased by approximately 31.0% to approximately CNY1.0 million for the Reporting Period (Comparative Period: approximately CNY1.5 million). The decrease was primarily driven by (i) an increase in net provision for expected credit losses on trade, guarantee service fee, loan and loan interest receivables and other receivables of approximately CNY1.3 million; (ii) a decrease in bank interest income of approximately CNY0.9 million; and (iii) a decrease in government grant of approximately CNY0.3 million. These adverse movements were partially offset by (i) a reduction in fair value loss on investment property of approximately CNY0.3 million; (ii) a reduction in loss on disposal and write-off of property, plant and equipment of approximately CNY0.6 million; (iii) a net increase in fair value gain on financial assets at fair value through profit or loss of approximately CNY0.5 million; and (iv) a net increase in exchange gain of approximately CNY0.5 million.

Selling and Distribution Expenses

The selling and distribution expenses decreased by approximately 7.3% from approximately CNY3.1 million in the Comparative Period to approximately CNY2.9 million during the Reporting Period. The decrease of selling and distribution expenses was due to the decrease of sales volume of bentonite mining for the Reporting Period.

Administrative Expenses

The administrative expenses decreased by approximately 5.3% from approximately CNY27.0 million in the Comparative Period to approximately CNY25.6 million during the Reporting Period. The decrease of administrative expenses was due to the decrease of legal and professional fee and office expenses for the Reporting Period.

Finance Costs

The finance costs keep stable where only approximately 0.3% increase from approximately CNY577,000 in the Comparative Period to approximately CNY579,000 during the Reporting Period. The increase of finance cost was due to increase of unwinding of discount on provision for dismantlement.

Income Tax Expense/Credit

The Group recorded an income tax credit of approximately CNY0.1 million during the Comparative Period but an income tax expense of approximately CNY3.8 million in the Reporting Period. The net change of income tax expense was due to the PRC withholding tax arising from the distribution of dividend by the Group's PRC subsidiary to its offshore holding company in connection with the dividend declaration disclosed in the Company's announcement dated 30 January 2026.

Loss for the Year

The loss for the year was approximately CNY15.1 million for the Reporting Period, an increase of approximately CNY7.6 million from approximately CNY7.5 million in the Comparative Period. The increase in the loss for the year is mainly due to combined effect of (i) a decline in revenue of approximately 12.6% (or approximately CNY6.7 million), mainly driven by the continuous downturn in the iron and steel industry, which led to decreased revenue from sales of drilling mud and pelletising clay, as well as reduced revenue from wealth management services, loan interest income and financial guarantee fee income, partially offset by increased revenue from the wholesales of personal care products; (ii) a PRC withholding tax of approximately CNY3.9 million arising from the distribution of dividend by the Group's PRC subsidiary to its offshore holding company in connection with the dividend declaration disclosed in the Company's announcement dated 30 January 2026; and (iii) the increase in net provision for expected credit loss on trade, guarantee service fee, loan and loan interest receivables for the Reporting Period.

Property, Plant and Equipment

The Group's property, plant and equipment amounted to approximately CNY45.4 million as at 31 March 2026, compared to approximately CNY39.5 million as at 31 March 2025.

The acquisition of plant and machinery did not constitute notifiable transactions pursuant to Chapter 19 of the GEM Listing Rules. 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 centralised management. The construction work is currently in progress. The capital expenditures were financed by the Group's internal resources.

Management Discussion and Analysis

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

As at 31 March 2026, the Group had net current assets of approximately CNY53.2 million (31 March 2025: approximately CNY58.9 million).

As at 31 March 2026, the Group had cash and cash equivalents of approximately CNY12.9 million (31 March 2025: approximately CNY6.0 million) which was mainly dominated in CNY. The bank balances and cash increased by approximately CNY6.9 million from approximately CNY6.0 million for the Comparative Period to approximately CNY12.9 million for the Reporting Period. The increase was mainly due to the proceeds from disposal of partial equity interest of a subsidiary net off with effect of operating cash outflow.

Charges on the Group's Assets

As at 31 March 2026, the Group did not have any charges over its assets.

As at 31 March 2025, the Group had pledged its bank deposit of CNY20.0 million to secure the general banking facilities granted to an independent third party with a principal amount of CNY19.0 million. The charge was released during the Reporting Period as the financial guarantee service ceased in July 2025.

Capital Commitments

As at 31 March 2026, the Group had capital commitments of approximately CNY0.2 million (31 March 2025: approximately CNY8.4 million) in respect of property, plant and equipment.

Capital Structure

There was no change in the Group's capital structure during the Reporting Period (Comparative Period: no change).

Gearing Ratio

As at 31 March 2026, the gearing ratio was nil (31 March 2025: nil) as the Group did not have 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 foreign exchange risk is insignificant.

Contingent Liabilities

As at 31 March 2026, 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, loans, acceptance credits, finance leases, hire purchase commitments, guarantees or material contingent liabilities (31 March 2025: nil).

Significant Investments Held

The Group had no significant investments held during the Reporting Period (Comparative Period: nil).

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

Save as disclosed in this annual report, the Group had no other plans for material investments or the acquisition of material capital assets as at 31 March 2026.

Management Discussion and Analysis

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 30 January 2026, the Company entered into a disposal agreement with Haohai Limited, pursuant to which the Company agreed to sell 30% of the equity interest of Feishang International Holdings Limited*（飛尚國際控股有限公司）at a consideration of RMB11.4 million (equivalent to approximately HK$12.7 million). For more details, please refer to the announcement of the Company dated 30 January 2026.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period (Comparative Period: nil).

Employees and Remuneration Policy

As at 31 March 2026, the Group had a total of 96 full-time employees (31 March 2025: 105) for its main business. For the Reporting Period, the Group incurred staff costs, including Directors' remuneration, of approximately CNY15.6 million (Comparative Period: approximately CNY14.4 million).

The Group deeply understands that talented and professional employees are valuable assets to the Group. The Group determines the employee remuneration policy based on industry practice, the performance, experience and capabilities of employees and provides them with various employee benefits including medical and retirement benefits. The remuneration and compensation packages of the Directors are determined with reference to the performance of the Group, the performance of individuals, and prevailing market rates and data from comparable companies. None of the Directors, their respective associates or any of the Group's executives participated in the determination of their respective remuneration.

OUTLOOK

Looking ahead, the Group expects the operating environment for its bentonite mining business to remain challenging in the near term, as demand from traditional downstream industries continues to be affected by the gradual recovery of the PRC economy and the prevailing weakness in certain industrial sectors. The Group will continue to focus on enhancing product quality, strengthening cost control and improving operational efficiency in order to better manage margin pressure and maintain competitiveness.

In Hong Kong, the Group will continue to develop its financial services business with a prudent and selective approach. The Group will further enhance its wealth management and insurance brokerage services by improving service quality, broadening its customer base and strengthening digital capabilities, while maintaining a strong emphasis on regulatory compliance and risk management. In respect of its money lending business, the Group will continue to adopt a cautious credit policy and exercise disciplined loan underwriting, with a view to preserving asset quality and mitigating credit risk.

The Group will also continue to develop its wholesales business of greater health and personal care products, which has contributed an additional revenue stream to the Group. The Group intends to expand its product portfolio, strengthen supplier and distribution networks, and capture market opportunities arising from changing consumer preferences in the Greater China market.

The Group will also develop its professional manager and corporate management advisory services business through its wholly-owned subsidiary, with a view to broadening its professional management and advisory service offerings in Hong Kong and the Greater Bay Area. The Group will continue to build up its capabilities in this new business line in a prudent and compliant manner.

Overall, the Group will continue to pursue a balanced and disciplined business strategy, with emphasis on operational resilience, prudent risk management and sustainable long-term development.

* *For identification purpose only*

OTHER INFORMATION

Prepayment to Suppliers

Reference is made to the Company's 2018, 2019, 2020, 2021, 2022/23, 2023/24 and 2024/25 Annual Reports, 2019, 2020, 2021, 2022, 2023, 2024 and 2025 Interim Reports and 2022 Second 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 was conducted on 18th – 21st and 31st March 2025 with 5 days reserved before Deputy High Court Judge Kent Yee. By a judgment made by the learned Judge dated 30 October 2025, it was ordered that the Company's claims in HCA 2449 and HCA 2450 be dismissed, and that the Company shall pay Lituo the costs of the two actions including any reserved costs and to be taxed if not agreed. The Company decides not make any application for appeal against the rulings of the two actions.

(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 judgment 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 was conducted on 18th – 21st and 31st March 2025 with 5 days reserved before Deputy High Court Judge Kent Yee. By a judgment made by the learned Judge dated 30 October 2025, it was ordered that the Company's claims in HCA 2449 and HCA 2450 be dismissed, and that the Company shall pay Lituo the costs of the two actions including any reserved costs and to be taxed if not agreed. The Company decides not make any application for appeal against the rulings of the two actions.

(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.

Disposal of 30% of equity interest in a subsidiary

Reference was made to the announcement of the Company dated 30 January 2026. During the Reporting Period, the Group completed a discloseable transaction involving the disposal of a minority equity interest in a subsidiary while retaining control of the relevant business. On 30 January 2026, the Company, as vendor, entered into a disposal agreement with Haohai Limited, an independent third party, pursuant to which the Company agreed to sell 30% of the equity interest in Feishang International Holdings Limited*（飛尚國際控股有限公司）(the "**Disposal Company**", together with its subsidiaries, the "**Disposal Group**") for cash consideration of CNY11.4 million (approximately HK$12.7 million). The consideration was determined after arm's length negotiations by reference to the unaudited consolidated net asset value of the Disposal Group as at 30 September 2025 and the expected declaration of a pre-completion dividend of RMB50.0 million to the Company.

Completion of the disposal took place in February 2026 following the declaration of the pre-completion dividend, and the consideration was fully settled in cash upon completion.

Immediately upon completion, the Group's equity interest in the Disposal Company decreased from 100% to 70%. The Disposal Company and its subsidiaries in the Disposal Group remained non-wholly owned subsidiaries of the Group and continued to be consolidated into the Group's consolidated financial statements. As there was no loss of control over the Disposal Group, no gain or loss was recognised in the Group's consolidated statement of profit or loss and other comprehensive income in respect of the disposal.

* *For identification purpose only*

Profiles of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. CHAN Man Fung (陳文鋒), aged 39, was appointed as an executive Director, the Co-chairman and the authorised representative of the Company under Rule 5.24 of the GEM Listing Rules of the Stock Exchange (the "**Authorised Representative**") on 1 December 2020. Dr. Chan is also a director of certain subsidiaries of the Company. Dr. Chan received his Postgraduate Diploma in Business Administration from the Society of Business Practitioners of Cheshire, England in 2017, obtained his doctorate degree in Business Administration from Warnborough College, Ireland in 2016 and received his Postgraduate Diploma in Legal Practice from the University of Oxford, England in 2011. He was graduated from the University of London with a bachelor degree of Laws in 2007 and from The Hong Kong Polytechnic University with a bachelor degree of Arts with a major in Business Studies in 2006. Dr. Chan also is a fellow member of Society of Business Practitioners of Cheshire, England and a practicing chartered legal executive lawyer in England. Dr. Chan was a licensed person for types 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and currently is the ultimate beneficial owner of two companies licensed by the Securities and Futures Commission (the "**SFC**") to carry out types 1 (dealing in securities) regulated activities under the SFO, and type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO respectively. Dr. Chan is a merchant having businesses and investments in Hong Kong and the PRC. Dr. Chan has extensive experience in corporate finance and the legal and financial services fields both in the PRC and Hong Kong and was involved in several merger and acquisition transactions and initial public offerings. Dr. Chan is currently an executive director and chairman of the board of directors of FingerTango Inc. (Stock code: 6860), whose shares are listed on the Main Board of the Stock Exchange. Dr. Chan is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company. For Dr. Chan's interests in the shares of the Company (the "**Shares**") within the meaning of Part XV of the SFO, please refer to the section headed "Report of the Directors" in this annual report.

Mr. PUI Wai Lun (貝維倫), aged 48, was appointed as an executive Director and the Co-chairman on 1 December 2020 and the chief executive officer of the Company (the "**Chief Executive Officer**") on 27 September 2024. Mr. Pui is also a director of certain subsidiaries of the Company. Mr. Pui obtained a Master degree of Business Administration in The Trinity College and University, USA in 2018. Mr. Pui awarded an Executive Diploma in Financial Planning by The Hong Kong Management Association in 2011 and is a Registered Financial Adviser (Financial Planning) of International Association of Financial Advisers operated by PAMA International since 2011. Mr. Pui is a merchant having businesses and investments in Hong Kong and the PRC. Mr. Pui has over 25 years of experience in insurance and wealth management, general business practices and corporate financial transactions, such as merger and acquisitions and corporate restructuring. Mr. Pui currently is the ultimate beneficial owner of two companies licensed by the SFC to carry out type 1 (dealing in securities) regulated activity under the SFO, and type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO respectively. Mr. Pui is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company. For Mr. Pui's interests in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "Report of the Directors" in this annual report.

Profiles of Directors and Senior Management

Ms. ZONG Yan（宗硯）(with former name ZONG Yan（宗燕）), aged 37, was appointed as an executive Director on 23 August 2023 and a member of the nomination committee of the Company (the "**Nomination Committee**") on 30 June 2025. Ms. Zong obtained a bachelor degree in Economics and Administrative Management from the Nanjing Political College of the Chinese People's Liberation Army*（中國人民解放軍南京政治學院）in 2015 and a post graduate diploma in Business Administration from the Society of Business Practitioners of Cheshire, England in September 2017. Ms. Zong has extensive experience in media and entertainment related businesses. From March 2016 to March 2020, Ms. Zong held positions as the executive director, director, producer, and planning director at a film and television cultural communication company located in Tianjin, the PRC. Ms. Zong has been the director and general manager of a film and television production company located in Beijing, the PRC since February 2017, and is responsible for the management of overall operation of the company. The company has previously co-produced the film "Better Days" which won eight awards at the 39th Hong Kong Film Awards, including Best Film, Best Director, and Best Screenplay. It also represented Hong Kong in the competition for the Best International Feature Film category at the Academy Awards.

Mr. HUANG Yongcai（黃永才）, aged 54, was appointed as an executive Director on 23 June 2026. Mr. Huang graduated from Shenzhen University with a major in Industrial and Commercial Enterprise Management. Mr. Huang commenced his entrepreneurial career in 1999 in industrial manufacturing-related business, and entered the industrial property development sector in 2004, when he founded Shenzhen Beifang Yongfa Industrial Co., Ltd. *（深圳市北方永發實業有限公司）. Mr. Huang is currently a shareholder of Shenzhen Beifang Yongfa Industrial Co., Ltd.*（深圳市北方永發實業有限公司）and a director of Hunan Guide Technology Co., Ltd.*（湖南貴德科技有限公司）. He also serves as Executive President of the 8th Council of Shenzhen Sichuan Chamber of Commerce（深圳市四川商會）, representative of the Vice President Unit of the 6th Council of Shenzhen Baoan Shajing Chamber of Commerce（深圳市寶安區沙井商會）and representative of the Executive Director Company of Shenzhen Machinery Industry Association*（深圳市機械行業協會）, and served from 2018 to 2022 as Vice Chairman of the 1st Executive Committee (Council) of the Federation of Industry and Commerce (Chamber of Commerce) of Xinqiao Subdistrict, Baoan District, Shenzhen*（深圳市寶安區新橋街道工商聯（商會）). Mr. Huang has over 25 years of management experience in industrial park and property development.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAW Ping Keung（羅炳强）, aged 37, was appointed as an independent non-executive Director, the chairman of each of the audit committee of the Company (the "**Audit Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**") and the member of the Nomination Committee on 28 February 2025. Mr. Law holds a Bachelor of Arts degree in Accounting from Edinburgh Napier University. Mr. Law is a member of The Hong Kong Institute of Certified Public Accountants and a member of Certified Practising Accountant Australia (CPA Australia). Mr. Law has over 13 years of working experience in the field of accounting and finance. Mr. Law has worked for various reputable international accounting firms in Hong Kong and is currently the audit manager of an accounting firm in Hong Kong.

* *For identification purpose only*

Profiles of Directors and Senior Management

Mr. CHOW Chi Hang Tony (周志恒), aged 34, was appointed as an independent non-executive Director on 9 January 2018. He was subsequently appointed as the chairman of the Nomination Committee and the member of each of the Audit Committee and the Remuneration Committee on 31 January 2018. Mr. Chow obtained a degree of Bachelor of Laws and a Postgraduate Certificate in Laws from The Chinese University of Hong Kong in 2014 and 2015 respectively. Mr. Chow is currently a practicing Barrister-At-Law in Hong Kong practicing in both civil and criminal litigation. Mr. Chow is currently an independent non-executive director of Bonny International Holding Limited (Stock code: 1906), whose shares are listed on the Main Board of the Stock Exchange.

Dr. KWOK Hiu Fung (郭曉楓), aged 43, was appointed as an independent non-executive Director, the member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee on 23 September 2022. Dr. Kwok graduated with a bachelor degree in Clinical Medicine from Peking University Health Science Center (北京大學醫學部) and followed by his study in medicine, he obtained a Diploma in Advances in Medicine (Dip Med) from The Chinese University of Hong Kong. Dr. Kwok has over 19 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.

SENIOR MANAGEMENT

Mr. HO Kim Fung (何劍鋒), aged 38, was appointed as the chief financial officer of the Company on 11 November 2020. Mr. Ho has over 11 years of working experience in accounting, auditing, and financial management. Prior to joining the Group, Mr. Ho served as an auditor in several professional firms of Certified Public Accountants in Hong Kong from 2014 to 2018. Between 2017 to 2020, Mr. Ho served as an accounting manager in several listed companies in Hong Kong. Mr. Ho was appointed as an independent non-executive director of a listed company in Hong Kong from July 2018 to January 2019 and was the company secretary of a company listed on the Main Board of the Stock Exchange from May 2019 to December 2025.

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

Ms. CHENG Pui Ling (鄭佩玲), aged 35, was appointed as the chief operating officer of the Company on 23 September 2022. Ms. Cheng has over 10 years of all-round experience in administrative and company secretarial fields. Ms. Cheng joined the Group since January 2022 and served as the general manager of the Company, to oversee the daily operation as a senior management. As the chief operating officer of the Company, Ms. Cheng will assist the Chief Executive Officer and executive Directors in the daily management and operations of the Group. Ms. Cheng holds a Master of Corporate Governance degree from Hong Kong Metropolitan University and a Bachelor of Laws Degree from Jinan University. Ms. Cheng is an associate member of both of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. CHIK Wai Chun (戚偉珍), aged 41, was appointed as the company secretary of the Company, the Authorised Representative and the authorised representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 31 August 2019. Ms. Chik has over 18 years of auditing, accounting, corporate governance and company secretarial experience. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She was also admitted as a member of the Hong Kong Institute of Certified Public Accountants in September 2011 and was advanced to a fellow member in February 2026. She holds a Master of Corporate Governance degree from The Hong Kong Polytechnic University.

Report of the Directors

The Directors are pleased to present the annual report 2025/26 and the audited consolidated financial statements of the Group for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in notes 1 and 37 respectively to the consolidated financial statements of this annual report.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance using financial key performance indicators during the Reporting Period as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group after the Reporting Period and an indication of likely future developments in the Group's business, can be found in the sections headed "Management Discussion and Analysis", "Report of the Directors" and "Corporate Governance Report – Risk management and internal control" of this annual report. These discussions form part of this Report of the Directors. Discussions on the Group's environmental policies and performance, relationships with its employees, customers and suppliers and compliance with relevant laws and regulations which would have a significant impact on the Group are provided in the paragraphs below.

Environmental Policy and Measure

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

Compliance with Relevant Laws and Regulations

As far as the Board and management are aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group. For the year ended 31 March 2026, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

Relationships with Employees, Customers and Suppliers

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

EMPLOYEES AND EMOLUMENT POLICY

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

Staff benefits include contributions to the Mandatory Provident Fund Schemes and a discretionary bonus payment which is linked to the profit performance of the Group and individual performance, as well as other benefits such as medical and retirement benefits.

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

The Company had adopted a Share Option Scheme as an incentive to Directors and eligible employees of the Group. The Share Option Scheme expired on 28 December 2025. Details of the Share Option Scheme are set out in note 30 to the consolidated financial statements and under the heading "Share Option Scheme" of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2026 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 114 to 191 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2026 (2025: Nil).

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 117 of this annual report.

The Company's reserves available for distribution to Shareholders at 31 March 2026 amounted to approximately CNY105,507,000 (2025: approximately CNY53,225,000).

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 192 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2026 are set out in note 37 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements during the Reporting Period in the share capital of the Company are set out in note 29 to the consolidated financial statements of this annual report.

As at 31 March 2026, the Company did not hold any treasury shares (as defined in Rule 1.01 of the GEM Listing Rules).

CORPORATE GOVERNANCE REPORT

The corporate governance report of the Group during the Reporting Period is set out in the section headed "Corporate Governance Report" on pages 44 to 60 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the five largest customers of the Group accounted for about 46.5% of the revenue of the Group and the largest customer of the Group accounted for about 22.7% of the total revenue.

During the Reporting Period, the five largest suppliers of the Group accounted for about 50.1% of the purchases of the Group and the largest supplier of the Group accounted for about 14.6% of the total purchases.

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

DIRECTORS

The Directors during the Reporting Period and up to the date of this Report of the Directors were:

Executive Directors:
Dr. CHAN Man Fung
Mr. PUI Wai Lun
Ms. ZONG Yan
Mr. HUANG Yongcai (appointed on 23 June 2026)

Independent non-executive Directors:
Mr. LAW Ping Keung
Mr. CHOW Chi Hang Tony
Dr. KWOK Hiu Fung

In accordance with Article 83(3) of the Articles of Association of the Company (the "**Articles of Association**"), any Director appointed by the Board, either to fill a casual vacancy on the Board or as an addition to the existing Board, shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. Mr. HUANG Yongcai, who was appointed by the Board on 23 June 2026, will hold office as a Director until the forthcoming annual general meeting of the Company (the "**2026 AGM**") and, being eligible, will offer himself for re-election as a Director at the 2026 AGM.

In accordance with Article 84(1) of the Articles of Association, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation at an annual general meeting at least once every three years and shall then be eligible for re-election. In accordance with Article 84(2) of the Articles of Association, any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Ms. ZONG Yan and Dr. KWOK Hiu Fung will retire at the 2026 AGM and, being eligible, will offer themselves for re-election as Directors at the 2026 AGM.

INDEPENDENCE CONFIRMATION

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that each of the independent non-executive Directors is independent to the Company. Please also see page 47 of the "Corporate Governance Report" for assessment the independence by the Board in relation to an independent non-executive Director appointed by the Company during the Reporting Period.

DIRECTORS' SERVICE CONTRACT

There is no unexpired Directors' service contracts which is not terminable by the Company within one year without payment of compensation, other than statutory compensation, of any Director proposed for re-election at the 2026 AGM.

MANAGEMENT CONTRACTS

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

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors subsequent to 31 March 2025 and up to the date of this Report of the Directors are as follows:

- Ms. Zong Yan was appointed as a member of the Nomination Committee with effect from 30 June 2025.
- Mr. HUANG Yongcai was appointed as an executive Director with effect from 23 June 2026.

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 33 to the consolidated financial statements of this annual report, there was no transactions, arrangements or contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of Reporting Period or at any time during Reporting Period.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in note 33 to the consolidated financial statements of this annual report, there was (i) no contract of significance entered into by and/or subsisted between the Company or any of its subsidiaries with the controlling shareholder or any of its subsidiaries during the Reporting Period; and (ii) no contract of significance in relation to the provision of services by the controlling shareholder or any of its subsidiaries to the Group entered into and/or subsisted during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

As at 31 March 2026, the interests or 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 SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were set out below:

Interests and short positions in shares of the Company

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

Notes:

1. 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 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.

2. 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.

Save as disclosed above, as at 31 March 2026, 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 31 March 2026, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares 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 %
Bonus Eventus Securities Limited	Long position	Beneficial owner	46,690,572	1	29.34
Value Dynasty Limited	Long position	Interests of a controlled corporation	46,690,572	1	29.34
P.B. Asia Holdings Limited	Long position	Beneficial owner	34,235,118		21.52
Mr. ZHANG Qiang	Long position	Beneficial owner	27,500,000	2	17.28
Ms. WANG Jie	Long position	Interest of spouse	27,500,000	2	17.28
P.B. Capital Advanced Fund SPC – P.B. Capital Advance Fund 1 Segregated Portfolio	Long position	Beneficial owner	11,176,200		7.02

Notes:

1. 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.

2. 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.

Save as disclosed above, as at 31 March 2026, 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.

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

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

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 was 7,955,720 Shares, being 5% of the Company's total issued share capital as at 31 March 2025 and up to the expiry date (i.e. 28 December 2025).

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 Share Option Scheme was expired on 28 December 2025.

Details of the Share Option Scheme are set out in note 30 to the consolidated financial statements of this annual report.

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

PERMITTED INDEMNITY PROVISION

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

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

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Save as disclosed in note 33 to the consolidated financial statements of this annual report, the Company had no connected transactions or continuing connected transactions which requires compliance with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules during the year ended 31 March 2026.

RELATED PARTY TRANSACTIONS AND CONTINUING RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2026 are disclosed in note 33 to the consolidated financial statements of this annual report. 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.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the Reporting Period or subsisted at the end of the year ended 31 March 2026.

PUBLIC FLOAT

The applicable public float threshold for the Company is the initial prescribed threshold of at least 25% of the total number of issued shares of the Company (excluding treasury shares, if any) held by the public.

As at 31 March 2026, the total issued share capital of the Company amounted to HK$15,911,440, comprising 159,114,400 ordinary shares of HK$0.1 each. The Company has one class of shares in issue, which rank pari passu with each other in all respects.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued Shares (excluding treasury shares) as required under the GEM Listing Rules as at 31 March 2026.

PRE-EMPTIVE RIGHTS

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

DONATIONS

Charitable donations made by the Group during the year ended 31 March 2026 amounted to approximately CNY192,000 (31 March 2025: nil).

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

There was no purchase, sale or redemption of the Company's listed securities (including sale of treasury shares (within the meaning of the GEM Listing Rules), if any) by the Company or any of its subsidiaries throughout the Reporting Period.

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 annual report.

AUDIT COMMITTEE

The Company has the Audit Committee which was established in accordance with the requirements of the GEM Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. LAW Ping Keung (chairman of the 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 auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management. The audited consolidated financial statements of the Group for the year ended 31 March 2026 have been reviewed by the Audit Committee.

AUDITOR

The consolidated financial statements for the year ended 31 March 2026 have been audited by Prism Hong Kong Limited ("**Prism**"), who will retire at the 2026 AGM and being eligible, offers itself for re-appointment at the 2026 AGM.

Reference is made to the announcement of the Company dated 24 April 2025, WM CPA Limited ("**WM**") has resigned as the auditor of the Company with effect from 24 April 2025. Prism has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of WM with effect from 24 April 2025.

Reference is made to the announcement of the Company dated 30 December 2024, CWK CPA Limited ("**CWK**") has resigned as the auditor of the Company with effect from 30 December 2024. WM has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of CWK with effect from 30 December 2024.

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

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

On behalf of the Board

P.B. Group Limited
CHAN Man Fung
Executive Director and Co-chairman

Hong Kong, 30 June 2026

Corporate Governance Report

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

CORPORATE CULTURE AND STRATEGY

Corporate Culture

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

Corporate Strategy

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the GEM Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all the code provisions set forth in the section headed "Part 1 – Mandatory disclosure requirements" and the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the CG Code, 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 the 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 seven 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 maximises 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.

BOARD OF DIRECTORS

Composition

As at the date of this annual report, the Board comprises seven Directors, consisting of four executive Directors, namely Dr. CHAN Man Fung (Co-chairman), Mr. PUI Wai Lun (Co-chairman and Chief Executive Officer), Ms. ZONG Yan and Mr. HUANG Yongcai, and three independent non-executive Directors, namely Mr. LAW Ping Keung, Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung. The biographical details of each Director are disclosed on pages 30 to 32 of this annual report. The Board members have no relationship (whether financial, business, family or other material or relevant relationships) amongst members of the Board or senior management of the Company.

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

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

Responsibilities of Directors

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

– attending regular Board meetings and focusing on business strategy, operational issues and financial performance;

– active participation in the respective board of directors of the subsidiaries of the Company;

– approval of annual budgets covering strategy, financial and business performance, key risks and opportunities;

– monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

– monitoring and managing potential conflicts of interest of senior management, the Board and Shareholders of the Company;

– consideration of misuse of corporate assets and abuse of related party transactions; and

– ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

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

Independent non-executive Directors

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

All independent non-executive Directors are expressly identified in all corporate communications that disclose the names of the Directors of the Company. The functions of independent non-executive Directors include, but not limited to:

– participating in Board meetings to bring in independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;

– taking the lead where potential conflicts of interests arise;

– serving on Board committees, if invited; and

– scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

Board Independence

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

(i) Composition

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

(ii) Independence Assessment

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

(iii) Compensation

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

(iv) Board Decision Making

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

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

The Board has reviewed the implementation and effectiveness of such mechanisms during the Reporting Period.

Directors' Appointment and Re-election

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

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

Nomination Policy of Directors

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

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

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

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

Responsibilities of the Board and Management

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

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

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

– to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

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

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

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

Board Proceedings and Board Meetings

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

With respect to Board meeting, Directors receive notice of the meeting generally about at least 14 days in advance and a draft agenda for review and comment prior thereto. All directors are given an opportunity to include matters in the agenda for Board meeting. The full set of Board papers is normally supplied at least 3 days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances.

Minutes of Board meeting and meeting of board committees record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes are sent to all Directors for their comments and records respectively, within a reasonable time after the board meeting or meeting of board committees is held.

Minutes of Board meeting and meeting of Board committees are kept by the company secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any Director.

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

During the Reporting Period, the Board held five meetings, at which it:

– reviewed and approved the change of external auditor of the Company from WM to Prism;

– considered and approved the interim results and annual results of the Group;

– considered and approved the details of the last year annual general meeting (the "**2025 AGM**");

– reviewed the compliance with the CG Code;

– reviewed and considered to re-elect the retiring Directors at the 2025 AGM and their remuneration;

– reviewed and considered to re-appoint Prism as external auditor of the Company at the 2025 AGM; and

– reviewed the effectiveness of the risk management and internal control systems of the Company through the Audit Committee.

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

During the year ended 31 March 2026, the attendance record of each Director is set out below:

Name of Directors	Number of meetings attended/held Board Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Dr. CHAN Man Fung *(Co-chairman)*	5/5	–	–	–	1/1
Mr. PUI Wai Lun *(Co-chairman and Chief Executive Officer)*	5/5	–	–	–	1/1
Ms. ZONG Yan	5/5	–	–	–	1/1
Mr. HUANG Yongcai (appointed on 23 June 2026)	–	–	–	–	–
Independent non-executive Directors					
Mr. LAW Ping Keung	5/5	1/1	4/4	1/1	1/1
Mr. CHOW Chi Hang Tony	5/5	1/1	4/4	1/1	1/1
Dr. KWOK Hiu Fung	5/5	1/1	4/4	1/1	1/1
Total Number of Meetings Held	5	1	4	1	1

Directors' Induction and Continuous Professional Development

Newly appointed directors of the Company should receive a comprehensive, formal and tailored induction on appointment. Subsequently they should receive any briefing and professional development necessary to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

The newly appointed Director, namely Mr. HUANG Yongcai, who was appointed on 23 June 2026, confirmed that he obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on the date of his appointment. Mr. HUANG Yongcai has confirmed that he understood his obligations as Director.

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

All Directors including Dr. CHAN Man Fung, Mr. PUI Wai Lun, Ms. ZONG Yan, Mr. LAW Ping Keung, Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung, have participated in continuous professional development for the year ended 31 March 2026 by attending training courses on the topics related to corporate governance and regulations to comply with the relevant code provision. All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

BOARD COMMITTEES

During the year ended 31 March 2026, the Company has comprised three board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Audit Committee

During the year ended 31 March 2026 and as at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. LAW Ping Keung (Chairman), Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung.

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

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

During the Reporting Period, the Audit Committee held four meetings, at which it:

- discussed the resignation of WM as the external auditor and considered and made recommendations to the Board the appointment of Prism of the external auditor of the Company and the terms of its engagement;
- reviewed the financial statements for the year ended 31 March 2025 and for the six months ended 30 September 2025;
- reviewed the effectiveness of the risk management and internal control systems, and such review covered all material controls including financial control;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions;
- reviewed the Company's external auditor's independence and objective;
- reviewed the Company's external auditor's findings;
- considered and made recommendations to the Board the re-appointment of Prism of the external auditor of the Company, and the terms of engagement;
- reviewed and approved the audit planning for the financial year ended 31 March 2026; and
- met with the Company's external auditor of the Company without the presence of management of the Company.

During the Reporting Period, the attendance record of the meetings is set out on page 50.

The Audit Committee had also reviewed the Group's audited annual results for the year ended 31 March 2026 and this annual report and confirmed it complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor.

Nomination Committee

During the year ended 31 March 2026 and as at the date of this annual report, the Nomination Committee comprises one executive Director, namely Ms. ZONG Yan (appointed as a member on 30 June 2025) and three independent non-executive Directors, namely Mr. CHOW Chi Hang Tony, Mr. LAW Ping Keung and Dr. KWOK Hiu Fung. The Nomination Committee is chaired by Mr. CHOW Chi Hang Tony.

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

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

During the Reporting Period, the Nomination Committee held one meeting, at which it:

– reviewed the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board;

– reviewed the implementation and effectiveness of the Board Diversity Policy;

– assessed the independence of the independent non-executive Directors; and

– reviewed and made recommendations to the Board on re-election of retiring Directors at the 2026 AGM.

During the Reporting Period, the attendance record of the meeting is set out on page 50.

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

Board Diversity Policy

The Company has a board diversity policy (the "**Board Diversity Policy**") whereby it recognises and embraces the benefits of a diversity of Board members. The Board Diversity Policy aimed to set out the approach to achieve reasonable and sufficient diversity on the Board. In designing the Board's composition, board diversity has been considered from numbers of measurable aspects including gender, age, educational background, professional experience and qualifications, relevant industry experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board. The Board through the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy during the Reporting Period and considered it was appropriate and effective.

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

Name of Directors	Age Group 30-39	40-49	50-59
Dr. CHAN Man Fung *(Co-chairman)*	✓		
Mr. PUI Wai Lun *(Co-chairman and Chief Executive officer)*		✓	
Ms. ZONG Yan	✓		
Mr. HUANG Yongcai (appointed on 23 June 2026)			✓
Mr. LAW Ping Keung	✓		
Mr. CHOW Chi Hang Tony	✓		
Dr. KWOK Hiu Fung		✓	

Name of Directors	Professional Experience: Legal and financial services	Accounting and finance	Medical	Law	Insurance and general corporate management	Media and entertainment	Industrial park and property development
Dr. CHAN Man Fung *(Co-chairman)*	✓						
Mr. PUI Wai Lun *(Co-chairman and Chief Executive officer)*					✓		
Ms. ZONG Yan						✓	
Mr. HUANG Yongcai (appointed on 23 June 2026)							✓
Mr. LAW Ping Keung		✓					
Mr. CHOW Chi Hang Tony				✓			
Dr. KWOK Hiu Fung			✓				

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

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

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

The Company's diversity philosophy including the gender diversity was generally followed in the workforce throughout the Group for the year ended 31 March 2026. As at 31 March 2026, 14.3% of Directors and 45.4% of total workforce (including senior management) were female. The Company will continue to take steps to promote diversity, including gender diversity, at workforce levels. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level and provide more suitable on-job training to them, so that the Company will have a pipeline of female senior management and potential successors to our Board in near future.

Remuneration Committee

During the year ended 31 March 2026 and as at the date of this annual report, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. LAW Ping Keung, Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung. The Remuneration Committee is chaired by Mr. LAW Ping Keung.

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

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

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

During the Reporting Period, the attendance record of the meeting is set out on page 50.

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided.

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

Pursuant to the CG Code, the remuneration of the members of the senior management (other than Directors) whose particulars are contained in the section headed "Profiles of Directors and Senior Management" in this annual report for the year ended 31 March 2026 by band is set out below:

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

Remuneration Policy

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

Process and Main Features of Risk Management and Internal Control

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

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

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

(i) Periodic assessment of key operational risks and control measures aimed at mitigating, reducing or transferring such risks; the strengths and weaknesses of the overall internal control system, and action programs to address the control weaknesses or improve the assessment process;

(ii) Regularly review the business processes and operational reports, including the action plan to address the identified weaknesses in control, and the latest status and monitor results in the implementation of the recommendations; and

(iii) The external auditor regularly report on the control issues identified in the course of their work and meet with the Audit Committee to discuss the scope and results of the review.

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

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

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

<table>
<tr><td rowspan="3">"Top-down" Overseeing, identification, assessment and mitigation of risk at corporate level.</td><td colspan="4">The Board of Directors</td></tr>
<tr><td>Responsible for the Group's risk management and internal control systems.</td><td>Sets strategic objectives and reviews the effectiveness of the Group's risk management and internal control systems.</td><td>Monitors the nature and extent of the Group's major risks.</td><td>Provides guidance on the importance of risk management and risk management culture.</td></tr>
<tr><td>Management</td><td colspan="3">Audit Committee</td></tr>
<tr><td rowspan="3">"Bottom-up" Identification, assessment and mitigation of risk at business unit level and across functional areas.</td><td>Designs, implements, and monitors risk management and internal control systems.</td><td colspan="3">Assists the Board in monitoring risk exposure, design and operating effectiveness of the underlying risk management and internal control systems.</td></tr>
<tr><td colspan="4">Operational level</td></tr>
<tr><td colspan="2">Risk identification, assessment and mitigation performed across the business.</td><td colspan="2">Risk management process and internal control practised across business operations and functional areas.</td></tr>
</table>

Review of Effectiveness of the Risk Management and Internal Control Systems

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

The Directors acknowledge their responsibility for reviewing the effectiveness of the Group's internal control and risk management systems and would communicate regularly with the Audit Committee and the professional internal control consultant engaged by the Group. The Board has reviewed through the work of its Audit Committee and the annual internal control review report and the findings performed by professional internal control consultant and was satisfied to the effectiveness of the Group's internal control and risk management systems for the year ended 31 March 2026.

Inside information

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

COMPANY SECRETARY

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

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

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2026, there was no changes in the constitutional documents of the Company.

A copy of the Memorandum and Articles of Association is posted on the designated website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.thepbg.com.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

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

Shareholders may put forward proposals at general meetings by requisitioning an extraordinary general meeting. Pursuant to Article 58 of the Articles of Association, extraordinary general meetings may be convened by the Board on the written requisition of any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. The requisition shall be deposited at the principal office of the Company in Hong Kong (Room 1601, 16/F, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong) or, in the event the Company ceases to have such a principal office, the registered office (P. O. Box 500, Suite 210, 2nd Floor, Windward III, Regatta Office Park, Grand Cayman, KY1-1106, Cayman Islands) specifying the business or resolution to be transacted at the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed to convene the meeting to be held, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner provided that any meeting so convened shall be held within two months after the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(b) Communication with Shareholders and investors

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

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

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

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

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

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

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

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

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

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

Shareholders' Communication Policy

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

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

Whistle-Blowing Policy and Anti-Corruption Policy

Policies regarding the whistle-blowing and anti-corruption are established. Detailed information on the policies is set out in the ESG Report on pages 61 to 108 of this annual report.

Dividend Policy

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

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

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

AUDITOR'S REMUNERATION

For the year ended 31 March 2026, the remuneration of external auditor of the Company, Prism, in respect of audit services and non-audit services is set out below:

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

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2026, the Directors have adopted suitable accounting policies and applied them consistently. The Directors are also responsible for keeping proper accounting records with reasonable accuracy for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The financial statements for the Reporting Period have been prepared on a going concern basis.

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

The responsibilities of the external auditor of the Company, Prism, on the Group's consolidated financial statements are set out in the Independent Auditor's Report on pages 109 to 113 of this annual report.

Environmental, Social and Governance Report

ABOUT US

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

Corporate Mission

To Strengthen and Repay the Country with Industries

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

Core Value

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

ABOUT THIS REPORT

This is the environmental, social and governance (the "**ESG**") report for P.B. Group. This report is designed to allow the shareholders, investors (including potential investors) of the Group and the public to have a more comprehensive and profound understanding of the work done on the ESG issues of the Group for its financial year ended 31 March 2026. This report elaborates the philosophy and practice in respect of social responsibility and the achievements it has made in economic, environment and social aspects. For information on the Group's corporate governance, please refer to the "Corporate Governance Report".

Data of the report

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

Reporting framework

This report has been prepared with reference to Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") set out in Appendix C2 to the Rules Governing the Listing of Securities on the GEM at The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its standards, with an aim to establish a sound environmental, social and governance structure.

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

Reporting principles	Description
Materiality	Most relevant and significant ESG issues to the Group and its stakeholder are stated in the ESG Report. Material ESG issues were identified and prioritised through an assessment of the Group's business impacts, stakeholder concerns, regulatory requirements and potential financial and operational implications, with the results reviewed by the Board.
Quantitative	Key Performance Indicators (the "**KPIs**") are disclosed in a measurable and quantifiable manner with sufficient description on the changes, trend and performance variance.
Balance	The ESG Report is prepared under an objective and unbiased basis, presenting both achievements and challenges.
Consistency	Consistent methodologies, measurement standards and reporting frameworks were adopted throughout the Reporting Period. There were no material changes to the methodologies or KPIs used during the Reporting Period, unless otherwise stated.

Review and Approval

The board of directors ("**Board**") of the Company confirms that they have the responsibility to ensure the integrity of this Report, and to their best knowledge, the Report expounds all relevant important issues and fairly presents the ESG performance of the Group. This Report was reviewed and approved by the Board of Directors on 30 June 2026.

Reporting Boundary

The scope of the Report covers three business and two region including i) Bentonite mining, production and sales of drilling mud and pelletising clay in the PRC; ii) the office operations which provide financial services including money lending business and wealth management services; and iii) wholesales business in Hong Kong. The reporting period is from 1 April 2025 to 31 March 2026 (the "**Reporting Period**", "**2026**"). The reporting boundary was determined with reference to the Group's principal operating entities and activities under its operational control. There were no material changes to the reporting boundary during the Reporting Period.

The Board's Commitment and ESG Approach

The Board maintains a critical oversight role in ESG-related matters, serving as the highest decision-making body for the Group's ESG management framework. This oversight function is strategically integrated with the Group's business model and operations, ensuring that ESG considerations are embedded within core business processes. The Board exercises comprehensive risk-related oversight by systematically evaluating the materiality of different ESG risks and their potential impact on organisational performance and stakeholder value creation.

Throughout the Reporting Period, the Board has effectively managed ESG-related risks through structured evaluation, prioritisation, and management processes that align with the Group's strategic objectives. Based on key findings from the materiality assessment, the Board determines the nature and extent of material ESG risks and implements comprehensive measures and policies to address these concerns. The Board maintains ongoing oversight of ESG implementation and monitors performance through the integrated risk management system during annual reviews, ensuring continuous improvement and strategic alignment with evolving sustainability requirements.

Governance Structure

The Board	– Define and review the ESG management approach and strategy of the Group – Review and discuss the effectiveness of ESG management mechanism – Approve/amend ESG-related policies – Review progress against ESG-related goals and targets – Oversee the relevant ESG-related issues
Senior management and compliance function team	– Prioritise the ESG-related issues – Review the effectiveness of ESG-related policies and measures, and their compliance with applicable laws and regulations – Report findings and make recommendations to the Board
ESG Working Group	– Facilitate and monitor the implementation of ESG-related policies and measures – Conduct reviews of ESG compliance and performance of the key subsidiaries/departments – Report findings and make recommendations to the Board
Key functions and departments	– Incorporate relevant policies and guidelines into daily business operations

P.B. Group has established a dedicated ESG Working Group comprising operational staff and external professional consultants to facilitate the systematic introduction and implementation of ESG-related policies and measures across all business segments. The ESG Working Group serves as the primary coordination mechanism ensuring that all key functions and departments remain well-informed of ESG policy introductions and amendments, while taking the lead role in monitoring ESG performance and ensuring effective implementation of sustainability initiatives throughout the organisation.

The ESG Working Group conducts comprehensive annual reviews of the Group's ESG commitment and performance based on relevant external benchmarks and internal data collection. Following these assessments, the Working Group formulates strategic recommendations and suggestions for senior management review, which are subsequently presented to the Board for comprehensive evaluation. This structured reporting mechanism enables the Board to conduct thorough oversight reviews with the objective of continuously enhancing the Group's ESG management framework and policy effectiveness, ensuring alignment with evolving stakeholder expectations and regulatory requirements.

Stakeholders Communication and Engagement

P.B. Group identifies stakeholders as entities and individuals whose activities significantly influence our operations, or who experience direct impacts from our business activities. Meaningful stakeholder engagement forms a cornerstone of our corporate governance approach, enabling systematic identification of emerging risks and strategic opportunities that shape our business landscape. Through active dialogue with our stakeholder community, we gain valuable insights into their perspectives and expectations, which directly inform our operational decisions and strategic planning.

Our engagement strategy employs multiple communication channels to maintain continuous dialogue with both internal and external stakeholders. These interactions serve a dual purpose: providing stakeholders with comprehensive understanding of our strategic direction and operational developments, while simultaneously creating structured opportunities for us to receive feedback, assess stakeholder priorities, and refine our policy frameworks accordingly. This systematic approach enables us to make informed decisions that balance diverse interests while advancing our commitment to sustainable value creation for all stakeholder groups.

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

1. Identifying sustainability issues that are relevant to Group's operations and stakeholders;

2. Collecting stakeholders' feedback and information through various direct and indirect channels;

3. Reviewing, assessing and addressing feedback from stakeholders;

4. Responding to stakeholders' material sustainability concerns; and

5. Evaluating and prioritising the sustainability issues most pertinent to our group and stakeholders.

Stakeholder feedback collected through the engagement channels described in this Report was considered together with the Group's assessment of business relevance, regulatory requirements, environmental and social impacts, and potential financial and operational implications. The assessment results informed the identification and prioritisation of the Group's material sustainability issues, as presented in the materiality matrix.

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

Key stakeholders	Expectations	Understanding and Communicating channel
Natural environment	Fulfilment of emission standards and environmental compliance; Energy conservation and emission reduction initiatives; Efficient use of water resources and waste management; Biodiversity protection and ecosystem restoration; Climate change mitigation and adaptation measures; Sustainable mining practices and land rehabilitation.	Regular communication with local environmental protection departments and regulatory bodies; Community environmental monitoring and public disclosure of air/water quality data; Participation in industry environmental forums and sustainability initiatives; Annual environmental impact assessments and third-party audits; Stakeholder consultation on reclamation and restoration plans; Digital platforms for realtime environmental data sharing.
Employees	Rights and interests protection under PRC and Hong Kong employment laws; Competitive remuneration, benefits, and career development opportunities; Comprehensive health and safety protection, especially in mining operations; Work-life balance and flexible working arrangements; Skills development, training, and educational advancement support; Equal opportunities, diversity, and antidiscrimination practices; Mental health and wellbeing support programs.	Formulating competitive remuneration and benefits systems, and improving various benefits and treatment; Care for occupational health and mental health, and improving working environment and ambience of the organisation; Regular team building and management communication sessions; Digital employee portals and mobile applications for HR services; Professional development platforms and mentoring programs; Health and safety committees with employee participation; Internal social media groups and communication channels.

Key stakeholders	Expectations	Understanding and Communicating channel
Customers	High-quality products and services across all business segments; Data privacy and information security protection; Professional expertise and technical support; Sustainable and environmentally responsible products.	Comprehensive customer service systems with multichannel support; Regular customer satisfaction surveys and feedback collection; Technical seminars and industry knowledge sharing events; Digital customer relationship management (CRM) platforms; Site visits and facility tours for key industrial customers; Encouraging innovation of products and technology.
Society and community	Positive contribution to local economic development and employment; Community safety, health, and environmental protection; Support for education, cultural, and social welfare initiatives; Harmonious community relations and conflict resolution; Community investment.	Community liaison offices with dedicated personnel; Regular community forums and public consultation meetings; Partnership with local NGOs and community organizations; Community investment and charitable donation programs; Social media engagement and community digital platforms.
Regulators/governments	Full compliance with laws and regulations; Timely and accurate regulatory reporting and disclosure; Cooperation with policy development and industry standards; Contribution to national and regional economic objectives; Support for sustainable development and carbon neutrality goals; Commitment on environment protection.	Strict implementation of national policies; Insistence on production safety and promoting green development; Proactive participation in local construction and providing employment opportunities; Compliance with laws and regulations, timely payment of taxes; Timely and accurate submission of corporate information and reclamation plan.

Key stakeholders	Expectations	Understanding and Communicating channel
Partners and suppliers	Punctual fulfillment of contractual agreements and payment terms; Long-term partnership development and mutual growth; ESG compliance and sustainability standards integration; Capacity building and development support; Risk management and business continuity planning; Ethical business practices and anticorruption measures.	Regular supplier conferences and business review meetings; Digital procurement platforms and e-tendering systems; Joint technology development and innovation workshops; Supplier assessment and performance evaluation programs; Supply chain sustainability audits and ESG scorecards; Supplier development programs and capacity building initiatives.
Shareholders and investors	Consistent financial performance and sustainable returns; Transparent corporate governance and risk management; Strategic transformation and business model innovation; ESG relevant and sustainability performance; Effective capital allocation and investment decisions; Protection of shareholder rights and interests; Regular and timely information disclosure; Long-term value creation and competitive positioning.	Annual and interim results presentations and analyst briefings; Enhancing standards of corporate operation, results and asset value; Transformation with innovation for enhancing corporate competitiveness; Standardising construction of the Board, and perfecting scientific and effective governance system; Paying attention to environmental and social impacts, adopting corresponding measures, and improving relevant information disclosure and communications; Enhancing the strength of preventing and solving substantial risks; Construction of compliance management system, improving compliance review mechanism, and rolling out propagation of code of business conduct; Holding investor activities including general meetings, investors meetings, results presentations, etc., and publication of announcements and regular reports of the Group according to requirements.

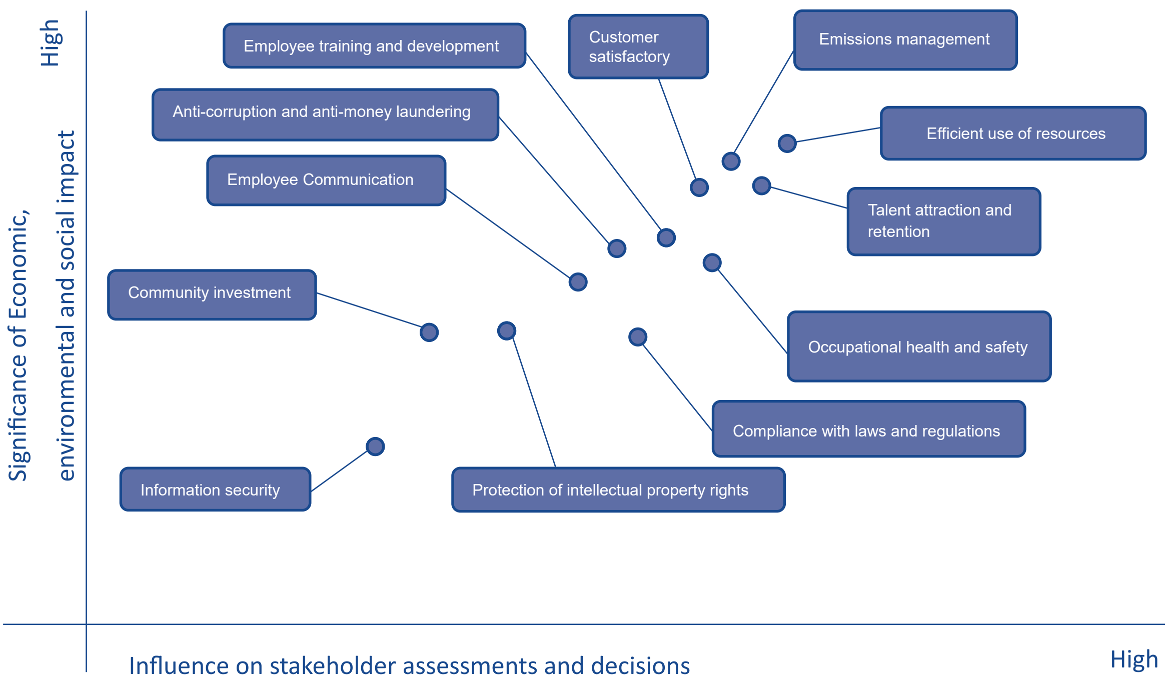
Materiality Assessment Process

P.B. Group has developed a comprehensive sustainability issues library encompassing material ESG topics relevant to our operations. The identification and selection of sustainability issues are systematically guided by multiple frameworks including the Hong Kong Stock Exchange ESG Reporting Guide requirements, applicable regulatory standards in Hong Kong and Mainland China, strategic business developments of the Group, and sector-specific characteristics across our bentonite mining, financial services, and personal care wholesale segments to ensure comprehensive coverage of all material sustainability considerations.

Utilising structured assessment methodologies and evaluation tools, we prioritised 12 key issues from our ESG issues library through systematic analysis across two critical dimensions: "influence on stakeholder assessments and decision-making processes" and "significance of economic, environmental and social impacts." This dual-axis evaluation framework enables us to identify and focus on the sustainability issues that are most material to our business operations and stakeholder interests, forming the foundation for our ESG strategy development and reporting priorities.

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

Material Sustainability Issues



Materiality Level	Material Sustainability Issues
High Priority (Critical to business success and stakeholder decision-making)	– Efficient use of resources – Emissions management – Talent attraction and retention – Customer satisfactory
Medium Priority (Significant for operational efficiency and stakeholder relations)	– Occupational health and safety – Employee training and development – Anti-corruption and anti-money laundering – Compliance with laws and regulations – Employee communication
Foundational Priority (Important for risk management and stakeholder trust)	– Protection of intellectual property rights – Community investment – Information security

ENVIRONMENT

Environmental Management System

P.B. Group is committed to developing green production practices, sustainable business operations, resource optimisation, and environmentally responsible mining methods while ensuring comprehensive ecological restoration of mining sites in full compliance with the Environmental Protection Law of the PRC.

To achieve these objectives, we have established a comprehensive environmental management policy that defines general operational principles, clarifies departmental responsibilities, standardises environmental working procedures, implements effective pollution and waste management systems, promotes an environmentally conscious corporate culture, and maintains a structured reward and accountability mechanism for environmental performance.

During the Reporting Period, the Group complied with the applicable environmental laws and regulations in the PRC that have a significant impact on its operations, including those relating to air emissions, wastewater discharge, waste management, environmental protection and mine rehabilitation. The Group was not aware of any material non-compliance with such laws and regulations that resulted in significant fines or non-monetary sanctions during the Reporting Period.

Environmental Leadership Working Group

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

– establishing long term plan;

– promoting environmental protection culture;

– reviewing and approving rules and system;

– performing research for significant source of pollution;

- assessing the condition of mining environment;
- implementing the reward and punishment systems for the work of environment protection; and
- coordinating production and environment protection in order to support the sustainable development.

ISO14001:2015 — Environmental Management System

P.B. Group has obtained ISO 14001:2015 Environmental Management System certification for our bentonite production operations, demonstrating our commitment to systematic environmental management and continuous improvement. This internationally recognised certification validates our structured approach to managing environmental responsibilities, enhancing operational efficiency, ensuring regulatory compliance, and contributing to sustainable resource extraction practices.

Pollution and Waste Management

Objectives

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

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

Main processes of pollution and waste handling

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

Air Pollution Control

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

During the Reporting Period, P.B. Group successfully phased out all coal-burning machinery from bentonite production operations, achieving the complete elimination of Sulfur Dioxide (SO_2) and Carbon Dioxide (CO_2) direct emissions from our mining activities. This significant operational improvement demonstrates our commitment to cleaner production methods and air quality protection, contributing to reduced environmental impact and enhanced compliance with national emission standards.

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

Greenhouse Gas ("GHG") Emission Analysis

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

Scope of GHG Emissions (note 1)	Emission Sources	Total GHG (CO_2 and CO_2 equivalent) emissions (tonnes)			GHG emissions intensity (tonnes CO_2e per tonne of production)		
		2026	2025	2024	**2026**	2025	2024
Scope 1							
Direct Emission	Combustion of fuel in stationary sources (note 2)	**–**	–	157.37	**–**	–	0.001838
	Combustion of biomass fuel in stationary sources (note 2a)	**9.5**	–	–	**0.000145**	–	–
	Combustion of fuel in mobile sources	**89.96**	109.30	132.09	**0.001373**	0.001559	0.001543
	Removals from sources	**(245.72)**	(239.04)	(57.24)	**(0.003752)**	(0.003411)	(0.000668)
Scope 2							
Indirect emission	Purchased electricity (note 3, 3a)	**2,433.55**	2,662.92	3,511.90	**0.037154**	0.037995	0.041015
Scope 3							
Other indirect emission	Category 5: Waste generated in operations (paper waste)	**0.54**	0.58	0.53	**0.000008**	0.000008	0.000006
	Category 1: Purchased goods and services (sewage processing) (Note 4)	**0.71**	2.01	2.45	**0.000011**	0.000029	0.000029
	Category 1: Purchased goods and services (fresh water processing) (Note 4)	**0.93**	2.64	3.22	**0.000014**	0.000038	0.000038
	Category 6: Business travel	**–**	–	0.26	**–**	–	0.000003
Total GHG emissions, net of removals from sources		**2,289.47**	2,538.41	3,750.58	**0.034953**	0.036218	0.043804

Note 1: The GHG emissions were measured with reference to the Greenhouse Gas Protocal: A Corporate Accounting and Reporting Standard (2004) and "Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEx.

Note 2: The emission factor of consumption of the standard coal is 0.68 tonnes CO_2e per a tonne of standard coal.

Note 2a: During the Reporting Period, the Group used biomass fuel in stationary sources. The Group measured its GHG emissions in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard (2004). Scope 1 GHG emissions from biomass fuel combustion represent non-CO_2 emissions, calculated using emission factors with reference to the IPCC Guidelines for National Greenhouse Gas Inventories. Biogenic CO_2 emissions from biomass combustion are excluded from Scope 1 GHG emissions and the total GHG emissions presented above.

Note 3: The GHG emission calculation method is based on the "2022年度排放量電網排放因子" by the Ministry of Ecology and Environment of the PRC of China. The GHG emission factor is 0.57 kg CO_2e per unit for electricity.

Note 3a: The Group adopts the location-based method to calculate Scope 2 emissions. The Group does not currently utilise any contractual instruments for its electricity procurement.

Note 4: The emission factor for the processing fresh water and sewage processing is estimated with reference to the data of sustainability report of Drainage Services Department of Hong Kong and multiplied by the CO_2e factor of electricity consumed in note 3.

Note 5: Scope 1 and Scope 2 GHG emissions presented above are absolute gross emissions before deduction of removals from sources. Removals from sources are presented separately and are deducted only in arriving at net GHG emissions.

Sources of the Group's GHG emissions included fuel combustion, purchased electricity, electricity used for fresh water and sewage processing, paper waste disposed of at landfills and business travel. Purchased electricity used in production was the principal source of the Group's GHG emissions during the Reporting Period. Other sources included fuel combustion in stationary and mobile sources, paper waste disposed of at landfills, and electricity used for the processing of fresh water and sewage.

During the Reporting Period, the Group's net GHG emissions after removals from sources were approximately 2,289.47 tonnes of CO_2e (2025: 2,538.41 tonnes of CO_2e). Purchased electricity remained the major source of the Group's GHG emissions. The decrease in total GHG emissions was mainly attributable to lower diesel consumption and purchased electricity consumption, partly reflecting the decrease in production volume.

Direct GHG emissions from the combustion of fuel in stationary sources increased from zero in 2025 to 9.50 tonnes of CO_2e in 2026, as the relevant production facilities, which were temporarily suspended for upgrading in 2025, resumed operation during the Reporting Period. The stationary-source fuel used during the Reporting Period was biomass fuel. Scope 1 GHG emissions from biomass fuel combustion represent non-CO_2 emissions. Biogenic CO_2 emissions arising from biomass fuel combustion are excluded from Scope 1 GHG emissions and the total GHG emissions presented above.

During the Reporting Period, total production amounted to 65,499 tonnes (2025: 70,086 tonnes). Products produced by natural light air-drying decreased from 62,227 tonnes in 2025 to 46,854 tonnes in 2026, while products produced by dryer drying increased from 10,760 tonnes in 2025 to 18,644 tonnes in 2026. The decrease in GHG emission intensity per tonne of production was mainly attributable to the decrease in overall GHG emissions, particularly from diesel consumption and purchased electricity consumption, which exceeded the decrease in production volume.

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

Scope of GHG Emissions	Emission Sources	Total GHG (CO_2 and CO_2 equivalent) emissions (tonnes)		Intensity per employee (tonnes)	
		2026	2025	**2026**	2025
Scope 1					
Direct Emission	Combustion of fuel in mobile sources	**0.15**	0.99	**0.004**	0.025
Scope 2					
Indirect emission	Purchased electricity (note 2)	**21.64**	16.22	**0.636**	0.405
Scope 3					
Other indirect emission	Category 5: Waste generated in operations (paper waste)	**1.12**	1.45	**0.03309**	0.036
	Category 1: Purchased goods and services (sewage processing)	**0.01**	0.01	**0.0002**	0.0002
	Category 1: Purchased goods and services (fresh water processing)	**0.01**	0.01	**0.0003**	0.0003
Total		**22.93**	18.68	**0.674**	0.467

Note 1: The GHG emissions were measured with reference to the Greenhouse Gas Protocal: A Corporate Accounting and Reporting Standard (2004) and "Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEx.

Note 2: The emission factors are 0.60 kg CO_2 per unit for electricity supplied by HK Electric.

Note 2a: The Group adopts the location-based method to calculate Scope 2 emissions. The Group does not currently utilise any contractual instruments for its electricity procurement.

Note 3: Scope 1 and Scope 2 GHG emissions presented above are absolute gross emissions before deduction of removals from sources. Removals from sources are presented separately and are deducted only in arriving at net GHG emissions.

The major source of GHG emission for business of financial services and wholesales business was the purchased electricity due to the principal business is office-based. The decrease of combustion of fuel and increase of purchased electricity in 2026 was due to the transition from fuel-powered vehicles to electric vehicles.

Basis of GHG Emissions Calculation

The Group's Scope 1 and Scope 2 GHG emissions are presented as absolute gross emissions for the Reporting Period. Scope 1 emissions comprise direct emissions from fuel combustion in stationary and mobile sources under the Group's operational control. Scope 2 emissions comprise indirect emissions from purchased electricity consumed in the Group's PRC and Hong Kong operations.

GHG emissions were calculated with reference to the *GHG Protocol Corporate Accounting and Reporting Standard* and the HKEX *Reporting Guidance on Environmental KPIs*. Activity data was collected from electricity bills, fuel-consumption records, vehicle records and internal operational records. The electricity emission factors applied were the most recent official data available from the Ministry of Ecology and Environment for the PRC operations and HK Electric for Hong Kong operations.

Scope 2 emissions were calculated using the location-based method. The Group does not currently utilise any contractual instruments for its electricity procurement.

The Group discloses selected Scope 3 categories that are material to its operations and for which reliable data is available. Other Scope 3 categories are currently being assessed for inclusion in future reporting periods as data collection capabilities improve.

There were no material changes to the measurement approach or assumptions during the reporting period.

Air Emission Analysis

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

Air emission	**2026 (g)**	2025 (g)	2024 (g)
Particulate Matter (PM)	**61,135**	74,278	89,770
Sulphur Oxide (SOx)	**554.05**	673.17	813.57
Nitrogen Oxide (NOx)	**959,140**	1,165,350	1,408,403

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

The air emissions of business of bentonite mining were mainly produced from combustion of fuel in sources of vehicles. The decrease of air emission of PM, SOx and NOx of 2025 was due to the decrease in production in terms of tonnes.

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

Air emission	**2026 (g)**	2025 (g)
Particulate Matter (PM)	**2.21**	14.57
Sulphur Oxide (SOx)	**0.93**	6.14
Nitrogen Oxide (NOx)	**30.05**	197.83

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

The air emissions of business of financial services and wholesales business were mainly produced from combustion of fuel in sources of mobile vehicles. The decrease of air emissions of PM, SOx and NOx for business of financial services in Hong Kong was due to the transition from fuel-powered vehicles to electric vehicles.

Emission Targets

The Group has set a target to reduce absolute air emissions by 5% by 2028, benchmarked against the 2023 baseline. This target has been comprehensively achieved ahead of schedule. Compared to the 2023 baseline, absolute air emissions from the PRC bentonite mining business decreased by approximately 49.2% in 2026, primarily due to the successful phasing out of all coal-burning machinery and strategic adjustments in production volume. Meanwhile, emissions from the Hong Kong financial services and wholesale business declined by 98.6% in 2026, driven by significantly reduced business travel and motor vehicle usage. Apart from this the decrease is contributed by transition from fuel-powered vehicles to electric vehicle.

To sustain this positive trajectory and further enhance operational efficiency, the Group is upgrading its production lines, workshops, and product warehouses. A key initiative involves increasing the proportion of products processed via natural light air-drying in future reporting periods. This method reduces reliance on electricity and auxiliary fuel consumption, thereby contributing to lower air emissions. These continuous improvements demonstrate the Group's commitment to long-term environmental stewardship and operational sustainability.

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

- switching off idle lightings and electrical appliances;
- using variable-frequency equipment in the mine or production areas;
- installing energy saving equipment in the power supply system of the mine;
- adopting the use of LED lighting system;
- maintaining the temperature of the air-conditioner at a suitable level, cleaning the air-conditioner and ventilation equipment regularly to conserve power;
- conducting regular inspection and maintenance of vehicles and mobile equipment to improve fuel efficiency and reduce air emissions; and
- minimising unnecessary idling of vehicles and mobile equipment, and optimising transportation routes and work schedules to reduce fuel consumption.

Solid Waste Management

P.B. Group's solid waste streams primarily comprise office domestic waste, excavated soil, ash residues, and mine construction debris generated from our bentonite operations. Our Mine Office maintains overall responsibility for solid waste processing and disposal coordination, while the Production Technology Department oversees monitoring, quantification, assessment, and governance of all solid waste handling procedures. All solid waste management practices fully comply with the applicable PRC environmental regulations, ensuring proper categorisation, storage, and disposal of all waste materials generated during our operations.

Wastewater Discharge Management ("WDM")

P.B. Group maintains strict adherence to the "Integrated Wastewater Discharge Standard (GB 8978–1996)" throughout our WDM. All production water usage is systematically recorded and monitored by the Mine Office to ensure optimal resource utilisation and regulatory compliance. Domestic wastewater generated from office facilities and staff accommodation undergoes precipitation treatment processes prior to discharge, meeting all applicable discharge standards. As part of our resource conservation initiatives, we implement rainwater harvesting systems for irrigation and dust suppression activities, while process wastewater from equipment cleaning operations is collected and treated through appropriate treatment processes before authorised discharge.

Hazardous Waste

P.B. Group operates a dedicated maintenance workshop for mining machinery at our processing facility, where waste oil is systematically collected in designated containers for reuse as machinery lubricant. Processing reagents, including sodium carbonate, are stored in purpose-built warehouses with appropriate containment measures in accordance with PRC hazardous materials storage requirements. Our independent environmental consultant has assessed our hazardous materials management protocols and confirmed that risks are effectively managed through compliance with applicable environmental standards and regulatory requirements.

Throughout the current Reporting Period and the previous year, our operations generated no hazardous waste requiring external disposal, reflecting our effective waste minimisation and reuse strategies.

Non-hazardous waste

During the Reporting Period, the Group generated approximately 125,072.4 tonnes of non-hazardous waste (2025: 43,781.4 tonnes), representing an intensity of 1.90954 tonnes per tonne of bentonite produced (2025: 0.62468 tonnes per tonne). The increase in both total non-hazardous waste generation and intensity was primarily attributable to the increased generation of waste soil and rock from mining activities.

Waste soil and rock were the principal types of non-hazardous waste generated by the Group. During the Reporting Period, approximately 78,170.27 cubic metres of waste soil and rock were generated (2025: 27,363.35 cubic metres). Subject to applicable requirements and site conditions, waste soil and rock were reused for backfilling and mine rehabilitation purposes.

The Group monitors the generation and management of non-hazardous waste and seeks to reduce waste generation intensity through improvements in production efficiency and operational management. The Group will continue to assess practicable measures, including improvements associated with production-line upgrades, to manage non-hazardous waste generation.

Packaging Materials

Total plastic used for packaging in 2026 was approximately 85.86 (2025: 86.93) tonnes, and the intensity was 0.00131 (2025: 0.00124) kg per ton of production. Total packaging material use decreased slightly during the Reporting Period, primarily in line with the decrease in production volume. However, packaging material intensity increased as the decrease in packaging material use was lower than the decrease in production volume. The Group will strictly control the use of materials and consider using more recyclable materials such as biodegradable plastics to reduce the impact on the environment.

Noise Pollution Control

P.B. Group incorporates noise minimisation criteria into all equipment supplier selection processes, with noise control measures integrated throughout all engineering project phases. Our noise control systems, installed on boilers, fans, and mechanical equipment, provide effective sound insulation and reduce synchronisation effects. Workers are provided with appropriate personal protective equipment, including earplugs and earmuffs, alongside comprehensive internal guidelines and operational manuals. All operations comply with the "Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348–2008)".

Pollution Accident Handling Plan

The Production Technology Department maintains responsibility for investigating abnormal pollution discharges and reporting findings to senior management. For significant accident, our emergency environmental response plan is activated, ensuring rapid containment and remediation measures. All incidents are documented and analysed to prevent recurrence and improve our environmental management systems.

Environmental Performance Assessment

Environmental performance forms an integral component of annual departmental and individual employee assessments. Assessment results and significant environmental issues are reported to relevant departments with recommendations for continuous improvement and corrective actions where necessary.

Reward and Punishment Mechanism

Employees demonstrating exemplary compliance with internal environmental guidelines and protection procedures receive recognition through our established reward system. Conversely, employees found in violation of the Environmental Protection Law of the PRC are subject to our disciplinary procedures, ensuring accountability and maintaining high environmental standards across all operations.

Efficient Use of Resources

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

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

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

The principles of resources management policy are:

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

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

– formulate policy to comply with law and regulation;

– manage and cooperate operation; and

– organise training for employees.

Analysis of Resources Usage

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

	2026	2025	2024
Resources			
Coal (tonnes)	**–**	–	231
Biomass fuel (tonnes)	**322**	–	–
Electricity (kWh)	**4,267,133**	4,669,335	6,157,990
Diesel oil (litres)	**34,413**	41,812	50,532
Water (cubic meter)	**3,180**	9,058	11,053
Office paper (tonnes)	**0.11**	0.12	0.11

Intensity of the usage of resource	**2026**	2025	2024
Resources	**Intensity**	Intensity	Intensity
Coal (tonnes per ton of production)	**–**	–	0.003
Biomass fuel (tonnes per ton of production)	**0.005**	–	–
Electricity (kWh per ton of production)	**65.15**	66.62	71.92
Diesel oil (litres per ton of production)	**0.525**	0.597	0.590
Water (cubic meter per ton of production)	**0.05**	0.13	0.13
Office paper (tonnes per employees) (note 1)	**0.0019**	0.0018	0.0016

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

As explained in the previous section of air emission, the decrease of resources usage of electricity was caused by the decrease of total production.

The Group phased out all coal-burning machinery from bentonite production operations, achieving zero consumption on coal.

Water

P.B. Group is committed to comprehensive water stewardship through integrated water and wastewater management systems designed to minimise consumption at source and reduce environmental impacts from our operations.

We have implemented automatic sensor technology across water facilities to optimise usage efficiency and eliminate wasteful practices. We educate our employees to raise awareness about the importance of water stewardship and encourage responsible consumption throughout our operations.

Primary water consumption comprises domestic use in administrative office and dust suppression activities during production processes, with industrial processing representing a relatively small proportion of total consumption. During the Reporting Period, total municipal water consumption decreased to 3,180 (2025: 9,058) cubic metres whilst water intensity decreased to 0.05 (2025: 0.13) cubic metres per tonne of production, reflecting reduced production volumes and more efficient way on water usage compared to the previous year.

The Group sources all water requirements from reliable municipal supply systems, ensuring no sourcing constraints for operations. We have established directional improvement targets for water usage per tonne of production and implemented enhanced administrative office water controls whilst evaluating wastewater reuse systems for dust suppression activities. These integrated measures have demonstrated measurable effectiveness through concurrent reductions in both total water consumption and operational intensity, positioning P.B. Group for continued improvement in water resource management.

Office Paper Consumption

P.B. Group consumed approximately 0.11 (2025: 0.12) tonnes of office paper with an intensity of 0.0019 (2025: 0.0018) tonnes per employee during the Reporting Period. The relatively stable paper consumption reflects our continued emphasis on electronic document systems for administrative operations. We actively promote paper recycling initiatives and conduct regular awareness campaigns to encourage responsible paper consumption amongst all employees.

Electricity Management

The Group maintains comprehensive energy conservation measures including strategically placed energy-saving reminders throughout office areas, energy-efficient lighting systems, and automated lighting sensors in meeting rooms. These integrated systems, combined with effective temperature controls and staff awareness programmes, ensure minimal energy wastage across our operations. We encourage employees to consider energy efficiency criteria when procuring office equipment, evaluating both operational energy costs and equipment lifespan to optimise long-term consumption.

Total electricity consumption decreased to 4,267,133 (2025: 4,669,335) kWh with an energy intensity of 65 (2025: 67) kWh per tonne of production.

Transportation Energy

The Group consumed 34,413 (2025: 41,812) litres of diesel for corporate vehicle transportation, representing an intensity of 0.53 (2025: 0.60) litres per tonne of production. The decrease was primarily attributable to lower operational requirements and the decrease in production volume and reduce in business travel. Moving forward, the Group will prioritise clean energy alternatives and continue monitoring transportation fuel usage to support our environmental sustainability objectives.

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

	2026	2025	**2026 Intensity per employees**	2025 Intensity per employees
Resources				
Electricity (kWh)	**36,677**	27,031	**1,079**	676
Petrol (litres)	**63**	418	**1.87**	10
Water (cubic meter)	**34**	42	**0.99**	1.04
Office paper (tonnes)	**0.23**	0.30	**0.007**	0.008

During the Reporting Period, electricity consumption of the Group's financial services and wholesale businesses in Hong Kong increased to approximately 36,677 kWh (2025: 27,031 kWh). The increase was mainly attributable to higher electricity consumption at the Hong Kong office, including electricity used for electric vehicles following the transition from fuel-powered vehicles.

Petrol consumption decreased to approximately 63 litres (2025: 418 litres), mainly due to the reduced use of fuel-powered vehicles. The Group will continue to monitor electricity and fuel consumption and implement practicable energy-saving measures in its Hong Kong office operations.

Environmental Protection Plan

The Group recognises that its mining operations may have impacts on the natural environment and ecosystems surrounding its mine sites. Accordingly, the Group places emphasis on mine management, ecological and environmental protection, operational safety and the efficient use of resources.

The Group incorporates mine rehabilitation and ecological restoration considerations into its production, operational and long-term development plans. For new projects, the Group conducts environmental assessments in accordance with applicable requirements and seeks to avoid and minimise adverse ecological impacts arising from development and construction activities.

The Group takes into account applicable PRC environmental protection, mineral resources management and mine rehabilitation requirements in its operations and long-term planning. Where practicable, the Group adopts revegetation measures using a mix of suitable plant species, with the aim of integrating rehabilitated areas with the surrounding natural environment.

During the Reporting Period, the Group continued to maintain its environmental management measures. The Group was not aware of any material non-compliance with applicable environmental laws and regulations that resulted in significant fines or non-monetary sanctions.

Reclamation Plan

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

– to effectively curb surface of land damage and soil erosion, rehabilitate the damaged land, restore the ecological environment of the mining area; and

– to implement and strictly comply with the principle of "Rehabilitation by Destroyer" and "Regulation on Land Reclamation" announced by the State Council of PRC.

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

	Principles of reclamation plan
Source control, combination of prevention and reclamation	Evaluation and forecasting of the area of the utilised and damaged land are included in preparation of reclamation plan. Preventive and control measures were taken during production and construction activities to minimise unnecessary damage to the land.
Synchronisation of mining and reclamation	The future purpose of land utilisation is determined in planning therefore the reclamation construction can be performed with mining activities at the same time. The fundraising for reclamation is prepared efficiently.
Act according to local conditions, priority of agriculture	The production and construction of the mine will have certain impact on the ecological environment and land use conditions of the mine site and surrounding areas. The land reclamation plan should be combined with the actual situation of the locality. The direction of reclamation should be agriculture, Animal husbandry, and fishery. If conditions permit, it should be reclaimed as agricultural land. The legitimate rights and interest of the local community is safeguarded.

The Group had performed the following major reclamation works:

Procedures	Details
Drainage ditch and Sedimentation tank	The drainage ditch was constructed to collect the rainwater in order to prevent the surface runoff. Sedimentation tank was constructed to collect the suspended solids in order to reduce the water pollution.
Covering soil and vegetation reconstruction	During the Reporting Period, 12,020 m^2 (2025: 11,700 m^2) of mining area were covered soil and grass.
Monitoring system	Monitoring points were setup to monitor drainage diversion, mountain slope stability and the survival rate of newly planted tree and grass.

Compliance of Laws and Regulations Relating to Environment

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

Climate Change Risk

In 2026, the Group identified the major risks and opportunities of climate change, and formatted effective strategic measures to respond to climate change. In the future, we will conduct ongoing assessment and review to strengthen management effectiveness.

Type of risk	Description of risk	Strategic risk measures
Transition Risks: Policies and Laws	The Chinese government's relevant policies, laws and regulations on carbon emissions are gradually becoming stricter. The construction of national carbon emissions trading market is being proactively promoted.	– It is planned to research, formulate and continuously improve plans for medium to long-term targets of carbon emissions. – It is planned to reduce emissions of greenhouse gases by enhancing techniques and decreasing energy consumption and to roll out technological R&D of alternative clinker, alternative fuel, capture of carbon dioxide and low-carbon products.
Transition Risks: Technology	Rapid advancement in clean technology and automation may render current bentonite processing equipment obsolete. Market shift towards low-carbon mining techniques and renewable energy systems could increase capital expenditure requirements.	– We planned to invest in energy-efficient processing equipment and renewable energy integration – We planned to partner with technology providers for carbon capture and storage pilot projects – We are going to upgrade mining equipment to electric-powered alternatives

Type of risk	Description of risk	Strategic risk measures
Physical Risks: Extreme Weather	Extreme weather (rainstorm, typhoon, heavy snow, flood, high temperature, severe coldness, etc.).	– We strengthen risks analysis, organise and execute inspections of latent hazards in key regions, reinforce overall planning and coordination of disaster prevention and treatment, formulate contingency plans and regularly organise disaster safety drills to arouse the staff's precautionary awareness and resilience. – Insurance is taken out to secure personal injuries and property damage caused by various disasters and accidents. – We continue to expand multiple procurement channels and understand the situation of power supply and coal supply to secure supply. – Shipping arrangement of goods is dependent on the weather conditions. During extreme weather, shipping is suspended, employees are relocated to safe places, loading and unloading equipment are fixed. Customers and transportation companies are also advised in advance for reasonable arrangement of vehicles. Retail customers are offered assistance on storage and transpose of goods.
Chronic risk: Extreme Weather	In long-term, the climate change would change the chronic health condition. The higher temperature would result in changes in transmission patterns of infectious diseases or higher risk of thermal stress.	– The Group would regularly raise the awareness of the employees to risk of health issues caused by fluctuation of temperature as well as the risk of infectious diseases. At the current stage, the chronic risk to the Group is not significant. However, the Group would closely monitor the relevant risk and establish controls, such as change of place of the operations where the place has lower chronic risk, if required. At the same time, the Group would exercise best effort to reduce its emission and enhance the portion of green investment in the future in order to make even minimal but meaningful contribution to address climate change risk. – To address extreme high temperatures at our mining sites, we will implement proactive measures to ensure worker safety and operational efficiency. This includes installing automated temperature monitoring systems equipped with real-time alerts to detect and respond to heat stress conditions promptly. – Additionally, we will establish heat shelters and hydration stations strategically located throughout the sites to provide accessible relief and hydration for all personnel.

Natural Disaster Emergency Plan

Recognising that global climate change increasingly affects business operations and heightens operational risks, the Group has established a designated emergency command system to lead, coordinate, and direct comprehensive disaster response procedures. This structured framework ensures rapid mobilisation of resources and personnel to maintain operational continuity and protect employees' safety during natural disaster events.

Function	Designated Person	Responsibilities
Chief Commander	General Manager (GM)	– Make final decisions and authorise rescue operations – Oversee overall emergency response coordination – Approve emergency budget allocations and resource deployment – Liaise with external emergency services and government authorities
Vice Commander	Head of Administration (HA)	– Assess emergency situations and issue rescue orders – Collect weather forecasts and communicate updates to all departments – Coordinate training programmes and external rescue resources – Manage external communications and press releases
Support Team	Finance, Procurement and IT Departments ("**ITD**")	– ITD ensure internal communication systems remain operational – The other departments prepare medical supplies, equipment and temporary treatment facilities
Rescue Team	Production Department (PD) and Security Department (SD)	– Execute evacuation procedures for employees and visitors – Coordinate rescue operations and asset protection – Implement site safety measures and access control

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

Type of Natural Disaster	Prevention
Rainstorm	– Prepare emergency rescue equipment and tools – Conduct periodic inspections of hazardous chemical storage areas – Ensure drainage systems and production facilities can withstand heavy rainfall – Install waterproof barriers to prevent rainwater infiltration – Install mobile pumping equipment strategically positioned around the facility for rapid deployment
Typhoon	– Strengthen peripheral structures and equipment during typhoon season – Establish weather monitoring system and communicate updates to relevant departments – Remove dead and damaged trees around facilities – Implement construction restrictions during typhoon periods – Conduct periodic structural integrity assessments of all buildings
Lightning Strike	– Perform regular inspections of lightning protection systems – Install comprehensive lightning protection infrastructure – Maintain regular data backup procedures – Deploy technical support teams during high-risk periods – Install backup power systems including uninterruptible power supplies (UPS) and diesel generators in waterproof enclosures
Earthquake	– Provide earthquake response training and safety education – Establish protocols to verify earthquake warnings and prevent misinformation – Conduct regular earthquake evacuation drills – Maintain adequate emergency rescue supplies and equipment
Extreme Heat	– Implement heat stress monitoring and worker rotation schedules – Install cooling systems and shaded rest areas throughout mining sites – Adjust operational hours to avoid peak temperature periods – Provide heat-resistant PPE and hydration stations – Develop equipment cooling protocols to prevent machinery overheating

EMPLOYEES

Employees are essential to business operations, and their development represents a fundamental corporate objective. Guided by our principles of value creation and mutual partnership, we encourage staff to grow alongside the Group whilst fostering a harmonious corporate culture and safe working environment that ensures all employees receive the respect and protection they deserve.

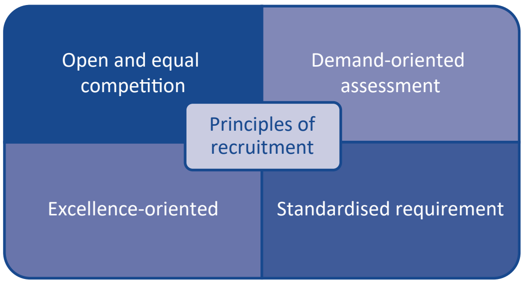
Communications and Mutual Respect

The Group respects every employee regardless of position, recognising that employee respect is fundamental to modern enterprise excellence. We foster a harmonious and fulfilling work environment through mutual respect and effective communication, whilst our commitment to understanding and supporting our employees creates a welcoming workplace for all.

Recruitment Principles

We are committed to equal opportunity employment, providing our workforce with a safe, healthy, and fulfilling work environment supported by competitive remuneration, comprehensive benefits, and ongoing training and development opportunities.

Our human resources strategy focuses on enabling employees to reach their full potential whilst retaining dedicated, motivated, and highly competent individuals who contribute to achieving our corporate objectives through fair management practices and continuous professional development programmes.



Prohibiting Child and Forced Labour

The Group maintains strict adherence to lawful employment practices, prohibiting child and forced labour across all operations. We conduct rigorous age verification procedures to ensure no employees under 18 years are employed, and strictly forbid any form of coercion, violence, threats, or physical restrictions that would constitute forced labour. Our employment practices comply fully with the Criminal Law of the PRC, Labour Law of the PRC, Law on Protection of Minors, Provisions for Special Protection of Under-Aged Labour, and Provisions on Prohibition of Using Child Labour.

All employees must provide accurate personal information upon commencement of employment and adhere to relevant company policies. Any instances of fraudulent identification documents, false personal data, or misrepresented work experience will be addressed according to Group policies, with serious cases involving detrimental effects potentially subject to legal proceedings in accordance with applicable statutory requirements.

Compliance to Protect the Interests of Employees

The Group maintains strict compliance with all applicable labour laws across our operational jurisdictions, conducting annual labour risk assessments that evaluate urgency and severity whilst incorporating latest legal requirements, stakeholder feedback, and media analysis to continuously refine our management approach.

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

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

Comprehensive Incentive System

P.B. Group values its employees and understands their diverse needs, rewarding staff according to their efforts and contributions to the Company. Employees are encouraged to enhance their competitiveness through participation in the Group's growth benefits, whilst our comprehensive remuneration package considers job responsibilities, individual performance, professional attitude, technical skills, and overall Group's revenue.

In addition, we provide the follow incentives to employees:

– Long-service recognition incentives to acknowledge employees' historical contributions and demonstrate ongoing appreciation for their commitment

– Performance-related bonuses linked to profit, revenue targets, and individual contributions to company success

– Comprehensive allowances covering transportation, meals, accommodation, night shift premiums, and overtime compensation

– Professional development incentives including training allowances, skills enhancement programmes, and educational advancement support to promote career growth and technical expertise

Nurturing Internal Talents

Whilst P.B. Group cannot guarantee lifelong career tenure, we are committed to enhancing our employees' professional capabilities through comprehensive training programmes, enriched work experience and internal promotion opportunities. The Group prioritises developing existing staff to meet professional requirements, recruiting external professionals only, when necessary, thereby nurturing talent across all organisational levels and business sectors internally.

Training and Development

P.B. Group prioritises talent attraction and retention, recruiting professionals and management expertise based on business development needs to optimise our human resources structure. Recognising the vital importance of nurturing talented employees, we encourage participation in internal and external training programmes whilst providing subsidies to enhance employee qualifications, skills, professional expertise, and work efficiency for sustainable long-term growth.

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

Classification	Percentage of employees trained		Average training hours completed per employee	
	2026	2025	**2026**	2025
By gender				
Male	**100%**	100%	**13**	20
Female	**100%**	100%	**4**	7
By grade				
General	**100%**	100%	**8**	12
Middle level	**100%**	100%	**8**	24
Senior management	**100%**	100%	**4**	25

The training for employees and management covered the following aspects:

- Fire safety and emergency procedures
- Production resumption safety protocols
- Specialised equipment operation skills
- Production safety and equipment handling
- Mining safety management systems
- Occupational health and workplace safety
- New employee and temporary contractor orientation programmes
- Anti-corruption and ethics compliance
- Business management and leadership development
- Summer season operations and heat stress management including hydration protocols, work rotation schedules, and extreme weather response procedure

Offline Training

P.B. Group delivers comprehensive offline employee training through multiple formats, providing management, professional, and technical skills development across all organisational levels. We have established excellent internal lecturer programmes and elite training initiatives to enhance training quality through advanced instructor development. During the Reporting Period, all employees participated in offline training for a total duration of approximately 438 hours (2025: 716 hours).

Online Learning System

After the epidemic, the Group also launched online staff training. The construction of online learning resources database was advanced. The total duration of online training was approximately 128 hours (2025: 256 hours).

The decreased proportion of online training in 2026 was mainly in line with the overall decrease in total training hours during the Reporting Period. The Group continued to provide online training to employees, providing greater flexibility and accommodating diverse learning paces within the training program.

Step by Step Training

The Human Resources Department manages the planning, coordination, and documentation of all employee training and assessment programmes. We provide special recognition to internal trainers to foster a knowledge-sharing culture amongst employees, whilst delivering structured training programmes in progressive stages to ensure appropriate skill development at each career level.

Orientation training

P.B. Group provides comprehensive orientation training for all new employees and external contractors, covering company and industry history, corporate culture, organisational structure, operational rules and guidelines, specific job responsibilities, and essential skills development. The orientation programme is delivered through three progressive stages: headquarters training for corporate overview and policies, branch training for local operational procedures, and field training for hands-on practical experience.

On-job Training System

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

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

Aspects	Details
Company demand	Identifying the strengths and weaknesses Identifying the future manpower requirement Evaluating strategic business objectives and required capabilities Assessing regulatory compliance training requirements
Team demand	Performing questionnaire, meeting and manpower planning Analysing departmental knowledge gaps and operational deficiencies Identifying cross-functional training opportunities
Personal demand	Assessment on the work performance and job analysis Evaluating career advancement aspirations and pathways Identifying role-specific technical and soft skill requirements Assessing individual learning preferences and development pace
Organisational culture	Aligning training with corporate values and knowledge-sharing culture Evaluating training requirements for promoting ethical practices Assessing organisational readiness for change and adaptation

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

Classification	Percentage of employees trained		Average training hours completed per employee	
	2026	2025	**2026**	2025
By gender				
Male	**100%**	100%	**15**	16
Female	**100%**	100%	**15**	19
By grade				
General	**100%**	100%	**15**	18
Middle level	**100%**	100%	**13**	14
Senior management	**100%**	100%	**14**	20

Education Subsidies

P.B. Group enables departments to recommend employees for education subsidies, allowing eligible staff to undertake full-time university study. We also support colleagues in obtaining and renewing professional qualifications – such as those of insurance intermediaries and Certified Public Accountants – by facilitating internal and external continuing professional development.

Employee Resignation Management

The Group conducts exit discussions during the resignation process to retain high-performing employees and understand departure reasons. We collect feedback and evaluations from departing employees to identify potential improvements and enhance our employment practices, ensuring continuous development of our workplace environment and employee satisfaction.

Anti-discrimination and Anti-harassment

We are committed to maintaining a diverse and inclusive workforce that reflects our broader community whilst complying with all relevant employment and equal opportunities legislation across our operational jurisdictions. We promote fair employment practices within local cultural and legal frameworks, ensuring that recruitment, selection, and career advancement decisions are based solely on merit, qualifications and job-related criteria.

Our zero-tolerance approach to discrimination prohibits any consideration of gender, marital status, sexual orientation, religious belief, race, nationality, ethnic origin, age, or disability in employment decisions. All management levels are responsible for implementing these policies and ensuring equal access to remuneration, benefits, career opportunities, training programmes, and retirement arrangements.

All remuneration, benefits, career opportunities, and retirement arrangements must comply with our policy. Employees are selected and treated based solely on their abilities and suitability for job requirements, with equal opportunities to demonstrate their capabilities and advance within the organisation. We are committed to merit-based promotion and ensuring all employees receive equal consideration for learning and development programmes.

The Company maintains a neutral working environment where no current or prospective employee feels threatened due to their origins, beliefs, gender, or marital status. Any acts of unlawful discrimination constitute gross misconduct and will be addressed accordingly. All recruitment advertisements and promotional materials undergo review to ensure they contain no discriminatory language or implications.

Employment Profile

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

Classification	**2026** Numbers (note 1)	**2026** Proportion	2025 Numbers (note 1)	2025 Proportion
By gender				
Male	**36**	**59%**	40	60%
Female	**25**	**41%**	27	40%
By region				
Hong Kong	**–**	**–**	–	–
PRC	**61**	**100%**	67	100%
By grade				
General	**49**	**80%**	53	79%
Middle level	**8**	**13%**	9	14%
Senior management	**4**	**7%**	5	7%
By age				
Aged below 30	**–**	**–**	–	–
Aged 30-50	**29**	**48%**	34	51%
Aged 50 or above	**33**	**54%**	33	49%
By employment type				
Full time	**61**	**100%**	67	100%
Part time	**–**	**–**	–	–

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

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

Classification	2026 (note 1)	2025 (note 1)
Total employee	**13%**	7%
By gender		
Male	**11%**	10%
Female	**15%**	4%
By age		
Aged below 30	**–**	–
Aged 30-50	**3%**	3%
Aged 50 or above	**21%**	12%
By grade		
General	**14%**	9%
Middle level	**–**	–
Senior management	**25%**	–
By region		
Hong Kong	**–**	–
PRC	**13%**	7%

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

Employment profile of business of financial services in Hong Kong

Classification	Number of employees		Turnover rate	
	2026	2025	**2026**	2025
Total employee	**34**	40	**30%**	36%
By gender				
Male	**15**	19	**29%**	50%
Female	**19**	21	**24%**	23%
By region				
Hong Kong	**34**	40	**30%**	36%
Others	**–**	–	**–**	–
By age				
Aged below 30	**1**	2	**50%**	67%
Aged 30-50	**21**	28	**31%**	24%
Aged 50 or above	**12**	10	**8%**	44%
By grade				
General	**24**	28	**27%**	39%
Middle level	**6**	8	**33%**	30%
Senior management	**4**	4	**–**	29%

Concerns About Occupational Safety

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

Production Safety

Employee safety remains P.B. Group's top concern and forms the core of our operational mission. We foster a robust safety culture through rigorous safety standards, comprehensive training programmes, and continuous education initiatives, ensuring a safe and healthy working environment that protects our employees and their families.

Our comprehensive safety production and operational manual establishes clear procedures covering safety protocols for different roles and departments, accident prevention measures, and incident reporting requirements. Each supervisory employee maintains clearly defined responsibilities with accountability for their respective areas, whilst our mine manager oversees regular on-site inspections and continuously monitors safety policy implementation. Regular safety drills ensure employee preparedness for emergency response situations, with strict compliance maintained with the Production Safety Law of the PRC.

The key points of our policies are:

- Provide comprehensive personal protective equipment and ensure proper usage across all operational areas
- Minimise work-related injuries and occupational illnesses through proactive risk assessment and mitigation
- Ensure occupational health and safety information is readily accessible to employees in appropriate languages
- Maintain continuous safety awareness through newsletters, training programmes, and effective communication channels regarding site safety obligations
- Conduct regular safety audits and risk assessments with documented corrective action plans
- Establish emergency response protocols including first aid facilities, evacuation procedures, and incident management systems
- Maintain equipment safety standards through regular inspections, preventive maintenance, and operator certification requirements

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

Safety Training

All new employees undergo production safety education and training programmes, including classroom instruction, case studies, and practical exercises, and must successfully complete safety examinations before entering production areas. Annual safety training is mandatory for all personnel to maintain current safety knowledge and compliance standards.

Specialised workers, including electricians, welders, forklift operators, mine managers, and security officers, must obtain certification through nationally recognised legal examinations and maintain valid licences throughout their employment.

Safety Check System

The Safety Department conducts safety reviews on a monthly basis, with inspection teams comprising senior management, department heads, and factory managers. Security risks identified during inspections are communicated to relevant departments, which must prepare remedial action plans for Safety Department verification and approval.

Safety inspections are carried out daily, seasonally, and before and after holidays to ensure continuous compliance. Departments or employees found violating safety guidelines are subject to disciplinary measures and mandatory re-education programmes to reinforce safety protocols and prevent recurrence.

Safety Incident Emergency Management

The Group has established a safety incident emergency procedure which:

– any accident should be reported to mine manager and management

– if the accident is related to law and regulation, it should be reported to local government

– the rescue should be executed immediately

– the accident scene should be properly protected for following investigation

– the cause of accident must be identified

– the accident responsible person must be punished

– the education about the accident must be provided to employees Corresponding procedures must be adopted to prevent the same accident

Customer

P.B. Group maintains stringent quality control standards and comprehensive testing procedures at every critical stage of drilling mud and pelletising clay production, documented within our quality control manual. We provide systematic employee training to ensure effective implementation of quality control procedures, consistently delivering high-quality products that meet customer requirements.

Our established sales management system monitors the entire sales process, from identifying customer requirements and negotiating contract terms covering price, quantity, quality, and delivery schedules, to ensuring full compliance with sales contract obligations. We actively collect customer feedback through multiple communication channels throughout the delivery process, utilising this input to evaluate and enhance our quality assurance systems whilst implementing corrective measures when necessary.

The Group is committed to responsible advertising and marketing practices through rigorous internal verification processes for all promotional materials, ensuring that advertising content is substantiated by verified performance data, customer feedback, and laboratory results to maintain accuracy and credibility in all communications.

Data Privacy Policy

P.B. Group's Sales Department conducts comprehensive background checks on all new customers, obtaining certificates, business licences, tax registrations, and written reports to ensure proper due diligence. All sales contracts and customer information are securely stored and maintained in accordance with our data protection protocols.

The Group maintains strict confidentiality of all data and information provided by customers, suppliers, and third parties, with confidentiality obligations continuing beyond contract termination. All employees, supervisors, and directors are required to execute confidentiality agreements confirming their commitment to these obligations and restrictions on data usage.

Business and communication records may only be disclosed with prior management approval, whilst company IT systems, including email, computers, and internet facilities, are restricted to business use only. Without Board consent, all personnel are prohibited from utilising company assets, data, or their positions for personal benefit, ensuring the integrity of corporate resources and information security across all operational levels.

Protection of intellectual property rights

We recognise brand value as a critical intangible asset and maintains comprehensive intellectual property protection measures to ensure product philosophy consistency throughout our design and production processes whilst safeguarding brand exclusivity. We have established specialised departments to manage intellectual property rights and engage external intellectual property law firms for professional guidance, ensuring strict compliance with the "Intellectual Property Protection Law of the PRC" and related legislation.

In partnership collaborations, we respect and protect both our own and partners' intellectual property rights, operating strictly within authorised parameters whilst ensuring all marketing and promotional activities comply with the "Advertising Law of the PRC". We utilise only authorised materials and information to prevent infringement of third-party rights and maintain robust legal frameworks to defend our legitimate interests and pursue action against intellectual property infringement when necessary.

Intellectual property management system

P.B. Group's intellectual property management system has been certified by a leading IPMS certification company in the PRC for compliance with the national standard "Enterprise Intellectual Property Management (GB/T 29490-2013)". This certification enhances the Group's risk management capabilities and control environment for intellectual property governance across all business operations.

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

- Planning: Assess the Group's intellectual property requirements and establish comprehensive IP policies, strategic objectives, and resource allocation plans
- Implementation: Acquire, maintain, utilise, and protect intellectual property rights throughout product development, research and development, procurement, production, sales, and after-sales service operations
- Documentation: Maintain comprehensive records of all intellectual property assets, applications, registrations, and licensing agreements for audit and compliance purposes
- Training and Awareness: Provide regular staff education programmes on intellectual property policies, procedures, and best practices to ensure organisation-wide compliance
- Evaluation: Monitor, measure, and review the effectiveness of intellectual property management systems through regular audits and performance assessments
- Improvement: Continuously enhance the intellectual property management system based on evaluation results, market changes, and regulatory developments

Product Quality Control

The Group seeks to manage product quality in accordance with applicable laws and regulations in the PRC, including the Product Quality Law of the PRC, as well as its internal quality control procedures.

The Group conducts quality checks at relevant stages of its production process, which may include testing of raw materials, semi-finished products and finished products, as well as inspection prior to delivery, where applicable. Relevant testing and inspection records are maintained for internal review and follow-up.

The Group maintains procedures for handling customer feedback and product quality issues. The Sales Department is responsible for communicating with customers and recording relevant details. Where appropriate, the Group investigates the matter and may arrange for returned products to be tested or assessed. Any return, replacement or other resolution is handled in accordance with the relevant sales contract and the circumstances of the case.

During the Reporting Period, the Group was not aware of any material non-compliance with applicable laws and regulations relating to product responsibility that had a significant impact on the Group.

Recall Procedures

The Group maintains comprehensive standards for managing quality incidents, encompassing identification, diagnosis, and remedial solutions for substandard products, alongside established compensation and recall mechanisms.

Upon discovering confirmed quality issues in products that have left our facilities or during customer use, we immediately notify affected customers to cease use and isolate the relevant batch. We organise product recalls where feasible, confirm customer damages, and provide appropriate compensation.

All incidents undergo thorough investigation and analysis to determine root causes, implement corrective measures, assign accountability, and verify remedial effectiveness.

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

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

CODE OF CONDUCT AND GUIDELINES

Insider Trading

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

Fair Competition

We compete fairly and honestly with all competitors. Employees are prohibited from obtaining or using competitors' patent data, confidential information, or trade secrets without proper authorisation. All staff must respect the legitimate interests of customers, suppliers, competitors, and colleagues, conducting business with integrity. Employees must not manipulate information, conceal material facts, abuse privileged data, provide misleading information, or engage in unfair trading practices.

Report of Illegal or Unethical Behavior

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

Management Effort for Anti-fraud

The anti-fraud work of the management includes:

- Foster an integrity-driven corporate culture with zero tolerance for fraud
- Conduct regular fraud risk assessments and implement preventive controls
- Provide mandatory training on legal compliance and ethical conduct
- Maintain confidential whistleblowing channels with protection for reporters
- Ensure Board and Audit Committee oversight of fraud prevention programmes
- Establish clear segregation of duties and appropriate authorisation limits
- Conduct periodic internal audits and fraud detection reviews
- Monitor high-risk transactions and unusual activity patterns

Anti-corruption in the PRC

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

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

Neither the Group nor its employees were involved in any corruption litigation cases for the Reporting Period.

Equal Opportunity and Anti-Discrimination in Hong Kong

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

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

Whistleblowing

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

Annual Anti-fraud Meeting

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

Sustainable Supply Chain Management

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

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

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

– minimal use of virgin material in the product;

– replacement of disposables with reusables or recyclables;

– minimal environmental impact from the entire product or service life cycle;

– minimal packaging or elimination of packaging;

– reduced energy/water consumption;

– toxicity reduction or elimination;

– durability and maintenance requirements (avoid single-use disposable items);

- high recyclability and responsible waste disposal (high recyclability);
- local sourcing to minimise transport emissions; and
- ethical labour practices and fair trade compliance.

Preference should be given to suppliers which have:

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

As a Group, we strive to be responsible stewards of the natural resources and biodiversity under our influence. We prefer to collaborate with suppliers and contractors – including financial institutions, consultants, and professional advisers – who actively promote sustainable development through their business practices.

When procuring products and services, we carefully consider environmental impact, social benefits, and cost-effectiveness to optimise outcomes for both the public good and our business interests.

Sustainable procurement delivers tangible environmental and social benefits whilst promoting public awareness of sustainability issues and encouraging manufacturers to develop environmentally and socially responsible products.

By the end of Reporting Period, we have 52 (2025: 55) key suppliers in our business of bentonite mining and all of them are in the PRC. All of these key suppliers are subject to our policy of supplier management stated above.

By the end of Reporting Period, we have 39 (2025: 39) key suppliers in our business of financial services and 2 (2025: 2) key suppliers in our business of wholesale business in Hong Kong. The key suppliers of financial services were mainly the insurance companies and the key suppliers of wholesales business are local reputable supplier in zero-waste and sustainable products. During the Reporting Period, we have performed assessments on 5 suppliers for their quality and performance for their services and products and relevant environmental and social risk related.

COMMUNITY INVESTMENT

Community Participation

P.B. Group recognises and actively supports the valuable initiatives undertaken by social service organisations, seeking collaborative opportunities with entities that align with our corporate values and principles. The Group is committed to enhancing employees' social consciousness and civic engagement through targeted awareness programs and educational initiatives.

In alignment with our commitment to environmental sustainability and waste reduction targets, P.B. Group has implemented comprehensive office-based recycling initiatives across our office. The Group has strategically deployed segregated recycling collection systems with clearly labeled bins for bottles, paper, and aluminum cans to facilitate proper waste sorting and maximize material recovery rates.

We actively promote employee participation in sustainable waste management practices through awareness campaigns and internal communications that encourage responsible disposal and recycling behaviors among all staff members. Our facilities management team maintains regular collection schedules, ensuring recyclable materials are transported to designated GREEN@COMMUNITY recycling stores, thereby supporting Hong Kong's circular economy objectives and reducing our operational environmental footprint.

This initiative demonstrates our practical commitment to environmental responsibility while fostering a culture of sustainability awareness throughout our organization, contributing to our broader ESG objectives and stakeholder expectations for responsible corporate citizenship.

We actively encourage our workforce to participate in meaningful community enhancement activities, including volunteer programs and charitable fundraising campaigns that contribute to local community development. In accordance with the Charity Law of the PRC, the Group maintains ongoing commitment to promoting responsible charitable business practices and community investment initiatives that create positive social impact and strengthen our relationship with the communities where we operate.

Community Charitable Donation

During the reporting period, the Group prioritised environmental stewardship and sustainable development as core components of our community engagement strategy. In PRC, the Group actively participated in various environmental conservation programmes and community initiatives, contributing approximately CNY10,000 to support local education development.

In Hong Kong, the Group donated HK$200,000 (equivalent to CNY182,000) to the "Support Fund for Wang Fuk Court in Tai Po", established by the Government of the Hong Kong Special Administrative Region, to support residents affected by the fire at Wang Fuk Court in Tai Po and related relief efforts.

Recognising that community feedback is essential to the success of our mining rehabilitation initiatives, we place significant emphasis on stakeholder consultation and public participation in our land reclamation planning process. To ensure our reclamation plans remain responsive to community needs and environmental expectations, we maintain regular communication channels with stakeholders and local residents, conducting structured consultations that enable us to continuously refine and improve our environmental restoration strategies based on community input and environmental concerns.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Part B – Mandatory Disclosure Requirements

Paragraph 13	Board statement on ESG governance, oversight, management approach and review of targets	About us; The Board's Commitment and ESG Approach
Paragraph 14	Reporting principles: materiality, quantitative, balance and consistency	Reporting framework
Paragraph 15	Reporting boundary	Reporting Boundary

Part C: Environmental and Social Subject Areas

A. Environmental	**Description**	**Reference Section**
Aspect: A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment Environmental Management System Compliance of Laws and Regulations Relating to Environment
KPI A1.1	The types of emissions and respective emissions data.	Air Emission Analysis
KPI A1.2	Repealed from 1 January 2025	Not applicable
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emission Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous waste Non-hazardous waste

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

B. Social	Description	Reference Section
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment Profile
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Profile
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Production Safety Safety Training Safety Check System Safety Incident Emergency Management
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Production Safety
KPI B2.2	Lost days due to work injury.	Lost days due to work injury: 0 day
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Production Safety Safety Training Safety Check System

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

B. Social	Description	Reference Section
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Customer Data Privacy Policy Protection of intellectual property rights Product Quality Control
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Recall Procedures
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Recall Procedures
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of intellectual property rights Intellectual property management system
KPI B6.4	Description of quality assurance process and recall procedures.	Recall Procedures
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy Policy
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Code of Conduct and Guidelines

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

Part D: Climate-related Disclosures

Paragraph 28 (a)	Scope 1 greenhouse gas emissions (mandatory)	Greenhouse Gas ("**GHG**") Emission Analysis
Paragraph 28 (b)	Scope 2 greenhouse gas emissions (mandatory)	Greenhouse Gas ("**GHG**") Emission Analysis
Paragraph 28 (c)	Scope 3 greenhouse gas emissions (voluntary)	Greenhouse Gas ("**GHG**") Emission Analysis
Paragraph 29	GHG measurement approach, assumptions and Scope 2/Scope 3 basis	Greenhouse Gas ("**GHG**") Emission Analysis

TO THE SHAREHOLDERS OF P.B. GROUP LIMITED（倍搏集團有限公司）
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of P.B. Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 114 to 191, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

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

KEY AUDIT MATTER *(Continued)*

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

Key audit matter	How our audit addressed the key audit matter
We identified the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets as a key audit matter as they are quantitatively significant to the consolidated financial statements as a whole and there are significant judgements exercised by the management of the Group in determining the recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets. As disclosed in notes 17, 18 and 20 to the consolidated financial statements, the Group had property, plant and equipment, right-of-use assets and intangible assets which amounted to CNY45,376,000, CNY2,423,000 and CNY4,808,000 respectively, which were allocated to the cash generating units of mining operation and financial service business.	Our procedures in relation to the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets included: • We have obtained an understanding of the management's internal control and assessment processes over the accounting estimates; • We have enquired management on their basis of identifying impairment indicators and challenged the judgements made in the identification of impairment indicators; • We assessed the valuers' qualifications and their expertise and read the terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised or that their scope was limited in any way; • We have engaged auditor's expert to assess the appropriateness of the recoverable amount calculation methodology adopted by external valuer of the Group by examining the key data inputs and assessing their accuracy and completeness, and challenging the assumptions used to determine the recoverable amount; • We have assessed the reasonableness of discount rate applied in determining the recoverable amount; • We have challenged the external valuer of the Group and management's reasonableness of other key assumptions based on our knowledge of the business and industry; and • We have compared and verified the input data to supporting evidence, such as management's cash flow forecasts and considering the reasonableness of these cash flow forecasts.

OTHER INFORMATION

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

OTHER INFORMATION *(Continued)*

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fan Chi Hang, Stephen.

Prism Hong Kong Limited
Certified Public Accountants
Fan Chi Hang, Stephen
Practising Certificate Number: P06144

Hong Kong, 30 June 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2026

	Notes	**Year ended 31 March 2026 CNY'000**	Year ended 31 March 2025 CNY'000
Revenue	7	**46,192**	52,880
Cost of sales		**(29,531)**	(31,344)
Gross profit		**16,661**	21,536
Other income, other gains/(losses), net	9	**1,041**	1,509
Selling and distribution expenses		**(2,871)**	(3,096)
Administrative expenses		**(25,613)**	(27,040)
Finance costs	10	**(579)**	(577)
Loss before tax	11	**(11,361)**	(7,668)
Income tax (expense)/credit	12	**(3,786)**	145
Loss for the year		**(15,147)**	(7,523)
Other comprehensive (expense)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(1,034)**	221
Loss and total comprehensive expense for the year		**(16,181)**	(7,302)
Loss for the year attributable to:			
Owners of the Company		**(14,509)**	(7,523)
Non-controlling interest		**(638)**	–
		(15,147)	(7,523)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(15,543)**	(7,302)
Non-controlling interest		**(638)**	–
		(16,181)	(7,302)
Loss per share:			
Basic (CNY)	16	**(9.12) cents**	(4.73) cents
Diluted (CNY)	16	**(9.12) cents**	(4.73) cents

Consolidated Statement of Financial Position

As at 31 March 2026

	Notes	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Non-current assets			
Property, plant and equipment	17	**45,376**	39,491
Right-of-use assets	18	**2,423**	2,516
Investment property	19	**1,570**	1,904
Intangible assets	20	**4,808**	4,877
Deferred tax assets	21	**988**	908
Restricted bank balances	25	**10,318**	14,499
		65,483	64,195
Current assets			
Inventories	22	**8,600**	8,357
Trade, guarantee service fee, loan and loan interest, bills and other receivables	23	**46,665**	45,535
Financial assets at fair value through profit or loss ("**FVTPL**")	24	**2,421**	2,287
Pledged bank deposit	25	**–**	20,000
Bank balances and cash	25	**12,940**	5,961
		70,626	82,140
Current liabilities			
Trade and other payables	26	**16,925**	22,314
Income tax payables		**486**	976
		17,411	23,290
Net current assets		**53,215**	58,850
Total assets less current liabilities		**118,698**	123,045

Consolidated Statement of Financial Position

As at 31 March 2026

	Notes	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Non-current liabilities			
Asset retirement obligations	27	**11,311**	10,732
Deferred income	28	**128**	143
		11,439	10,875
Net assets		**107,259**	112,170
Capital and reserves			
Share capital	29	**13,261**	13,261
Share premium and reserves		**93,998**	98,909
Total equity		**107,259**	112,170

The consolidated financial statements on pages 114 to 191 were approved by the Board of Directors on 30 June 2026 and were signed on its behalf.

CHAN Man Fung
Director

PUI Wai Lun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

	Share capital CNY'000	Share premium CNY'000	Other reserve CNY'000 (Note (i))	Statutory reserve CNY'000 (Note (ii))	Safety fund and production maintenance fund CNY'000 (Note (iii))	Foreign currency translation reserve CNY'000	Accumulated losses CNY'000	Non-controlling interests CNY'000	Total CNY'000
As at 1 April 2024	13,261	146,974	23,351	9,243	1,899	4,357	(79,613)	–	119,472
Loss for the year	–	–	–	–	–	–	(7,523)	–	(7,523)
Exchange difference arising on translation of financial statement of foreign operation	–	–	–	–	–	221	–	–	221
Other comprehensive income for the year	–	–	–	–	–	221	–	–	221
Total comprehensive income/(expense) for the year	–	–	–	–	–	221	(7,523)	–	(7,302)
Appropriation to statutory reserve	–	–	–	337	–	–	(337)	–	–
Appropriation and utilisation of safety fund and production maintenance fund, net	–	–	–	–	(22)	–	22	–	–
As at 31 March 2025 and 1 April 2025	13,261	146,974	23,351	9,580	1,877	4,578	(87,451)	–	112,170
Loss for the year	–	–	–	–	–	–	(14,509)	(638)	(15,147)
Exchange difference arising on translation of financial statement of foreign operation	–	–	–	–	–	(1,034)	–	–	(1,034)
Other comprehensive expense for the year	–	–	–	–	–	(1,034)	–	–	(1,034)
Total comprehensive expense for the year	–	–	–	–	–	(1,034)	(14,509)	(638)	(16,181)
Appropriation to statutory reserve	–	–	–	60	–	–	(60)	–	–
Appropriation and utilisation of safety fund and production maintenance fund, net	–	–	–	–	(69)	–	69	–	–
Disposal of partial equity interest in a subsidiary (Note 37)	–	–	1,793	–	–	–	–	9,477	11,270
As at 31 March 2026	13,261	146,974	25,144	9,640	1,808	3,544	(101,951)	8,839	107,259

Notes:

(i) Other reserve

It represented (a) the capital contribution from the previous controlling shareholder, Mr, Li Feilie ("**Mr. Li**") of Feishang International Holdings Limited ("**Feishang International**") during the fiscal year of 2002 to 2003; (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; and (c) the difference between the consideration received and the portion of the subsidiary's net assets acquired by the non-controlling interest.

(ii) Statutory reserve

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

(iii) Safety fund and production maintenance fund

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

* *For identification purpose only*

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	Notes	**Year ended 31 March 2026 CNY'000**	Year ended 31 March 2025 CNY'000
Cash flows from operating activities			
Loss before tax		**(11,361)**	(7,668)
Adjustments for:			
Depreciation of property, plant and equipment	11	**2,292**	1,281
Depreciation of right-of-use assets	11	**93**	1,323
Amortisation of intangible assets	11	**43**	65
Government grants		**–**	(744)
Loss on disposal/write off of property, plant and equipment	9	**73**	707
Fair value loss on investment property	9	**237**	547
Fair value (gain)/loss on financial assets at FVTPL	9	**(211)**	280
Finance costs	10	**579**	577
Bank interest income	9	**(562)**	(1,468)
Release of government grant for property, plant and equipment	9	**(15)**	(15)
Net provision/(reversal) of expected credit loss on trade, guarantee service fee, loan and loan interest receivables and other receivables	9	**837**	(489)
Operating cash flow before movement in working capital changes		**(7,995)**	(5,604)
Increase in inventories		**(243)**	(2,642)
(Increase)/decrease in trade, guarantee service fee, loan and loan interest, bills and other receivables		**(1,302)**	7,772
(Decrease)/increase in trade and other payables		**(5,706)**	1,481
Cash (used in)/generated from operations		**(15,246)**	1,007
Income tax paid		**(4,366)**	(392)
Net cash (used in)/generated from operating activities		**(19,612)**	615

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	Note	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Cash flows from investing activities			
Withdrawal for bank deposits with a maturity of more than three months		**678**	666
Placement of bank deposits with a maturity of more than three months		**(688)**	(678)
Withdrawal of pledged bank deposit		**20,000**	–
Withdrawal for restricted bank balances		**23,185**	16,933
Placement of restricted bank balances		**(19,004)**	(17,087)
Purchases of property, plant and equipment		**(8,268)**	(22,508)
Proceeds from disposal of property, plant and equipment		**7**	103
Proceeds from disposal of partial equity interest of a subsidiary		**11,270**	–
Purchase of financial assets at FVTPL		**–**	(1,000)
Bank interest income received		**562**	1,468
Net cash generated from/(used in) investing activities		**27,742**	(22,103)
Cash flows from financing activities			
Government grant received		**–**	744
Payment of principal portion of lease liabilities		**–**	(1,230)
Interest paid		**–**	(27)
Net cash used in financing activities		**–**	(513)
Net increase/(decrease) in cash and cash equivalents		**8,130**	(22,001)
Cash and cash equivalents at the beginning of year		**5,283**	26,779
Effect of exchange rate changes on cash and cash equivalents		**(1,161)**	505
Cash and cash equivalents at the end of year	25	**12,252**	5,283

1. GENERAL INFORMATION

P.B. Group Limited was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 July 2015 and its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 December 2015.

The address of the registered office of the Company is P. O. Box 500, Suite 210, 2nd Floor, Windward III, Regatta Office Park, 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 the bentonite mining, production and sales of drilling mud and pelletising clay, financial service business, rental business and wholesales of personal care products.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amended IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amended IFRS Accounting Standards that have been issued but are not yet effective, in these financial statement. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amended IFRS Accounting Standards in issue but not yet effective *(Continued)*

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards or IFRS Accounting Standards. (See commentary on page (50)) IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amended IFRS Accounting Standards in issue but not yet effective *(Continued)*

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the International Accounting Standards Board ("**IASB**"). However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to *IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7.

Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing IFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

New and amended IFRS Accounting Standards in issue but not yet effective *(Continued)*

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**") and have been properly prepared in compliance with the disclosure requirement of the Hong Kong Companies Ordinance.

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

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

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

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

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

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

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

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

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

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

3.2 Material accounting policy information

3.2.1 Basis of consolidation

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.1 Basis of consolidation *(Continued)*

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

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

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

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

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

3.2 Material accounting policy information *(Continued)*

3.2.2 Property, plant and equipment

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

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

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

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

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.3 Leasing

The Group as a lessee

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

Right-of-use asset

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

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

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

Lease liability

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

3.2 Material accounting policy information *(Continued)*

3.2.3 Leasing *(Continued)*

Lease liability (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office, machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases is recognised as an expense on a straight-line basis over the lease term.

3.2.4 Investment properties

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

3.2.5 Intangible assets (other than goodwill)

Intangible assets acquired separately and in a business combination

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

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

3.2 Material accounting policy information *(Continued)*

3.2.5 Intangible assets (other than goodwill) *(Continued)*

Intangible assets acquired separately and in a business combination (Continued)

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

Insurance brokerage license	Indefinite

Impairment

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

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

An impairment loss is recognised as an expense immediately.

3.2.6 Financial Instruments

(i) Financial assets

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(i) Financial assets (Continued)

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

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

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

Equity instruments

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

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

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets

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

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets (Continued)

(I) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets (Continued)

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

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

(II) Definition of default

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

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

(III) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

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

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets (Continued)

(IV) Write-off policy

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

(V) Measurement and recognition of ECL

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

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets (Continued)

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

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

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

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

(VI) Derecognition of financial assets

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

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

(iii) Financial liabilities

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

Financial liabilities at amortised cost

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.6 Financial Instruments *(Continued)*

(iv) Effective interest method

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

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

(v) Equity instruments

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

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with the accounting policy set out in Note 3.2.6(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

(vii) Derecognition of financial liabilities and equity instruments

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.7 Inventories

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

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

3.2.8 Revenue recognition

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

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.8 Revenue recognition *(Continued)*

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

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

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

(i) Sale of bentonite products

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

(ii) Wealth management service income

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

(iii) Loan interest income

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

(iv) Financial guarantee fee income

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

(v) Rental income

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

(vi) Interest income

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

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

3.2 Material accounting policy information *(Continued)*

3.2.8 Revenue recognition *(Continued)*

(vi) Interest income (Continued)

Contract assets and liabilities

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

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

(vii) Wholesales

The performance obligation is satisfied upon delivery of the personal care products and payment is generally due within 90 days from delivery.

3.2.9 Income taxes

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.9 Income taxes *(Continued)*

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

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

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

3.2.10 Foreign currencies

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.10 Foreign currencies *(Continued)*

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

3.2.11 Impairment of non-financial assets

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

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

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

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

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

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

3.2 Material accounting policy information *(Continued)*

3.2.12 Government grants

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

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

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

3.2.13 Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plan

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

(iii) Termination benefits

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

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

3.2 Material accounting policy information *(Continued)*

3.2.14 Provisions

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

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

Assets retirement obligations

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

3.2.15 Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and from an integral part of the Group's such management.

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

3.2 Material accounting policy information *(Continued)*

3.2.16 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of the employees of either the Group or an entity related to the Group; *(If the Group is itself such a plan)* and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

(i) Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries

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

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

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

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

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

Key sources of estimation uncertainty *(Continued)*

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

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

(iii) Asset retirement obligations

The ultimate asset retirement obligations are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect the future financial results. As at 31 March 2026, the carrying amounts of asset retirement obligations were approximately CNY11,311,000 (as at 31 March 2025: CNY10,732,000).

5. CAPITAL RISK MANAGEMENT

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

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

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

6. FINANCIAL INSTRUMENTS

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

	Notes	**As at 31 March 2026 CNY'000**	As at 31 March 2025 CNY'000
Financial assets			
Financial assets at FVTPL		**2,421**	2,287
At amortised cost			
Trade, guarantee service fee, loan and loan interest, bills and other receivables	23	**18,558**	36,801
Restricted bank balances		**10,318**	14,499
Pledged bank deposit		**–**	20,000
Bank balances and cash		**12,940**	5,961
		44,237	79,548
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	26	**16,456**	22,190

(b) Financial risk management objectives and policies

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

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

6. FINANCIAL INSTRUMENTS *(Continued)*

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

(i) Currency risk

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

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

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

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Assets	**5**	3,711
Liabilities	**–**	–
	5	3,711

Sensitivity analysis:

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

The following table details the Group' sensitivity to a 5% (for the year ended 31 March 2025: 5%) increase and decrease in CNY against HK$ for the year ended 31 March 2026. 5% (for the year ended 31 March 2025: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (for the year ended 31 March 2025: 5%) change in foreign currency rates.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

(i) Currency risk *(Continued)*

A positive (negative) number below indicates an increase (decrease) in post-tax loss for the year where functional currency strengthen 5% (for the year ended 31 March 2025: 5%) against foreign currency. For a 5% (for the year ended 31 March 2025: 5%) weakening of functional currency of respective group entities against foreign currency, there would be an equal and opposite impact on the result for the year.

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Post-tax profit or loss	**–***	140

* Represents amount less than CNY1,000

(ii) Price risk

Equity price risk relates to the risk that the fair values of equity securities will fluctuate because of changes in the levels of equity indices and the values of individual securities. The Group is mainly exposed to equity price risk arising from the investments in listed equity securities classified as financial assets at FVTPL as at 31 March 2026 as mentioned in Note 24 which are valued at quoted market prices at the reporting dates. The Group's investments in listed equity securities are mainly publicly traded in the Stock Exchange.

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

	Effect on loss for the year ended and accumulated losses			
	Possible change in market price %	**Increase in profit and retained losses** CNY'000	**Possible change in market price** %	**Decrease in profit and retained losses** CNY'000
As at 31 March 2026	**+10%**	**147**	**–10%**	**(147)**
As at 31 March 2025	+10%	128	–10%	(128)

6. FINANCIAL INSTRUMENTS *(Continued)*

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

(iii) Interest rate risk

As at 31 March 2025, the Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposit. The Group is also exposed to cash flow interest rate risk in relation to the fluctuation of the prevailing market interest rate on restricted bank balances, bank balances and bank deposits. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. Management considers that the Group's exposure to interest rate risk on bank balances and bank deposits is minimal due to their short-term maturities. For the non-current restricted bank balances, the interest rate risk exposure is considered insignificant as the potential financial impact on the consolidated financial statements resulting from a reasonable fluctuation in prevailing market interest rates is minimal. Therefore, no sensitivity to interest rate risk is presented.

(iv) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade, bills and other receivables, restricted bank balances, pledged bank deposit, bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts, except that the credit risks associated with trade receivables of approximately CNY415,000 (as at 31 March 2025: CNY396,000) is mitigated because they are secured over properties.

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

Trade receivables arising from contracts with customers

The Group offers revolving credit to one customer (as at 31 March 2025: one customer). This revolving credit provides for a predetermined credit limit that may be outstanding at any one time based on, among others, their background, credit history, length of business relationship and historical transaction amounts. The Group generally evaluates the credit limits granted to the customers annually upon renewal of the relevant sales agreements and upon special request from the customers.

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

Loan and loan interest receivables

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

6. FINANCIAL INSTRUMENTS *(Continued)*

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

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

Bill receivables

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

Restricted bank balances/Pledged bank deposit/Bank balances

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

Other receivables and deposits

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

Amount due from a director

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

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

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

6. FINANCIAL INSTRUMENTS *(Continued)*

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

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

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

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	At 31 March 2026 Gross carrying amount CNY'000	At 31 March 2025 Gross carrying amount CNY'000
Financial assets at amortised cost						
Trade and guarantee service fee receivables	23	N/A	(Note)	Lifetime ECL	**9,111**	6,838
Loan and loan interest receivables	23	N/A	(Note)	12-month ECL	**6,185**	9,789
				Lifetime ECL	**1,550**	2,552
Bills receivables	23	Low risk	N/A	12-month ECL	**3,415**	15,646
Deposits	23	N/A	(Note)	12-month ECL	**288**	371
Other receivables	23	N/A	(Note)	12-month ECL	**318**	3,505
				Lifetime ECL	**330**	1
Amount due from a director	23	N/A	(Note)	12-month ECL	**73**	77
Restricted bank balances	25	Low risk	N/A	12-month ECL	**10,318**	14,499
Pledged bank deposit	25	Low risk	N/A	12-month ECL	**–**	20,000
Bank balances	25	Low risk	N/A	12-month ECL	**12,940**	5,961

Note:

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

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

During the year ended 31 March 2026, the Group recognised the allowance for credit losses of CNY555,000 (for the year ended 31 March 2025: CNY37,000) and reversed the allowance for credit losses of CNY42,000 (for the year ended 31 March 2025: CNY250,000) net provision of expected credit loss on trade receivables and loan and loan interest receivables respectively.

During the year ended 31 March 2026, the Group assessed the ECL for other receivables, deposits and amount due from a director and recognised the allowance for credit losses of CNY324,000 (for the year ended 31 March 2025: reversed the allowance of credit loss of CNY276,000).

No impairment allowance on bills receivables was provided as the amounts involved were immaterial for the year ended 31 March 2026 and 2025.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

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

Financial guarantee contracts

As at the year ended 31 March 2025, the Group had guaranteed a maximum amount of CNY20,000,000 under respective guaranteed contracts. At the end of the reporting period, the Directors have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. No loss allowance was recognised in the profit or loss for the year ended 31 March 2025 because the premium received less cumulative amount recognised in profit or loss was higher than expected amount of loss allowance. Details of the financial guarantee contracts are set out in Note 32.

As at the year ended 31 March 2026, the Group had no any outstanding or newly granted guarantee contract.

The Group's concentration of credit risk by geographical location is in the PRC, which accounted for all of the trade receivables as at 31 March 2026 and 2025.

The Group has concentration of credit risk as 33% (as at 31 March 2025: 34%) and 88% (as at 31 March 2025: 60%) of the total trade receivables was due from the Group's largest trade receivable and the five largest trade receivables respectively as at 31 March 2026.

(v) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the Group can required to pay, are within one year or on demand (as at 31 March 2025: within one year or on demand).

As at 31 March 2025, the maximum gross amount of financial guarantee contracts was CNY19 million, which are based contractual undiscounted cash flows and the earliest date that the Group can be required to pay, are within one year or on demand. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. As at the year ended 31 March 2026, the Group had no any outstanding or newly granted guarantee contract.

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurement

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

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

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

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

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
	CNY'000	CNY'000	CNY'000	CNY'000
As at 31 March 2026				
Financial assets at FVTPL				
– Listed equity investments	**1,421**	**–**	**–**	**1,421**
– Unlisted equity interest	**–**	**–**	**1,000**	**1,000**
	1,421	**–**	**1,000**	**2,421**
As at 31 March 2025				
Financial assets at FVTPL				
– Listed equity investments	1,287	–	–	1,287
– Unlisted equity interest	–	–	1,000	1,000
	1,287	–	1,000	2,287

The listed equity investments were measured at fair value determined based on their quoted bid prices in active markets at the end of each reporting period. The fair value of unlisted equity interest is based on market price of recent transaction.

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

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

7. REVENUE

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

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Types of goods		
Drilling mud	**14,955**	17,659
Pelletising clay	**16,212**	20,619
Wholesales of personal care products	**3,714**	988
Types of services		
Financial service business		
– Wealth management service income	**9,334**	10,729
– Loan interest income	**1,504**	1,658
– Financial guarantee fee income	**380**	1,132
Property investment business		
– Rental income	**93**	95
	46,192	52,880

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

Timing of revenue recognition under IFRS 15		
At a point in time		
– Sales of drilling mud and pelletising clay	**31,167**	38,278
– Wealth management service income	**9,334**	10,729
– Wholesales of personal care products	**3,714**	988
At over time		
– Financial guarantee fee income	**380**	1,132
	44,595	51,127
Revenue from other sources		
– Loan interest income	**1,504**	1,658
– Rental income	**93**	95
	1,597	1,753
	46,192	52,880

7. REVENUE *(Continued)*

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 March 2026

Segments	Bentonite mining operation CNY'000	Financial service business CNY'000	Property investment business CNY'000	Unallocated CNY'000	Total CNY'000
Types of goods					
Sales of drilling mud	14,955	–	–	–	14,955
Sales of pelletising clay	16,212	–	–	–	16,212
Wholesales of personal care products	–	–	–	3,714	3,714
Total	31,167	–	–	3,714	34,881
Types of services					
Wealth management service income	–	9,334	–	–	9,334
Loan interest income	–	1,504	–	–	1,504
Financial guarantee fee income	–	380	–	–	380
Rental income	–	–	93	–	93
Total	–	11,218	93	–	11,311
Timing of revenue recognition					
Goods and services transferred at a point in time	31,167	9,334	–	3,714	44,215
Services transferred over time	–	1,884	93	–	1,977
Total	31,167	11,218	93	3,714	46,192

7. REVENUE *(Continued)*

For the year ended 31 March 2025

Segments	Bentonite mining operation CNY'000	Financial service business CNY'000	Property investment business CNY'000	Unallocated CNY'000	Total CNY'000
Types of goods					
Sales of drilling mud	17,659	–	–	–	17,659
Sales of pelletising clay	20,619	–	–	–	20,619
Wholesales of personal care products	–	–	–	988	988
Total	38,278	–	–	988	39,266
Types of services					
Wealth management service income	–	10,729	–	–	10,729
Loan interest income	–	1,658	–	–	1,658
Financial guarantee fee income	–	1,132	–	–	1,132
Rental income	–	–	95	–	95
Total	–	13,519	95	–	13,614
Timing of revenue recognition					
Goods and services transferred at a point in time	38,278	10,729	–	988	49,995
Services transferred over time	–	2,790	95	–	2,885
Total	38,278	13,519	95	988	52,880

8. SEGMENT REPORTING

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

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

For the year ended 31 March 2026, the Group is organised into business units based on its products and services and has three (for the year ended 31 March 2025: three) reportable segments as described below.

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

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

Reportable segment revenue, profit, assets and liabilities

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

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

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

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

8. SEGMENT REPORTING *(Continued)*

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

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

For the year ended 31 March 2026

	Bentonite mining operation CNY'000	Financial service business CNY'000	Property investment business CNY'000	Unallocated CNY'000	Total CNY'000
Revenue from external customers and reportable segment revenue (Note 7)	31,167	11,218	93	3,714	46,192
Reportable segment results	(6,095)	1,881	72	3,714	(428)
Bank interest income	561	1	–	–	562
Other income, other gains/(losses), net	542	150	(237)	861	1,316
Finance costs	(579)	–	–	–	(579)
Unallocated corporate expenses	–	–	–	(11,395)	(11,395)
Net (provision)/reversal of expected credit loss on trade, guarantee service fee, loan and loan interest receivables and other receivables	(763)	53	–	(127)	(837)
(Loss)/profit before tax	(6,334)	2,085	(165)	(6,947)	(11,361)
Income tax credit/(expense)	82	8	–	(3,876)	(3,786)
(Loss)/profit for the year	(6,252)	2,093	(165)	(10,823)	(15,147)
As at 31 March 2026					
Assets					
Reportable segment assets	113,529	11,895	1,570	–	126,994
Unallocated corporate assets	–	–	–	9,115	9,115
Consolidated total assets	113,529	11,895	1,570	9,115	136,109
Liabilities					
Reportable segment liabilities	18,700	2,674	23	–	21,397
Unallocated corporate liabilities	–	–	–	7,453	7,453
Consolidated liabilities	18,700	2,674	23	7,453	28,850
Other segment information					
Addition of property, plant and equipment	8,268	–	–	–	8,268
Depreciation of property, plant and equipment	2,142	150	–	–	2,292
Depreciation of right-of-use assets	93	–	–	–	93
Amortisation of intangible assets	43	–	–	–	43
Loss on disposal/write off of property, plant and equipment	25	–	–	48	73
Fair value loss on investment property	–	–	237	–	237
Fair value gain on financial assets at FVTPL	–	–	–	(211)	(211)
Net provision/(reversal) of expected credit loss on trade, guarantee service fee, loan and loan interest receivables and other receivables	763	(53)	–	127	837

8. SEGMENT REPORTING *(Continued)*

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

For the year ended 31 March 2025

	Bentonite mining operation CNY'000	Financial service business CNY'000	Property investment business CNY'000	Unallocated CNY'000	Total CNY'000
Revenue from external customers and reportable segment revenue (Note 7)	38,278	13,519	95	988	52,880
Reportable segment results	(2,950)	3,272	77	988	1,387
Bank interest income	1,463	4	–	1	1,468
Other income, other gains/(losses), net	364	256	(547)	(521)	(448)
Finance costs	(550)	(27)	–	–	(577)
Unallocated corporate expenses	–	–	–	(9,987)	(9,987)
Net reversal of expected credit loss on trade, guarantee service fee, loan and loan interest receivables and other receivables	104	310	–	75	489
(Loss)/profit before tax	(1,569)	3,815	(470)	(9,444)	(7,668)
Income tax credit	100	45	–	–	145
(Loss)/profit for the year	(1,469)	3,860	(470)	(9,444)	(7,523)
As at 31 March 2025					
Assets					
Reportable segment assets	121,766	18,739	1,904	–	142,409
Unallocated corporate assets	–	–	–	3,926	3,926
Consolidated total assets	121,766	18,739	1,904	3,926	146,335
Liabilities					
Reportable segment liabilities	24,241	3,254	24	–	27,519
Unallocated corporate liabilities	–	–	–	6,646	6,646
Consolidated liabilities	24,241	3,254	24	6,646	34,165
Other segment information					
Addition of property, plant and equipment	22,508	–	–	–	22,508
Addition of right-of-use asset	–	1,230	–	–	1,230
Depreciation of property, plant and equipment	1,047	220	–	14	1,281
Depreciation of right-of-use assets	93	1,230	–	–	1,323
Amortisation of intangible assets	65	–	–	–	65
Loss on disposal/write off of property, plant and equipment	464	–	–	243	707
Fair value loss on investment property	–	–	547	–	547
Fair value loss on financial assets at FVTPL	–	–	–	280	280
Net reversal of expected credit loss on trade, guarantee service fee, loan and loan interest receivables and other receivables	(104)	(310)	–	(75)	(489)

8. SEGMENT REPORTING *(Continued)*

Information about geographical areas

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

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

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Hong Kong	**5,460**	2,708
Mainland China	**48,717**	46,080
	54,177	48,788

Information about major customers

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

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Customer A*	**10,479**	10,273
Customer B* (Note)	**–**	5,613

* Relating to bentonite mining operation

Note:

The customer does not contribute over 10% of the total revenue of the Group during the year ended 31 March 2026.

8. SEGMENT REPORTING *(Continued)*

Information about major products

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

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Drilling mud	**14,955**	17,659
Pelletising clay	**16,212**	20,619
	31,167	38,278

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

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Other income		
Bank interest income	**562**	1,468
Government grants (Note (i))	**498**	744
Release of government grant for property, plant and equipment (Note 28)	**15**	15
Sundry income	**327**	262
	1,402	2,489
Other gains/(losses), net		
Fair value loss on investment property	**(237)**	(547)
Fair value gain/(loss) on financial assets at FVTPL	**211**	(280)
Loss on disposal/written off of property, plant and equipment	**(73)**	(707)
Exchange gain, net	**575**	65
Net (provision)/reversal of expected credit loss on trade, guarantee service fee, loan and loan interest receivables and other receivables	**(837)**	489
	1,041	1,509

Note:

(i) Government grants of approximately CNY498,000 (for the year ended 31 March 2025: approximately CNY744,000) received from PRC government authority were related to product innovation contributed by the Group to the industry, employment stabilisation fund, economic development subsidies and High and New Technology Enterprise subsidies. The government grants were recognised as other income for the year as the Group fulfilled the relevant granting criteria. There was no unfulfilled conditions or contingencies relating to these government grants.

10. FINANCE COSTS

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Interest expense on lease liability	–	27
Unwinding of discount on provision for dismantlement (Note 27)	579	550
	579	577

11. LOSS BEFORE TAX

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Loss before tax is arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	436	778
Salaries, wages, allowances and other benefits	14,398	12,668
Contributions to retirement benefits scheme (excluding directors' and chief executive's emoluments)	757	956
Total staff costs	15,591	14,402
Auditor's remuneration	728	742
Depreciation of property, plant and equipment	2,292	1,281
Depreciation of right-of-use assets	93	1,323
Amortisation of intangible assets	43	65
Amount of inventories recognised as an expense	13,730	19,633
Exchange gain, net	(575)	(65)
Research and development cost (Note (i))	2,080	2,386
Expenses related to short-term leases – office premise and plant and equipment	4,173	3,256
Rental income from investment properties less direct operating expenses of CNY14,000 (for the year ended 31 March 2025: CNY14,000)	(79)	(81)

Note:

(i) Staff cost of approximately CNY933,000 (for the year ended 31 March 2025: approximately CNY998,000) are included in the research and development cost for the year ended 31 March 2026.

12. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**–**	238
Hong Kong Profits Tax – over-provision in previous period	**–**	(21)
	–	217
PRC withholding tax on dividend income	**3,876**	–
Deferred tax:		
Current year	**(90)**	(362)
	3,786	(145)

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No provision for profits tax in Hong Kong has been made as the Group has no assessable income for profits tax in Hong Kong during the year ended 31 March 2026 and 2025.

(iii) Under the Law of the PRC on EIT (the "**EIT Law**") and implementation regulation of the EIT Law, the tax rate of the subsidiaries established in the PRC other than Wuhu Feishang Non-metal Material Co., Ltd*（蕪湖飛尚非金屬材料有限公司）("**Feishang Material**") is 25% for the fiscal year.

(iv) Feishang Material was recognised as a High Technology Enterprise and subject to EIT Law at 15% for the year.

(v) As at 31 March 2026, the aggregate amount of temporary differences associated with the PRC subsidiary's undistributed retained earnings for which deferred tax liabilities have not been recognised were approximately CNY1,038,000 (as at 31 March 2025: CNY12,398,000). No deferred tax liabilities have been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not be reversed in the foreseeable future.

* *For identification purpose only*

12. INCOME TAX EXPENSE/(CREDIT) *(Continued)*

The income tax credit for the year can be reconciled to the loss before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Loss before tax	**(11,361)**	(7,668)
Tax at the tax rate of 25%	**(2,840)**	(1,917)
Preferential income tax rates applicable to subsidiary	**278**	(291)
Tax effect of expenses not deductible for tax purpose	**1,756**	2,303
Tax effect of income not taxable for tax purpose	**(215)**	(435)
Tax effect of tax losses not recognised	**809**	228
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**3,876**	–
Tax effect of deductible temporary differences not recognised	**–**	(166)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**122**	154
Over-provision in previous period	**–**	(21)
Income tax expense/(credit)	**3,786**	(145)

Details of the deferred tax was set out in Note 21.

As at 31 March 2026, the Group has unused tax losses of approximately CNY19,255,000 (as at 31 March 2025: CNY15,726,000) available for offsetting against future profits. No deferred tax assets have been recognised as certain entities of the Group have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. All unused tax losses may be carried forward indefinitely.

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' and the chief executives' emoluments were disclosed as follows:

	Fees CNY'000	Salaries and other benefits CNY'000	Contributions to retirement benefits schemes CNY'000	Total CNY'000
Year ended 31 March 2026				
Executive directors				
Dr. Chan Man Fung	–*	–	–	–
Mr. Pui Wai Lun	–*	–	–	–
Ms. Zong Yan	109	–	–	109
Independent non-executive Directors				
Mr. Chow Chi Hang, Tony	109	–	–	109
Mr. Law Ping Keung (Note (ii))	109	–	–	109
Dr. Kwok Hiu Fung	109	–	–	109
Total	436	–	–	436

	Fees CNY'000	Salaries and other benefits CNY'000	Contributions to retirement benefits schemes CNY'000	Total CNY'000
Year ended 31 March 2025				
Executive directors				
Dr. Chan Man Fung	–*	–	–	–
Mr. Pang Ho Yin (Note (iii), (iv))	–	327	7	334
Mr. Pui Wai Lun	–*	–	–	–
Ms. Zong Yan	111	–	–	111
Independent non-executive Directors				
Mr. Chow Chi Hang, Tony	111	–	–	111
Mr. Chan Ka Wai (Note (i))	102	–	–	102
Mr. Law Ping Keung (Note (ii))	9	–	–	9
Dr. Kwok Hiu Fung	111	–	–	111
Total	444	327	7	778

* Represents amount less than CNY1,000

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS *(Continued)*

Notes:

(i) Resigned on 28 February 2025.

(ii) Appointed on 28 February 2025.

(iii) Retired on 27 September 2024.

(iv) The remuneration represents remuneration received from the Group by the respective directors in their capacity as an employee of the subsidiaries.

There was no arrangement under which a director waived or agreed to waive any remuneration for the year ended 31 March 2026 and 2025.

No emoluments were paid by the Group as an incentive payment for joining the Group or as compensation for loss of office tax for the year ended 31 March 2026 and 2025.

There were no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the years ended 31 March 2026 and 2025.

No consideration was provided to or receivable by third parties for making available directors' services during the year ended 31 March 2026 and 2025.

The executive directors' emoluments shown above, except as set out in note (iv), were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

14. EMPLOYEES' EMOLUMENTS

Five highest paid employees

Of the five individuals with the highest emoluments in the Group, none of director (for the year ended 31 March 2025: one) of the Company whose emoluments are set out in Note 13 above. The emoluments of five (for the year ended 31 March 2025: five) highest paid individuals for the year ended 31 March 2026 were as follows:

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Salaries, allowances and other benefits	**2,397**	2,596
Contributions to retirement benefits schemes	**85**	75
	2,482	2,671

	Year ended 31 March 2026 Number of individuals	Year ended 31 March 2025 Number of individuals
Nil to HK$1,000,000	**5**	5
HK$1,000,000 to HK$1,500,000	**–**	–
	5	5

There was no arrangement to the five highest paid individuals for waiving or agreed to waive any remuneration for the year ended 31 March 2026 and 2025.

No emoluments were paid by the Group to the five highest paid individuals as an incentive payment for joining the Group or as compensation for loss of office for the year ended 31 March 2026 and 2025.

15. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2026, nor has any dividend been proposed since the end of the reporting period (for the year ended 31 March 2025: nil).

16. 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 data:

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Loss		
Loss for the purpose of basic and diluted loss per share	**(14,509)**	(7,523)

	Year ended 31 March 2026	Year ended 31 March 2025
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000 shares)	**159,114**	159,114
Basic and diluted loss per share (CNY)	**(9.12) cents**	(4.73) cents

The diluted loss per share is same as basic loss per share for the year ended 31 March 2026 and 2025 as there were no potential ordinary shares in issue for the year.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Machinery and equipment and furniture and fixtures	Dismantlement asset	Motor vehicles	Construction in progress	Total
	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000	CNY'000
Cost							
As at 1 April 2024	6,878	1,419	11,160	3,706	1,636	6,780	31,579
Additions	633	–	176	–	–	21,699	22,508
Disposals/written off	(514)	–	(1,383)	–	–	–	(1,897)
Transfer	–	–	42	–	–	(42)	–
Exchange adjustments	–	16	15	–	7	–	38
As at 31 March 2025 and 1 April 2025	6,997	1,435	10,010	3,706	1,643	28,437	52,228
Additions	–	–	211	–	–	8,057	8,268
Disposals/written off	(17)	–	(387)	–	–	–	(404)
Transfer	29,151	–	6,926	–	–	(36,077)	–
Exchange adjustments	–	(79)	(48)	–	(32)	–	(159)
As at 31 March 2026	36,131	1,356	16,712	3,706	1,611	417	59,933
Accumulated depreciation and impairment							
As at 1 April 2024	2,755	1,191	6,420	745	1,402	–	12,513
Charge for the year	277	145	756	34	69	–	1,281
Eliminated on disposals/written off	(191)	–	(896)	–	–	–	(1,087)
Exchange adjustments	–	15	8	–	7	–	30
As at 31 March 2025 and 1 April 2025	2,841	1,351	6,288	779	1,478	–	12,737
Charge for the year	1,177	83	941	22	69	–	2,292
Eliminated on disposals/written off	(16)	–	(308)	–	–	–	(324)
Exchange adjustments	–	(78)	(38)	–	(32)	–	(148)
As at 31 March 2026	4,002	1,356	6,883	801	1,515	–	14,557
Net book values							
As at 31 March 2026	32,129	–	9,829	2,905	96	417	45,376
As at 31 March 2025	4,156	84	3,722	2,927	165	28,437	39,491

18. LEASES

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movement during the year are as follows:

	Land use rights (Note (i)) CNY'000	Office premises (Note (ii)) CNY'000	Total CNY'000
Cost			
As at 1 April 2024	3,015	935	3,950
Additions	–	1,230	1,230
Disposals	–	(940)	(940)
Exchange adjustments	–	13	13
As at 31 March 2025 and 1 April 2025	3,015	1,238	4,253
Disposals	–	(1,208)	(1,208)
Exchange adjustments	–	(30)	(30)
As at 31 March 2026	3,015	–	3,015
Accumulated Amortisation			
As at 1 April 2024	406	935	1,341
Charge for the year	93	1,230	1,323
Elimination on disposal	–	(940)	(940)
Exchange adjustments	–	13	13
As at 31 March 2025 and 1 April 2025	499	1,238	1,737
Charge for the year	93	–	93
Elimination on disposal	–	(1,208)	(1,208)
Exchange adjustments	–	(30)	(30)
As at 31 March 2026	592	–	592
Net book values			
As at 31 March 2026	2,423	–	2,423
As at 31 March 2025	2,516	–	2,516

Notes:

(i) Land use rights represents lump sum considerations paid or payable by the Group to acquire leasehold lands located in the PRC. These leasehold lands are with lease periods of 37 years and there are no ongoing payments to be made under the terms of the land leases.

(ii) For the year ended 31 March 2025, the Group leases an office for its operations. Lease contracts are entered into for fixed term of 1 year as at 31 March 2025. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

18. LEASES *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Carrying amount at 1 April	**–**	–
New leases	**–**	1,230
Accretion of interest recognised during the year	**–**	27
Payments	**–**	(1,257)
Carrying amount at 31 March	**–**	–

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Interest on lease liabilities	**–**	27
Depreciation charge of right-of-use assets	**93**	1,323
Expense relating to short-term leases	**4,173**	3,256
Total amount recognised in profit or loss	**4,266**	4,606

Group as a lessor

The Group leases its investment property under operating lease arrangements, with leases negotiated for terms of two years. The terms of the leases generally also require the tenants to pay deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Within one year	**37**	8

19. INVESTMENT PROPERTY

	Total CNY'000
Net book value	
At 1 April 2024	2,426
Net loss from fair value adjustments	(547)
Exchange adjustment	25
At 31 March 2025 and 1 April 2025	1,904
Net loss from fair value adjustments	(237)
Exchange adjustment	(97)
At 31 March 2026	1,570

The Group acquired investment property which will be held under leasehold interests to earn rentals is measured using the fair value model, and are classified and accounted for as investment property. The fair value as at 31 March 2026 assessed by a third-party amounted to CNY1,570,000 (as at 31 March 2025: CNY1,904,000). In determining the fair value of the relevant investment properties, the Group engages independent professional property valuers, Norton Appraisals Holdings Limited to perform the valuation. Management works closely with the independent professional property valuers to establish the appropriate valuation techniques and inputs to the model. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management reports the valuation report and findings to the board of directors of the Group yearly to explain the cause of fluctuations in the fair value of the investment property.

In determining the fair value of investment property, the highest and best use of properties is their current use.

There were no transfers between Level 1, 2 and 3 in current and prior year.

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Fair value loss recognised in profit or loss (included in other gains/(losses), net) at the reporting date	**(237)**	(547)

(i) Summary of the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

	Fair value as at				
	31 March 2026 CNY'000	31 March 2025 CNY'000	**Valuation Technique**	**Significant unobservable inputs**	**Range of inputs**
Investment property – warehouse in HK	**1,570**	1,904	Income capitalisation approach	Unit sale rate taking into account of individual factors such as location floor, size. etc. (HK$/square feet)	HK$10.5 per square feet (as at 31 March 2025: HK$10.5 per square feet)

The fair value of investment property is estimated using an income capitalisation approach.

20. INTANGIBLE ASSETS

	Mining right CNY'000 (Note (i))	Insurance brokerage license CNY'000 (Note (ii))	Total CNY'000
Cost			
As at 1 April 2024	5,666	480	6,146
Exchange adjustments	–	6	6
As at 31 March 2025 and 1 April 2025	5,666	486	6,152
Exchange adjustments	–	(26)	(26)
As at 31 March 2026	5,666	460	6,126
Accumulated amortisation			
As at 1 April 2024	1,210	–	1,210
Charge for the year	65	–	65
As at 31 March 2025 and 1 April 2025	1,275	–	1,275
Charge for the year	43	–	43
As at 31 March 2026	1,318	–	1,318
Net book values			
As at 31 March 2026	4,348	460	4,808
As at 31 March 2025	4,391	486	4,877

Notes:

(i) The mining right represents a mining license acquired for exploration and mining of a bentonite mine in the PRC. The mining right is amortised on a units-of-production basis over the total proved and probable reserves in the mine.

(ii) The acquisition of P.B. Group on 5 November 2020 which resulted in an increase in other intangible assets for insurance brokerage license. The license has a legal life of 3 years but is renewable every 3 years at minimal cost. The Directors are of the opinion that the Group would renew the license continuously and has the ability to do so.

The license is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The license will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

21. DEFERRED TAXATION

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Deferred tax assets	**988**	908

Details of the deferred tax assets and (liabilities) recognised and movements during the current and prior year:

	Temporary difference on allowance, accrued liabilities and deferred income CNY'000	**Temporary difference on asset retirement obligations** CNY'000	**Accelerated tax depreciation** CNY'000	**Total** CNY'000
As at 1 April 2024	(225)	1,528	(760)	543
Credit to profit or loss (Note 12)	250	82	30	362
Exchange adjustments	–	–	3	3
As at 31 March 2025 and 1 April 2025	25	1,610	(727)	908
Credit to profit or loss (Note 12)	(2)	87	5	90
Exchange adjustments	–	–	(10)	(10)
As at 31 March 2026	23	1,697	(732)	988

22. INVENTORIES

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Materials and supplies	**3,189**	1,220
Work-in-progress	**4,250**	4,587
Finished goods	**1,161**	2,550
	8,600	8,357

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

	Notes	**As at 31 March 2026 CNY'000**	As at 31 March 2025 CNY'000
Trade receivables – goods	6a	**8,526**	5,466
Trade receivables – wealth management services	6a	**585**	1,372
Less: allowance for credit losses (Note (a))	6a	**(730)**	(182)
		8,381	6,656
Loan and loan interest receivables	6a	**7,735**	12,341
Less: allowance for credit losses (Note (b))	6a	**(1,567)**	(1,701)
		6,168	10,640
Bills receivables	6a	**3,415**	15,646
Deposits	6a	**288**	371
Prepayments (Note (f))		**28,107**	8,734
Amount due from a director (Note (e))	6a	**73**	77
Other receivables (Note (d))	6a	**648**	3,506
Less: allowance for credit losses (Note (c))	6a	**(415)**	(95)
		46,665	45,535

As at 31 March 2026, trade receivables from contracts with customers amounted to approximately CNY8,381,000 (as at 31 March 2025: approximately CNY6,656,000).

The Group offers revolving credit to its one customer amounted approximately CNY400,000 as at 31 March 2026 (as at 31 March 2025: CNY400,000). This revolving credit provides for a predetermined credit limit that may be outstanding at any one time based on their background, credit history, length of business relationship and historical transaction amounts. The Group generally evaluates the credit limits granted to the customer annually upon renewal of the relevant sales agreements and upon special request from the customers. The Group held charges on such customers' motor vehicles as collaterals over the balance of approximately CNY415,000 as at 31 March 2026 (as at 31 March 2025: 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 CNY14,134,000 as at 31 March 2026 (as at 31 March 2025: CNY16,900,000), the Group does not hold any collateral over these amounts.

23. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES *(Continued)*

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

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Within 30 days	**4,801**	3,161
31 to 60 days	**709**	1,479
61 to 90 days	**119**	702
Over 90 days	**2,752**	1,314
	8,381	6,656

The following is ageing analysis on loan and loan interest receivables, net of allowance for credit losses, based on their respective contractual maturity date.

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Within 30 days	**5,769**	7,266
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**399**	3,374
	6,168	10,640

As at 31 March 2026 and 2025, all of the bills receivables were aged within 180 days.

23. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables

Movements in the allowance for credit losses on trade receivables:

	Lifetime ECL not credit impaired CNY'000
At 1 April 2024	(144)
Net allowance for credit losses recognised in profit or loss	(37)
Exchange adjustments	(1)
At 31 March 2025 and 1 April 2025	(182)
Net allowance for credit losses recognised in profit or loss	(555)
Exchange adjustments	7
At 31 March 2026	(730)

(b) Loan and loan interest receivables

Movements in the allowance for credit losses on loan and loan interest receivables:

	12-month ECL not credit impaired CNY'000	**Lifetime ECL not credit impaired** CNY'000	**Lifetime ECL credit impaired** CNY'000	**Total** CNY'000
As at 1 April 2024	(470)	(989)	(473)	(1,932)
Net allowance for credit losses (recognised)/ reversed in profit or loss	(36)	301	(15)	250
Exchange adjustments	(6)	(8)	(5)	(19)
As at 31 March 2025 and 1 April 2025	(512)	(696)	(493)	(1,701)
Net allowance for credit losses reversed/ (recognised) in profit or loss	167	524	(649)	42
Exchange adjustments	23	22	47	92
As at 31 March 2026	(322)	(150)	(1,095)	(1,567)

23. TRADE, GUARANTEE SERVICE FEE, LOAN AND LOAN INTEREST, BILLS AND OTHER RECEIVABLES *(Continued)*

(c) Other receivables

Movements in the allowance for credit losses on other receivables, deposit and amount due from a director:

	12-month ECL not credit impaired CNY'000	Lifetime ECL credit impaired CNY'000	Lifetime ECL credit impaired CNY'000	Total CNY'000
As at 1 April 2024	(318)	(51)	–	(369)
Net allowance for credit losses reversed in profit or loss	224	52	–	276
Exchange adjustments	(1)	(1)	–	(2)
As at 31 March 2025 and 1 April 2025	(95)	–	–	(95)
Net allowance for credit losses reversed/ (recognised) in profit or loss	93	–	(417)	(324)
Exchange adjustments	1	–	3	4
As at 31 March 2026	(1)	–	(414)	(415)

(d) Included in other receivables, as at 31 March 2025, refundable deposits of CNY2,958,000 were paid to an agent in connection with the Group's business strategy of searching and acquisition potential projects of non-metal mine business. As at 31 March 2026, these refundable deposits were fully refunded to the Group.

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

(f) Prepayments mainly represented advance payments paid to suppliers for raw materials and production materials of the bentonite mining business to secure supply and stabilise procurement costs amounted to approximately CNY24,863,000 (31 March 2025: CNY5,123,000). Prepayments also included prepayments to related parties for professional fees and motor car expenses of approximately CNY2,813,000 as at 31 March 2026 (31 March 2025: CNY2,708,000).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Equity securities listed in Hong Kong, at fair value	**1,421**	1,287
Unlisted equity interest (Note)	**1,000**	1,000
	2,421	2,287

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

Note: The balance as at 31 March 2026 represented 1% (2025: 1%) unlisted equity interest of a private company incorporated in PRC.

No change in the fair value of the financial asset at FVTPL was recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2026 and 2025.

		As at 31 March 2026			
	Valuation technique	**Significant unobservable inputs**	**Input values**	**CNY'000**	**Sensitivity analysis**
Unlisted equity interest	Market approach	Recent transaction prices (Note)	N/A	1,000	N/A

Note: The fair value of the unlisted equity interest as at 31 March 2026 was determined by reference to the consideration of approximately CNY1,000,000 under the sale and purchase agreement for the disposal of that unlisted equity interest signed after year ended 31 March 2026, which the Directors consider to be reflective of its fair value at 31 March 2026.

25. RESTRICTED BANK BALANCES, PLEDGED BANK DEPOSIT AND BANK BALANCES AND CASH

Restricted bank balances

Restricted bank balances represent restricted cash set aside by the Group in banks placed for the settlement of asset retirement obligations for future environmental rehabilitation. The restricted bank balances carried at prevailing market rates ranging from 0.05% to 1.60% per annum (as at 31 March 2025: 0.1% to 1.95% per annum) as at 31 March 2026.

Pledged bank deposit

Pledged bank deposit represents deposit pledged to bank to secure general banking facilities granted to an independent third party. The board of directors consider that the Group has surplus cash in excess of its working capital needs and the provision of Guarantee in favour of the Borrower will better utilise the Group's surplus cash with reasonable return since 2018. As at 31 March 2025, the bank deposit of CNY20,000,000 has been pledged to secure bank borrowing of the independent third party. The bank borrowing is payable on demand and classified as current asset. The pledged bank deposit carry interest rates at 1.95% per annum and will be released upon the expiry of the relevant banking facilities.

As at 31 March 2026, these bank deposit was fully refunded to the Group.

25. RESTRICTED BANK BALANCES, PLEDGED BANK DEPOSIT AND BANK BALANCES AND CASH *(Continued)*

Bank balances and cash

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

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Cash at bank and in hand	**12,252**	5,283
Short-term bank deposits	**688**	678
Bank balances and cash shown in the consolidated statement of financial position	**12,940**	5,961
Less: Bank deposits with a maturity of more than three months	**(688)**	(678)
Cash and cash equivalents shown in the consolidated statement of cash flow (Note)	**12,252**	5,283

Note: Bank balances and bank deposits carried at prevailing market rates ranging from 0.05% to 1.30% per annum as at 31 March 2026 (as at 31 March 2025: 0.10% to 1.60% per annum).

26. TRADE AND OTHER PAYABLES

	Notes	**As at 31 March 2026 CNY'000**	As at 31 March 2025 CNY'000
Trade payables (Note (a))	6a	**5,575**	4,964
Other payables and accruals	6a	**10,862**	17,206
Contract liabilities (Note (b))		**469**	124
Amount due to a related company (Note (c))	6a	**8**	8
Amounts due to directors (Note (d))	6a	**11**	12
		16,925	22,314

26. TRADE AND OTHER PAYABLES *(Continued)*

(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 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Within 30 days	**1,991**	2,037
31 to 60 days	**588**	455
61 to 90 days	**21**	1,283
91 to 365 days	**2,569**	951
Over 365 days	**406**	238
	5,575	4,964

The average credit period granted is 30 days.

(b) Contract liabilities

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

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Contract liabilities arising from:		
Sale of goods	**469**	124

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

Movements in contract liabilities:

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Opening balances	**124**	126
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(124)**	(126)
Increase in contract liabilities as a result of receipt in advance of sales of drilling mud and pelletising clay not yet delivered and loan repayments received at year end	**469**	124
Closing balances	**469**	124

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

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

27. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations primarily relate to the restoration costs for the closure of mining site, which included dismantling mining-related structures and the reclamation of land upon exhaustion of bentonite reserves.

The following is the asset retirement obligations recognised by the Group and movement is set out as below:

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Opening balances	**10,732**	10,182
Unwinding of discount (Note 10)	**579**	550
Closing balances	**11,311**	10,732

The asset retirement obligation is calculated at the net present value of estimated future net cash flows of the restoration costs, amounting to approximately CNY15,305,000 discounted at 5.40% per annum at 31 March 2026 (as at 31 March 2025: CNY15,305,000 discounted at 5.40% per annum).

28. DEFERRED INCOME ARISING FROM GOVERNMENT GRANTS

	As at 31 March 2026 CNY'000	As at 31 March 2025 CNY'000
Analysed as:		
Current liabilities (included in other payables)	**19**	19
Non-current liabilities	**128**	143
	147	162

Note: During the year ended 31 December 2016, the Group received government grants of CNY300,000, which was designated for buildings improvement work. Such government grants are presented as deferred income and are released to income over the useful lives of building. During the year ended 31 March 2026, government grants released to the consolidated statement of profit or loss and other comprehensive income amounted to CNY15,000 (for the year ended 31 March 2025: CNY15,000).

29. SHARE CAPITAL

	Number of ordinary shares HK$0.1 each	HK$'000	**Share capital** (Equivalent to) CNY'000
Authorised			
As at 1 April 2024, 31 March 2025 and 31 March 2026	1,000,000,000	100,000	
Issued and fully paid			
As at 1 April 2024, 31 March 2025 and 31 March 2026	159,114,400	15,911	13,261

30. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

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

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up on the date of grant, upon payment of HK$1.00. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

As at 31 March 2026 and 2025, no share options have been granted, exercised, expired, lapsed, cancelled and outstanding. The Scheme was expired during the year ended 31 March 2026.

31. RETIREMENT BENEFITS SCHEME

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions.

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its Hong Kong employees. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, each of the subsidiaries (the "**Employer**") in Hong Kong and its employees makes monthly mandatory contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund Legislation. The mandatory contributions from each of the Employer and employees are subject to a cap of HK$1,500 per month.

During the year ended 31 March 2026, the total amount contributed by the Group to these scheme and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately CNY757,000 (for the year ended 31 March 2025: CNY963,000).

32. CONTINGENT LIABILITIES

During the year ended 31 March 2025, Feishang Material entered into the back-to-back Guarantee Agreement, pursuant to which Feishang Material has agreed to provide financial guarantee to the Wuhu Haiyuan Copper Industrial Co., Limited（蕪湖市海源銅業有限責任公司）, a company established in the PRC and an independent third party (the "**Borrower**"). As at 31 March 2025, deposit in the sum of CNY20 million for was pledged procuring the Borrower to obtain the loan of CNY19 million provided by the bank. In return, Feishang Material receive a guarantee fee of 6% of the amount of deposit pledged by Feishang Material. During the year ended 31 March 2026, the Group recognised the financial guarantee fee income of approximately CNY380,000 (for the year ended 31 March 2025: CNY1,132,000) in profit or loss. Upon the expiry of the back-to-back Guarantee Agreement during the year ended 31 March 2026, Feishang Material did not enter into a new guarantee contract. The fair value of the financial guarantee issued at initial recognition was immaterial. Details of the loss allowance for financial guarantee contracts are set out in Note 6(b).

33. RELATED PARTY TRANSACTIONS

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

(a) Compensation to key management personnel

Compensation of key management personnel of the Group including directors' remuneration as disclosed in Note 13 to these consolidated financial statements is as follows:

	Year ended 31 March 2026 CNY'000	Year ended 31 March 2025 CNY'000
Short-term benefits	**436**	771
Retirement benefits scheme contributions	**–**	7
	436	778

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

33. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related parties transactions

Relationship	Type of transaction	Notes	Transaction amount **Year ended 31 March 2026 CNY'000**	 Year ended 31 March 2025 CNY'000
Companies controlled by the common directors	Company secretarial fee	(i)	**917**	745
Companies controlled by the common directors	Compliance services fee	(i)	**100**	445
Companies controlled by the common directors	IT management service fee	(i)	**218**	–
Companies controlled by the common directors	Rental expense	(i)	**237**	241
Companies controlled by the common directors	Office expense	(i)	**–**	139
Member of key management personnel	Accounting fee	(ii)	**1,295**	1,224
Member of key management personnel	Internal Control and ESG Reporting fee	(ii)	**473**	932
Member of key management personnel	Motor car expenses	(ii)	**295**	133
Member of key management personnel	Consultancy fee	(ii)	**–**	342
Companies controlled by the common directors	Equity analysis services fee	(iii)	**73**	–
Companies controlled by the common directors	Non-deal roadshow fee	(iii)	**109**	–

Notes:

(i) Rental expenses, company secretarial fees, compliance services fees, office expense and IT management service fee were paid to a related company indirectly owned by directors and shareholders of the Company.

(ii) Accounting fees, internal control and ESG reporting fees, motor car expenses and consultancy fee were paid to a company directly owned by the Chief financial officer of the Group. The Chief Financial Officer received no salaries and remuneration besides the disclosed expenses.

(iii) The equity analysis services fee and non-deal roadshow fees were paid to a related company owned by directors and shareholders of the Company.

34. CASH FLOWS INFORMATION

(i) Reconciliation of liabilities arising from financing activities:

	Lease liabilities (Note 18) CNY'000
As at 1 April 2024	–
Changes from financing cash flows:	
Repayment of principal element of lease liabilities	(1,230)
Repayment of interest element of lease liabilities	(27)
Total changes from financing cash flows	(1,257)
Other changes:	
Interest expenses	1,230
Exchange adjustments	27
As at 31 March 2025, 1 April 2025 and 31 March 2026	–

(ii) Major non-cash transactions

During the year ended 31 March 2025, the Group had non-cash additions to right-of-use assets (Note 18) and lease liabilities (Note 18) of approximately CNY1,230,000 and CNY1,230,000 respectively, in respect of lease arrangements for office and plant.

35. CAPITAL COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2026 **CNY'000**	2025 CNY'000
Property, plant and equipment	**179**	8,419

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	**As at 31 March 2026 CNY'000**	As at 31 March 2025 CNY'000
Non-current assets			
Investment in subsidiaries		**51,911**	52,865
Plant and equipment		**–**	49
		51,911	52,914
Current assets			
Other receivables and prepayments		**2,533**	4,680
Amounts due from subsidiaries	(a)	**60,703**	14,568
Bank balances		**8,686**	7
		71,922	19,255
Current liability			
Other payables and accrual		**5,065**	5,683
Net current assets		**66,857**	13,572
NET ASSETS		**118,768**	66,486
Capital and reserves			
Share capital		**13,261**	13,261
Reserves	(b)	**105,507**	53,225
TOTAL EQUITY		**118,768**	66,486

The statement of financial position of the Company was approved and authorised by the board of directors on 30 June 2026 and were signed on its behalf.

CHAN Man Fung	**PUI Wai Lun**
Director	*Director*

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

(a) The amounts due from subsidiaries are non-trade nature, interest free and repayable on demand.

(b) Reserves

	Share premium CNY'000	**Other reserve** CNY'000 (Note)	**Exchange reserve** CNY'000	**Accumulated losses** CNY'000	**Total** CNY'000
As at 1 April 2024	146,974	44,051	483	(129,752)	61,756
Loss for the year	–	–	–	(8,727)	(8,727)
Other comprehensive income for the year	–	–	196	–	196
Total comprehensive income/(expense) for the year	–	–	196	(8,727)	(8,531)
As at 31 March 2025 and 1 April 2025	146,974	44,051	679	(138,479)	53,225
Profit for the year	–	–	–	54,728	54,728
Other comprehensive expense for the year	–	–	(2,446)	–	(2,446)
Total comprehensive (expense)/income for the year	–	–	(2,446)	54,728	52,282
As at 31 March 2026	146,974	44,051	(1,767)	(83,751)	105,507

Note:

Other reserve represents the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon the Reorganisation on 17 September 2015.

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at year ended were as follows:

Name of subsidiary	Place and date of incorporation and type of legal entity	Place of operation	Issued and fully paid ordinary share capital/registered capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
				Direct		Indirect		
				As at 31 March 2026	As at 31 March 2025	**As at 31 March 2026**	As at 31 March 2025	
Feishang International Holdings Limited (Note (a))	Incorporated in the BVI on 5 February 2002 as a limited liability company	The PRC	United States Dollar 1	**70%**	100%	**–**	–	Investment holding
P.B. Two Capital Holdings Limited	Incorporated in the BVI on 12 June 2018 as a limited liability company	Hong Kong	United States Dollar 1	**100%**	100%	**–**	–	Investment holding
Wuhu Feishang Non-metallic Material Co., Ltd* (蕪湖飛尚非金屬材料有限公司) (Note (a))	Incorporated in the PRC on 21 June 2002 as a limited liability company	The PRC	HK$35,000,000	**–**	–	**70%**	100%	Bentonite mining, production and sales of drilling mud and pelletising clay
P.B. TWO (Hong Kong) Limited	Incorporated in Hong Kong on 23 May 2018 as a limited company	Hong Kong	HK$1	**–**	–	**100%**	100%	Securities trading and property investment business
P.B. One Capital Holdings Limited	Incorporated in the Cayman Islands on 14 September 2015 as a limited liability	Hong Kong	United States Dollar 0.01	**100%**	100%	**–**	–	Investment holding
P.B. Wealth Management Limited (formerly known as P.B. Nikyo Wealth Management Limited)	Incorporated in Hong Kong on 9 February 1995 as a limited liability	Hong Kong	HK$11,800,088.30	**–**	–	**100%**	100%	Provide insurance brokerage services
P.B. Credit Limited (formerly known as P.B. Investment Limited)	Incorporated in Hong Kong on 9 October 2015 as a limited liability	Hong Kong	HK$6,619,630.83	**–**	–	**100%**	100%	Provision of personal and corporate loans
P.B. Charity Fund Limited	Incorporated in Hong Kong on 21 December 2017 as a limited by guarantee without a share capital	Hong Kong	Nil	**–**	–	**100%**	100%	Charitable institution
P.B. Three Capital Holdings Limited#	Incorporated in BVI on 16 September 2020 as a limited by guarantee without a share capital	Hong Kong	United States Dollar 1,000	**100%**	100%	**–**	–	Investment holding
P.B. Enterprise Limited (formerly known as PB Vast Vision Multi-media Cultural & Tourism Group Limited)	Incorporated in Hong Kong on 28 December 2022 as a limited liability	Hong Kong	HK$10,000	**–**	–	**100%**	100%	Wholesales of personal care product
Beibo Industrial Development (Shenzhen) Co., Ltd (倍搏實業發展(深圳)有限公司) (Note (b))	Incorporated in the PRC on 7 March 2025 as a limited liability company without a share capital	The PRC	Nil	**–**	–	**100%**	100%	Inactive
Sino Sign International Limited (Note (a))	Incorporated in the BVI on 5 November 2024 as a limited liability company	The PRC	United States Dollar 1	**–**	–	**70%**	100%	Inactive

None of the subsidiaries has issued any debt securities at the end of the year or at any time during the year.

* The English name is for identification purpose only.

Acquired during the prior period at consideration of US$1,000.

Note:

(a) On 30 January 2026, the Company entered into a disposal agreement to dispose of a 30% equity interest in Feishang International Holdings Limited, which holds Wuhu Feishang Non-metallic Material Co., Ltd. and Sino Sign International Limited as a wholly-owned subsidiary, for a consideration of approximately CNY11,270,000. The transaction was completed in February 2026. As the Group retained control over Feishang International Holdings Limited after completion of the disposal, the transaction was accounted for as an equity transaction, and no gain or loss was recognised in profit or loss. The carrying amount of the non-controlling interests arising from the disposal was CNY9,477,000, and the difference of approximately CNY1,793,000 between the consideration received and the non-controlling interests recognised was recognised directly in equity attributable to owners of the Company and credited to other reserve.

(b) The Group incorporated a subsidiary Beibo Industrial Development (Shenzhen) Co., Ltd on 7 March 2025.

Financial Summary

	For the year ended 31 March 2026 CNY'000	For the year ended 31 March 2025 CNY'000	For the year ended 31 March 2024 CNY'000	Period from 1 January 2022 to 31 March 2023 CNY'000	For the year ended 31 December 2021 CNY'000
Revenue and Profit					
Revenue	**46,192**	52,880	64,716	92,295	70,898
Cost of sales	**(29,531)**	(31,344)	(42,973)	(52,071)	(37,157)
Gross profit	**16,661**	21,536	21,743	40,224	33,741
Other income, gains/(losses), net	**1,041**	1,509	4,571	(1,260)	9,205
Selling and distribution expenses	**(2,871)**	(3,096)	(3,287)	(6,780)	(6,311)
Administrative expenses	**(25,613)**	(27,040)	(29,773)	(32,710)	(25,036)
Finance costs	**(579)**	(577)	(541)	(615)	(523)
(Loss)/profit before tax	**(11,361)**	(7,668)	(7,287)	(1,141)	11,076
Income tax (expenses)/credit	**(3,786)**	145	206	(1,594)	(1,959)
(Loss)/profit for the year/period	**(15,147)**	(7,523)	(7,081)	(2,735)	9,117
(Losses)/earnings per share (CNY)					
Basic and diluted	**(9.12) cents**	(4.73) cents	(4.45) cents	(1.72) cents	9.85 cents

	At 31 March 2026 CNY'000	At 31 March 2025 CNY'000	At 31 March 2024 CNY'000	At 31 March 2023 CNY'000	At 31 December 2021 CNY'000
Assets and Liabilities					
Current assets	**70,626**	82,140	107,929	120,939	126,666
Non-current assets	**65,483**	64,195	43,925	39,369	36,460
Current liabilities	**(17,411)**	(23,290)	(22,042)	(25,560)	(29,115)
Non-current liabilities	**(11,439)**	(10,875)	(10,340)	(9,857)	(9,262)
Total equity	**107,259**	112,170	119,472	124,891	124,749