P.B. Group Limited
倍搏集團有限公司

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

MAJOR TRANSACTION: RENEWAL OF FINANCIAL GUARANTEE

RENEWAL OF FINANCIAL GUARANTEE

Reference is made to the announcements of the Company dated 30 July 2018, 29 July 2019, 24 July 2020, 28 July 2021, 28 July 2022 and 28 July 2023 in relation to the provision of financial guarantee services by the Company via the Wuhu Subsidiary to the Borrower.

On 30 July 2024 (after trading hours), the Wuhu Subsidiary entered into the Renewal Agreement to renew the 2023 Agreement, pursuant to which, the Wuhu Subsidiary has agreed to provide financial guarantee to the Borrower by means of pledging its deposit in the sum of RMB20 million for procuring the Borrower to obtain the loan of RMB19 million (equivalent to approximately HK$20.8 million) provided by the lending bank. In return, the Wuhu Subsidiary shall receive a guarantee fee of 6% of the amount of deposit pledged by the Wuhu Subsidiary.

GEM LISTING RULES IMPLICATIONS

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

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

WRITTEN SHAREHOLDERS' APPROVAL

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

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

GENERAL

A circular of the Company containing, among other matters, details of the Renewal Agreement and the transactions contemplated thereunder, and other information as required under Rule 19.41(a) of the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 20 August 2024.

On 30 July 2024 (after trading hours), the Wuhu Subsidiary entered into the Renewal Agreement to renew the 2023 Agreement, pursuant to which the Wuhu Subsidiary has agreed to provide financial guarantee to the Borrower by means of pledging its deposit in the sum of RMB20 million for procuring the Borrower to obtain the loan of RMB19 million (equivalent to approximately HK$20.8 million) provided by the lending bank. Salient terms of the Renewal Agreement are as follows:

THE RENEWAL AGREEMENT

Date: 30 July 2024

Parties:

(1) Wuhu Feishang Non-metal Material Co., Limited*（蕪湖飛尚非金屬材料有限公司）, a wholly-owned subsidiary of the Company; and

(2) Wuhu Haiyuan Copper Industrial Co., Ltd.*（蕪湖市海源銅業有限責任公司）as the Borrower

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

Subject matter

Pursuant to the terms of the Renewal Agreement, the Company has agreed to provide financial guarantee to the Borrower for procuring it to obtain the loan of RMB19 million (equivalent to approximately HK$20.8 million provided by the lending bank in the PRC (equivalent to approximately HK$20.8 million) by means of entering into a guarantee contract for the pledge of its deposit in the sum of RMB20 million (equivalent to approximately HK$21.9 million) with the lending bank, which is an Independent Third Party.

Terms of the Guarantee

The Guarantee shall be for a term of one year commencing from 31 July 2024 to 31 July 2025 (subject to the terms of the guarantee contract to be entered into between the Wuhu Subsidiary and the lending bank upon expiry of the existing guarantee contract). The Wuhu Subsidiary shall charge the Borrower an annual guarantee fee of 6% of the amount of deposit pledged by the Wuhu Subsidiary (i.e. RMB20 million) payable annually in arrears.

Security

The Borrower shall provide security of its main products comprising electrolytic copper, copper rod and copper busbar with market value of not less than RMB20 million during the term of the Guarantee. In the event that the market value of the security falls below RMB20 million at any time during the term of the Guarantee, the Borrower shall provide additional security to meet the shortfall upon request by the Wuhu Subsidiary.

REASONS FOR AND BENEFITS OF THE RENEWAL AGREEMENT

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

As disclosed in the annual report of the Company for the year ended 31 March 2024, in the past year, the government has determined to step up policy efforts to stimulate the economy. A series of targeted expansionary fiscal and monetary policies and highly supportive industrial policies have been and will continue to be successively implemented to speed up recovery and stabilize growth, which will lend steady support to urban infrastructure construction as well as bentonite demand. The iron and steel industry and the building materials industry are expected to slowly recover, as the real estate industry would expect to see more policy support in various innovative ways. Investment in the “Three Major Projects” under the new development model for the real estate sector – the construction of affordable housing, the development of “dual use” public infrastructure, and urban renewal projects – is expected to partially offset the decrease in capital expenditures by real estate enterprises. In the near future, the demand for bentonite products will recover slowly, and the profit margin of bentonite products is expected to remain stable. Nonetheless, faced with the complex and ever-changing environment in the future, the Board considers that the provision of Guarantee in favour of the Borrower will better utilise the Group’s cash in return for a stable interest income (i.e. the annual guarantee fee from the Borrower and the normal bank deposit interest income).

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

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

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

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

GEM LISTING RULES IMPLICATIONS

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

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

WRITTEN SHAREHOLDERS' APPROVAL

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

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

GENERAL

A circular of the Company containing, among other matters, further details of the Renewal Agreement and the transactions contemplated thereunder, and other information as required under Rule 19.41(a) of the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 20 August 2024.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"2018 Agreement"	the back-to-back guarantee agreement dated 30 July 2018 and entered into between the Wuhu Subsidiary and the Borrower, details of which were set out in the announcement of the Company dated 30 July 2018
"2019 Agreement"	the back-to-back guarantee agreement dated 29 July 2019 and entered into between the Wuhu Subsidiary and the Borrower to renew the 2018 Agreement, details of which were set out in the announcement of the Company dated 29 July 2019
"2020 Agreement"	the back-to-back guarantee agreement dated 24 July 2020 and entered into between the Wuhu Subsidiary and the Borrower to renew the 2019 Agreement, details of which were set out in the announcement of the Company dated 24 July 2020
"2021 Agreement"	the back-to-back guarantee agreement dated 28 July 2021 and entered into between the Wuhu Subsidiary and the Borrower to renew the 2020 Agreement, details of which were set out in the announcement of the Company dated 28 July 2021
"2022 Agreement"	the back-to-back guarantee agreement dated 28 July 2022 and entered into between the Wuhu Subsidiary and the Borrower to renew the 2021 Agreement, details of which were set out in the announcement of the Company dated 28 July 2022
"2023 Agreement"	the back-to-back guarantee agreement dated 28 July 2023 and entered into between the Wuhu Subsidiary and the Borrower to renew the 2022 Agreement, details of which were set out in the announcement of the Company dated 28 July 2023

"Board"	the board of Directors
"Bonus Eventus"	Bonus Eventus Securities Limited, a company incorporated in the Hong Kong with limited liability which is indirectly owned as to 50% by Dr. Chan and 50% by Mr. Pui
"Borrower"	Wuhu Haiyuan Copper Industrial Co., Ltd.*（蕪湖市海源銅業有限責任公司）, a company established in the PRC and an Independent Third Party
"Company"	P.B. Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8331)
"connected person(s)"	has the same meaning ascribed thereto under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"Dr. Chan"	Dr. Chan Man Fung, the Co-chairman of the Company and an executive Director
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"Guarantee"	the financial guarantee to the Borrower for procuring it to obtain the loan with principal amount of RMB19 million (equivalent to approximately HK$20.8 million) provided by the lending bank by means of the Wuhu Subsidiary entering into a guarantee contract for the pledge of its deposit in the sum of RMB20 million (equivalent to approximately HK$21.9 million) with the lending bank
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons
"Mr. Pui"	Mr. Pui Wai Lun, the Co-chairman of the Company and an executive Director

"P.B. Asia"	P.B. Asia Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 50% by Dr. Chan and 50% by Mr. Pui
"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Renewal Agreement"	the back-to-back guarantee agreement dated 30 July 2024 and entered into between the Wuhu Subsidiary and the Borrower in relation to the Guarantee
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Wuhu Subsidiary"	Wuhu Feishang Non-metal Material Co., Limited* (蕪湖飛尚非金屬材料有限公司), a wholly-owned subsidiary of the Company established in the PRC
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

** the English names are not official names but are provided for identification purpose only*

In this announcement, amounts in RMB are translated into HK$ on the basis of RMB1= HK$1.0925 for illustration purpose only.

By Order of the Board
P.B. Group Limited
Chik Wai Chun
Company Secretary

Hong Kong, 30 July 2024

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Dr. CHAN Man Fung (Co-chairman), Mr. PUI Wai Lun (Co-chairman), Mr. PANG Ho Yin and Ms. ZONG Yan; and (ii) three independent non-executive Directors, namely Mr. CHAN Ka Wai, Mr. CHOW Chi Hang Tony and Dr. KWOK Hiu Fung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company's website at www.thepbg.com.