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## **Pizu Group Holdings Limited**

**比優集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8053)

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

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

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

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

*This announcement, for which the directors of Pizu Group Holdings Limited 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 for the purpose of giving information with regard to Pizu Group Holdings Limited. 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 in this announcement or this announcement misleading.*

## **HIGHLIGHTS**

- Revenue of the Group for the six months ended 30 September 2023 (the “Interim Period”) was approximately RMB639.20 million, representing a decrease of approximately 15.97% as compared to the corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to owners of approximately RMB98.76 million for the Interim Period.
- The Group recorded a total comprehensive income attributable to owners of the Company approximately RMB96.11 million for the Interim Period.
- Basic earnings per share of the Group was approximately RMB0.028 for the Interim Period.
- The Board does not recommend the payment of interim dividend.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and the six months ended 30 September 2023*

|  |                | (Unaudited)<br>Six months ended<br>30 September |                | (Unaudited)<br>Three months ended<br>30 September |               |
|--|----------------|---|----------------|---|---------------|
| <i>Notes</i>   | <b>2023</b>    | 2022  | <b>2023</b>    | 2022  |               |
|  | <b>RMB'000</b> | <b>RMB'000</b>                                  | <b>RMB'000</b> | <b>RMB'000</b>                                    |               |
| <b>Revenue</b>   | 3              | <b>639,195</b>                                  | 760,636        | <b>305,449</b>                                    | 291,472       |
| Cost of goods sold and services provided                             |                | <u>(379,763)</u>                                | (499,796)      | <u>(176,173)</u>                                  | (189,335)     |
| <b>Gross profit</b>  |                | <b>259,432</b>                                  | 260,840        | <b>129,276</b>                                    | 102,137       |
| Other income and gain  |                | <b>44,617</b>                                   | 12,765         | <b>8,400</b>                                      | 9,744         |
| Share of profits of associates                                       |                | <b>8,192</b>                                    | 4,531          | <b>5,271</b>                                      | 1,313         |
| Selling and distribution expenses                                    |                | <b>(4,042)</b>                                  | (1,924)        | <b>(2,837)</b>                                    | (268)         |
| Administrative and other operating expenses                          |                | <u>(97,097)</u>                                 | (70,082)       | <u>(47,782)</u>                                   | (37,944)      |
| <b>Operating profit</b>  |                | <b>211,102</b>                                  | 206,130        | <b>92,328</b>                                     | 74,982        |
| Finance costs  | 6              | <u>(4,186)</u>                                  | (8,197)        | <u>(1,801)</u>                                    | (4,326)       |
| <b>Profit before income tax</b>                                      |                | <b>206,916</b>                                  | 197,933        | <b>90,527</b>                                     | 70,656        |
| Income tax   | 5              | <u>(18,878)</u>                                 | (18,436)       | <u>(9,326)</u>                                    | (8,409)       |
| <b>Profit for the period</b>   | 6              | <b>188,038</b>                                  | 179,497        | <b>81,201</b>                                     | 62,247        |
| <b>Other comprehensive income for the period</b>                     |                |   |                |   |               |
| <b>Item that may be reclassified subsequently to profit or loss:</b> |                |   |                |   |               |
| Exchange differences arising from                                    |                |   |                |   |               |
| – translation of foreign operations                                  |                | <u>(153)</u>                                    | 7,103          | <u>(1,428)</u>                                    | (16,702)      |
| <b>Total comprehensive income for the period</b>                     |                | <u><b>187,885</b></u>                           | <u>186,600</u> | <u><b>79,773</b></u>                              | <u>45,545</u> |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and the six months ended 30 September 2023*

|  | (Unaudited)      |                | (Unaudited)        |                |
|--|------------------|----------------|--------------------|----------------|
|  | Six months ended |                | Three months ended |                |
|  | 30 September     |                | 30 September       |                |
| <i>Note</i>  | 2023             | 2022           | 2023               | 2022           |
|  | <i>RMB'000</i>   | <i>RMB'000</i> | <i>RMB'000</i>     | <i>RMB'000</i> |
| <b>Profit attributable to:</b>                     |                  |                |                    |                |
| Owners of the Company                              | <b>98,755</b>    | 96,431         | <b>43,873</b>      | 33,761         |
| Non-controlling interests                          | <b>89,283</b>    | 83,066         | <b>37,328</b>      | 28,486         |
|  | <b>188,038</b>   | 179,497        | <b>81,201</b>      | 62,247         |
| <b>Total comprehensive income attributable to:</b> |                  |                |                    |                |
| Owners of the Company                              | <b>96,112</b>    | 97,975         | <b>39,996</b>      | 24,323         |
| Non-controlling interests                          | <b>91,773</b>    | 88,625         | <b>39,777</b>      | 21,222         |
|  | <b>187,885</b>   | 186,600        | <b>79,773</b>      | 45,545         |
| <b>Earnings per share</b>                          | <i>RMB</i>       | <i>RMB</i>     | <i>RMB</i>         | <i>RMB</i>     |
| <b>Basic and diluted</b>                           | <b>0.028</b>     | 0.027          | <b>0.012</b>       | 0.009          |

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2023*

|   |    | (Unaudited)<br><b>30 September</b><br>2023<br><i>RMB'000</i> | (Audited)<br>31 March<br>2023<br><i>RMB'000</i> |
|---|----|--|---|
| <b>Non-current assets</b>                       |    |  |   |
| Property, plant and equipment                   | 9  | 2,002,578  | 1,940,086                                       |
| Right-of-use assets                             |    | 33,946   | 35,204  |
| Prepayments                                     |    | 54,165   | 61,708  |
| Deferred tax assets                             |    | 95,539   | 94,110  |
| Goodwill  |    | 43,359   | 43,359  |
| Other intangible assets                         |    | 586,664  | 576,342   |
| Interests in associates                         |    | 70,810   | 83,034  |
|   |    | <b>2,887,061</b>   | 2,833,843                                       |
| <b>Current assets</b>                           |    |  |   |
| Inventories                                     |    | 139,928  | 111,220   |
| Contract assets and Trade and bills receivables | 10 | 415,766  | 442,115   |
| Other receivables, prepayments and deposits     |    | 301,590  | 150,808   |
| Amounts due from associates                     |    | 25,794   | 23,748  |
| Amount due from a joint venture                 |    | –  | 1,290   |
| Amounts due from shareholders                   |    | 363  | 343   |
| Restricted bank balance                         |    | 16,074   | 16,056  |
| Cash and cash equivalents                       |    | 295,271  | 586,625   |
|   |    | <b>1,194,786</b>   | 1,332,205                                       |
| <b>Current liabilities</b>                      |    |  |   |
| Trade payables                                  | 11 | 410,084  | 523,546   |
| Other payables and accruals                     |    | 973,521  | 972,694   |
| Borrowings                                      |    | 482,948  | 593,000   |
| Dividend payable                                |    | 4,289  | 4,053   |
| Lease liabilities                               |    | 2,689  | 2,893   |
| Amount due to an associate                      |    | –  | 18,000  |
| Amount due to a related company                 |    | 73,530   | 73,530  |
| Amount due to a shareholder                     |    | 47,719   | 31,553  |
| Income tax payable                              |    | 12,395   | 7,060   |
|   |    | <b>2,007,175</b>   | 2,226,329                                       |
| <b>Net current liabilities</b>                  |    | <b>(812,389)</b>   | (894,124)                                       |
| <b>Total assets less current liabilities</b>    |    | <b>2,074,672</b>   | 1,939,719                                       |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

|  | (Unaudited)<br>30 September<br>2023<br>RMB'000 | (Audited)<br>31 March<br>2023<br>RMB'000 |
|--|--|--|
| <b>Non-current liabilities</b>               |  |  |
| Borrowings                                   | 270,306  | 270,306                                  |
| Lease liabilities                            | 1,157  | 1,956                                    |
| Deferred tax liabilities                     | 10,261   | 9,758                                    |
| Provisions                                   | 11,886   | 11,886                                   |
|  | <u>293,610</u>                                 | <u>293,906</u>                           |
| <b>Net assets</b>                            | <u><u>1,781,062</u></u>                        | <u><u>1,645,813</u></u>                  |
| <b>Equity</b>                                |  |  |
| Share capital                                | 40,259   | 40,259                                   |
| Treasury shares                              | (27,640)                                       | (27,640)                                 |
| Reserves                                     | 818,152  | 766,514                                  |
|  | <u>830,771</u>                                 | <u>779,133</u>                           |
| Equity attributable to owners of the Company | 830,771  | 779,133                                  |
| Non-controlling interests                    | 950,291  | 866,680                                  |
|  | <u>1,781,062</u>                               | <u>1,645,813</u>                         |
| <b>Total equity</b>                          | <u><u>1,781,062</u></u>                        | <u><u>1,645,813</u></u>                  |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2023 (Unaudited)*

|  | Equity attributable to owners of the Company |                            |                          |  |                                |                                  |                           |   |   |                              |                  |                                      |                  |
|--|--|----------------------------|--------------------------|--|--------------------------------|----------------------------------|---------------------------|---|---|------------------------------|------------------|--------------------------------------|------------------|
|  | Share capital<br>RMB'000                     | Treasury Shares<br>RMB'000 | Share premium<br>RMB'000 | Capital distributable reserve<br>RMB'000 | Contributed surplus<br>RMB'000 | Restructuring reserve<br>RMB'000 | Merger reserve<br>RMB'000 | Foreign currency translation reserve<br>RMB'000 | Statutory and other reserves<br>RMB'000 | Retained earnings<br>RMB'000 | Total<br>RMB'000 | Non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
| At 1 April 2023  | 40,259                                       | (27,640)                   | 529,602                  | 25,141                                   | 933                            | 89,227                           | (613,604)                 | (38,996)  | 42,476                                  | 731,735                      | 779,133          | 866,680                              | 1,645,813        |
| Profit for the period  | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | -                                       | 98,755                       | 98,755           | 89,283                               | 188,038          |
| Other comprehensive income for the period:                               |  |                            |                          |  |                                |                                  |                           |   |   |                              |                  |                                      |                  |
| Exchange differences arising from - translation to presentation currency | -  | -                          | -                        | -  | -                              | -                                | -                         | (153)   | -                                       | -                            | (153)            | -                                    | (153)            |
| Total comprehensive income for the period                                | -  | -                          | -                        | -  | -                              | -                                | -                         | (153)   | -                                       | 98,755                       | 98,602           | 89,283                               | 187,885          |
| Transaction with owners:   |  |                            |                          |  |                                |                                  |                           |   |   |                              |                  |                                      |                  |
| Further acquisition of equity interests in subsidiaries                  | -  | -                          | -                        | -  | -                              | -                                | (54,000)                  | -   | -                                       | -                            | (54,000)         | (672)                                | (54,672)         |
| Contribution from non-controlling interests                              | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | -                                       | -                            | -                | (5,000)                              | (5,000)          |
|  | -  | -                          | -                        | -  | -                              | -                                | (54,000)                  | -   | -                                       | -                            | (54,000)         | (5,672)                              | (59,672)         |
| Transfer to statutory and other reserves                                 | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | 7,505                                   | (469)                        | 7,036            | -                                    | 7,036            |
| Utilisation of other reserves  | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | (304)                                   | 304                          | -                | -                                    | -                |
| At 30 September 2023   | <u>40,259</u>                                | <u>(27,640)</u>            | <u>529,602</u>           | <u>25,141</u>                            | <u>933</u>                     | <u>89,227</u>                    | <u>(667,604)</u>          | <u>(39,149)</u>                                 | <u>49,677</u>                           | <u>830,325</u>               | <u>830,771</u>   | <u>950,291</u>                       | <u>1,781,062</u> |
| At 1 April 2022  | 40,259                                       | (27,640)                   | 559,616                  | 25,141                                   | 933                            | 89,227                           | (613,604)                 | (50,139)  | 35,410                                  | 650,780                      | 709,983          | 726,616                              | 1,436,599        |
| Profit for the period  | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | -                                       | 96,431                       | 96,431           | 83,066                               | 179,497          |
| Other comprehensive income for the period:                               |  |                            |                          |  |                                |                                  |                           |   |   |                              |                  |                                      |                  |
| Exchange differences arising from translation of foreign operations      | -  | -                          | -                        | -  | -                              | -                                | -                         | 1,543   | -                                       | -                            | 1,543            | 5,560                                | 7,103            |
| Total comprehensive income for the period                                | -  | -                          | -                        | -  | -                              | -                                | -                         | 1,543   | -                                       | 96,431                       | 97,974           | 88,626                               | 186,600          |
| Dividend declared and payable  | -  | 400                        | (32,384)                 | -  | -                              | -                                | -                         | -   | -                                       | -                            | (31,984)         | -                                    | (31,984)         |
| Dividends paid to non-controlling interests                              | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | -                                       | -                            | -                | (18,770)                             | (18,770)         |
| Transfer to statutory and other reserves                                 | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | 609                                     | -                            | 609              | -                                    | 609              |
| Utilisation of other reserves  | -  | -                          | -                        | -  | -                              | -                                | -                         | -   | -                                       | (1,199)                      | (1,199)          | -                                    | (1,199)          |
| At 30 September 2022   | <u>40,259</u>                                | <u>(27,240)</u>            | <u>527,232</u>           | <u>25,141</u>                            | <u>933</u>                     | <u>89,227</u>                    | <u>(613,604)</u>          | <u>(48,596)</u>                                 | <u>36,019</u>                           | <u>746,012</u>               | <u>775,383</u>   | <u>796,472</u>                       | <u>1,571,855</u> |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2023*

|  | <b>(Unaudited)</b>    | <b>(Unaudited)</b>    |
|--|-----------------------|-----------------------|
|  | <b>Six months</b>     | <b>Six months</b>     |
|  | <b>ended</b>          | <b>ended</b>          |
|  | <b>30 September</b>   | <b>30 September</b>   |
|  | <b>2023</b>           | <b>2022</b>           |
|  | <b>RMB'000</b>        | <b>RMB'000</b>        |
| Net cash generated from operating activities           | <u>16,709</u>         | <u>80,156</u>         |
| <b>Cash flows from investing activities</b>            |                       |                       |
| Interest received                                      | 3,394                 | 1,560                 |
| Proceed from disposal of property, plant and equipment | 1,131                 | 151                   |
| Purchase of property, plant and equipment              | (72,676)              | (14,790)              |
| Purchase of intangible asset                           | (70,991)              | –                     |
| Decrease in amount due from a joint venture            | –                     | 4,536                 |
| Payment of investments                                 | <u>(56,000)</u>       | <u>(2,000)</u>        |
| Net cash used in investing activities                  | <u>(195,142)</u>      | <u>(10,543)</u>       |
| <b>Cash flows from financing activities</b>            |                       |                       |
| Increase in amounts due to shareholders                | 16,166                | 2,807                 |
| Decrease in amounts due to related companies           | –                     | (16,000)              |
| Decrease in amounts due to an associate                | (18,000)              | –                     |
| Interest paid  | (3,694)               | (8,145)               |
| Proceeds from borrowings                               | 244,765               | 170,000               |
| Repayment of bank borrowings                           | (341,000)             | (204,000)             |
| Dividend paid  | –                     | (31,312)              |
| Dividend paid to non-controlling interest              | (10,698)              | (18,770)              |
| Lease payment  | <u>(307)</u>          | <u>–</u>              |
| Net cash used in financing activities                  | <u>(112,768)</u>      | <u>(105,420)</u>      |
| Net decrease in cash and cash equivalents              | <b>(291,201)</b>      | <b>(35,807)</b>       |
| Cash and cash equivalents at beginning of the period   | <b>586,625</b>        | 623,396               |
| Effect of foreign exchange rate changes                | <u>(153)</u>          | <u>4,848</u>          |
| Cash and cash equivalent at end of the period          | <u><b>295,271</b></u> | <u><b>592,437</b></u> |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

## 1. CORPORATE INFORMATION

Pizu Group Holdings Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Unit 07, 21/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 6 August 2004.

The Company and its subsidiaries (collectively, the “Group”) are principally engaged in manufacturing and sale of explosives, provision of blasting operation and mining engineering, and sales of mineral concentrates.

The Group principally operates in the People’s Republic of China (the “PRC”) with its business activities principally transacted in Renminbi (“RMB”), the results of the Group are therefore prepared in RMB.

The condensed consolidated financial statements of Group for the six months ended 30 September 2023 (the “interim financial statements”) which have not been audited but have been reviewed by the Audit Committee, and were approved for issue by the board of directors on 10 November 2023.

## 2. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”).

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023 (the “2023 Annual Financial Statements”).

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the 2023 Annual Financial Statements.

### 3. REVENUE

All the Group's revenue is derived from contracts with customers. An analysis of the revenue from the Group's principal activities is as follows:

|  | (Unaudited)<br>Six months ended<br>30 September |                 | (Unaudited)<br>Three months ended<br>30 September |                 |
|--|---|-----------------|---|-----------------|
|  | 2023<br>RMB'000                                 | 2022<br>RMB'000 | 2023<br>RMB'000                                   | 2022<br>RMB'000 |
| Sale of explosives   | 359,416   | 336,940         | 170,275   | 175,898         |
| Provision of blasting operations<br>and mining engineering | 63,623  | 226,416         | 27,821  | 43,545          |
| Sales of mineral concentrates                              | 216,156   | 197,280         | 107,353   | 72,029          |
| Total revenue  | <u>639,195</u>                                  | <u>760,636</u>  | <u>305,449</u>                                    | <u>291,472</u>  |

### 4. SEGMENTAL INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. The information are reported to and reviewed by the board of directors, the chief operating decision-makers, for the purpose of resource allocation and performance assessment.

The Group has identified and presented the segment information for the following reportable operating segments. These segments are managed separately.

- Mining operation: mining and processing, exploration of copper and gold, pyrite and molybdenum and sales of the said mineral and metal products in the PRC and Mongolia
- Explosives trading and blasting services: conduct production and sales, blasting services of civil explosive products and construction services of mining exploitation in the PRC and Tajikistan
- Bulk mineral trade: trading of non-ferrous metals and minerals in Hong Kong and the PRC

No segment assets and liabilities are presented as the information is not reported to the board of directors in the resource allocation and assessment of performance.

**Six months ended 30 September 2023 (Unaudited)**

|                                | Sales of<br>mineral<br>concentrates<br><i>RMB'000</i> | Bulk<br>mineral<br>trade<br><i>RMB'000</i> | Explosives<br>trading,<br>blasting<br>service<br>and mining<br>engineering<br><i>RMB'000</i> | Consolidated<br><i>RMB'000</i> |
|--------------------------------|---|--|--|--------------------------------|
| <b>Segment revenue</b>         |   |  |  |                                |
| External sales                 | <u>216,156</u>  | <u>–</u>                                   | <u>423,039</u>   | <u>639,195</u>                 |
| Segment profit/(loss)          | <u>95,370</u>   | <u>–</u>                                   | <u>108,532</u>   | <u>203,902</u>                 |
| Unallocated income             |   |  |  | 5,056                          |
| Unallocated corporate expenses |   |  |  | <u>(2,042)</u>                 |
| Profit before income tax       |   |  |  | <u>206,916</u>                 |

**Six months ended 30 September 2022 (Unaudited)**

|                                | Sales of<br>mineral<br>concentrates<br><i>RMB'000</i> | Bulk<br>mineral<br>trade<br><i>RMB'000</i> | Explosives<br>trading,<br>blasting<br>service<br>and mining<br>engineering<br><i>RMB'000</i> | Consolidated<br><i>RMB'000</i> |
|--------------------------------|---|--|--|--------------------------------|
| <b>Segment revenue</b>         |   |  |  |                                |
| External sales                 | <u>197,280</u>  | <u>–</u>                                   | <u>563,356</u>   | <u>760,636</u>                 |
| Segment profit/(loss)          | <u>56,189</u>   | <u>(441)</u>                               | <u>149,662</u>   | <u>205,410</u>                 |
| Unallocated income             |   |  |  | 2,414                          |
| Unallocated corporate expenses |   |  |  | <u>(9,891)</u>                 |
| Profit before income tax       |   |  |  | <u>197,933</u>                 |

**Three months ended 30 September 2023 (Unaudited)**

|                                | Sales of<br>mineral<br>concentrates<br><i>RMB'000</i> | Bulk<br>mineral<br>trade<br><i>RMB'000</i> | Explosives<br>trading,<br>blasting<br>service<br>and mining<br>engineering<br><i>RMB'000</i> | Consolidated<br><i>RMB'000</i> |
|--------------------------------|---|--|--|--------------------------------|
| <b>Segment revenue</b>         |   |  |  |                                |
| External sales                 | <u>107,353</u>  | <u>–</u>                                   | <u>198,096</u>   | <u>305,449</u>                 |
| Segment profit/(loss)          | <u>35,684</u>   | <u>–</u>                                   | <u>53,937</u>  | <u>89,621</u>                  |
| Unallocated income             |   |  |  | 2,128                          |
| Unallocated corporate expenses |   |  |  | <u>(1,222)</u>                 |
| Profit before income tax       |   |  |  | <u>90,527</u>                  |

**Three months ended 30 September 2022 (Unaudited)**

|                                | Sales of<br>mineral<br>concentrates<br><i>RMB'000</i> | Bulk<br>mineral<br>trade<br><i>RMB'000</i> | Explosives<br>trading,<br>blasting<br>service<br>and mining<br>engineering<br><i>RMB'000</i> | Consolidated<br><i>RMB'000</i> |
|--------------------------------|---|--|--|--------------------------------|
| <b>Segment revenue</b>         |   |  |  |                                |
| External sales                 | <u>72,029</u>   | <u>–</u>                                   | <u>219,443</u>   | <u>291,472</u>                 |
| Segment profit/(loss)          | <u>4,027</u>  | <u>(231)</u>                               | <u>70,778</u>  | <u>74,574</u>                  |
| Unallocated income             |   |  |  | 1,856                          |
| Unallocated corporate expenses |   |  |  | <u>(5,774)</u>                 |
| Profit before income tax       |   |  |  | <u>70,656</u>                  |

## 5. INCOME TAX

No provision for Hong Kong profits tax and Mongolia corporate income tax is made for current period and prior period as there is no assessable profits arising in Hong Kong or Mongolia for both years. Tajikistan Corporate Income Tax rate is calculated at applicable rates of 23% (for activities other than goods production) and 13% (for activity of goods production); whereas EIT is calculated at the applicable rate of 25%, except that:

- (i) The Tajikistan subsidiary of the Company is exempted from Tajikistan Corporate Income Tax for 5 years until June 2022 pursuant to the investment agreement entered into between the subsidiary and the Tajikistan government. During the year ended 31 March 2023, the Tajikistan government extended the exemption period to November 2022. The Tajikistan subsidiary is subject to the applicable rates as set out above since December 2022.
- (ii) Three PRC subsidiaries of the Company which have obtained the New and Hi-tech Enterprise recognition are entitled to enjoy preferential EIT rate of 15% for a period of 3 years from 4 September 2020, 1 December 2021 and 14 December 2022 respectively.
- (iii) Two branches and a subsidiary of the Company which are located in the Tibet Autonomous Region of the PRC are entitled to preferential tax rate. Based on the tax ruling announced by the PRC central tax authorities, the EIT rate of Lhasa is 9% for one branch and the subsidiary from years 2015 to 2025. The EIT rate will resume to 15% from 2026 onwards if no further announcement from the PRC central tax authorities is made. For another branch, the EIT rate is 15%.

|                                      | (Unaudited)<br>Six months ended<br>30 September |                | (Unaudited)<br>Three months ended<br>30 September |                |
|--------------------------------------|---|----------------|---|----------------|
|                                      | 2023  | 2022           | 2023  | 2022           |
|                                      | <i>RMB'000</i>                                  | <i>RMB'000</i> | <i>RMB'000</i>                                    | <i>RMB'000</i> |
| Current tax for the period           |   |                |   |                |
| – PRC Enterprise<br>Income Tax       | 11,924  | 16,754         | 6,031   | 6,780          |
| Tajikistan Corporation<br>Income Tax | 6,954   | 1,682          | 3,295   | 1,629          |
|                                      | <u>18,878</u>                                   | <u>18,436</u>  | <u>9,326</u>                                      | <u>8,409</u>   |

## 6. PROFIT FOR THE PERIOD

Profit for period is arrived at after charging the followings:

|   | <b>(Unaudited)</b>      |                | <b>(Unaudited)</b>        |                |
|---|-------------------------|----------------|---------------------------|----------------|
|   | <b>Six months ended</b> |                | <b>Three months ended</b> |                |
|   | <b>30 September</b>     |                | <b>30 September</b>       |                |
|   | <b>2023</b>             | <b>2022</b>    | <b>2023</b>               | <b>2022</b>    |
|   | <b>RMB'000</b>          | <b>RMB'000</b> | <b>RMB'000</b>            | <b>RMB'000</b> |
| Depreciation of property,<br>plant and equipment  | <b>41,710</b>           | 57,707         | <b>20,757</b>             | 29,035         |
| Amortisation of prepaid<br>lease payment for land | <b>102</b>              | 102            | <b>51</b>                 | 51             |
| Amortisation of intangible assets                 | <b>4,052</b>            | 3,719          | <b>2,339</b>              | 1,860          |
|   | <b><u>41,864</u></b>    | <u>61,528</u>  | <b><u>23,147</u></b>      | <u>30,946</u>  |
| Finance costs                                     |                         |                |                           |                |
| – Interest charge on bank and<br>other borrowings | <b>4,186</b>            | 8,197          | <b>1,801</b>              | 4,326          |
|   | <b><u>4,186</u></b>     | <u>8,197</u>   | <b><u>1,801</u></b>       | <u>4,326</u>   |

## 7. DIVIDENDS

The Board does not recommend the payment of interim dividend (2022: Nil).

## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

|  | <b>(Unaudited)</b>      |                | <b>(Unaudited)</b>        |                |
|--|-------------------------|----------------|---------------------------|----------------|
|  | <b>Six months ended</b> |                | <b>Three months ended</b> |                |
|  | <b>30 September</b>     |                | <b>30 September</b>       |                |
|  | <b>2023</b>             | <b>2022</b>    | <b>2023</b>               | <b>2022</b>    |
|  | <b>RMB'000</b>          | <b>RMB'000</b> | <b>RMB'000</b>            | <b>RMB'000</b> |
| Profit for the period attributable<br>to owners of the Company | <b>98,755</b>           | 96,431         | <b>43,873</b>             | 33,761         |
|  | <b><u>98,755</u></b>    | <u>96,431</u>  | <b><u>43,873</u></b>      | <u>33,761</u>  |

|  | <b>(Unaudited)</b>      |                  | <b>(Unaudited)</b>        |                  |
|--|-------------------------|------------------|---------------------------|------------------|
|  | <b>Six months ended</b> |                  | <b>Three months ended</b> |                  |
|  | <b>30 September</b>     |                  | <b>30 September</b>       |                  |
|  | <b>2023</b>             | <b>2022</b>      | <b>2023</b>               | <b>2022</b>      |
|  | <b>'000</b>             | <b>'000</b>      | <b>'000</b>               | <b>'000</b>      |
|  | <b>3,496,414</b>        | 3,529,880        | <b>3,496,414</b>          | 3,529,880        |
|  | <b><u>3,496,414</u></b> | <u>3,529,880</u> | <b><u>3,496,414</u></b>   | <u>3,529,880</u> |

## Number of shares

|  |                         |                  |                         |                  |
|--|-------------------------|------------------|-------------------------|------------------|
| Weighted average number of<br>ordinary shares for the purpose<br>of basic earnings per share | <b>3,496,414</b>        | 3,529,880        | <b>3,496,414</b>        | 3,529,880        |
|  | <b><u>3,496,414</u></b> | <u>3,529,880</u> | <b><u>3,496,414</u></b> | <u>3,529,880</u> |

For the calculation of diluted earnings per share, no adjustment has been made to the basic earnings per share for the three months and the six months ended 30 September 2023 and 2022 as there was no dilutive potential ordinary shares in existence for the three months and six months ended 30 September 2023 and 2022.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, additions to property, plant and equipment amounted to RMB206,000,000.

## 10. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

|                        | <b>(Unaudited)</b><br><b>30 September</b><br><b>2023</b><br><i>RMB'000</i> | (Audited)<br>31 March<br>2023<br><i>RMB'000</i> |
|------------------------|--|---|
| Contract assets        | <b>171,196</b>   | 181,877   |
| Trade receivables, net | <b>193,400</b>   | 150,555   |
|                        | <b>364,596</b>   | 332,432   |
| Bills receivables      | <b>51,170</b>  | 109,683   |
|                        | <b>415,766</b>   | 442,115   |

Trade receivables of sales of explosives are due upon presentation of invoices, while the Group grants credit period ranging from 0-60 days to its customers of provision of blasting operations. Customers of sales of mineral concentrates are required to pay in advance in full before delivery of mineral concentrates. Bills receivables generally have credit terms ranging from 6 to 12 months.

Contract assets represent retention receivables arising from provision of blasting operations and related services. The expected timing of recovery or settlement for contract assets and net trade receivables at the end of the reporting period is as follows:

|                   | <b>(Unaudited)</b><br><b>30 September</b><br><b>2023</b><br><i>RMB'000</i> | (Audited)<br>31 March<br>2023<br><i>RMB'000</i> |
|-------------------|--|---|
| 0-30 days         | <b>54,851</b>  | 36,936  |
| 31-90 days        | <b>39,106</b>  | 47,302  |
| 91 days to 1 year | <b>79,032</b>  | 69,807  |
| Over 1 year       | <b>191,607</b>   | 178,387   |
|                   | <b>364,596</b>   | 332,432   |

## 11. TRADE PAYABLES

Ageing analysis of trade payables, based on the invoice date, is as follows:

|              | <b>(Unaudited)</b><br><b>30 September</b><br><b>2023</b><br><i>RMB'000</i> | (Audited)<br>31 March<br>2023<br><i>RMB'000</i> |
|--------------|--|---|
| 0-180 days   | <b>148,754</b>   | 414,872   |
| 181-365 days | <b>26,617</b>  | 40,000  |
| Over 1 year  | <b>234,713</b>   | 68,674  |
|              | <b>410,084</b>   | 523,546   |

## 12. CAPITAL COMMITMENTS

The following is the detail of capital expenditure contracted for but not provided in the interim financial statements:

|  | <b>(Unaudited)</b><br><b>30 September</b><br><b>2023</b><br><i>RMB'000</i> | (Audited)<br>31 March<br>2023<br><i>RMB'000</i> |
|--|--|---|
| Acquisition of property, plant and equipment | <b>21,455</b>  | 514   |

### 13. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the interim financial statements, the Group entered into the following transactions with related parties:

| Name of related party   | Related party relationship   | Type of transaction                                | Transaction amount<br>(Unaudited) |                 |
|---|--|--|-----------------------------------|-----------------|
|   |  |  | Six months ended<br>30 September  |                 |
|   |  |  | 2023<br>RMB'000                   | 2022<br>RMB'000 |
| 內蒙古盛安保安有限責任公司<br>(Inner Mongolia Shengan Security Limited)                | Entity under common control<br>by Mr. Ma Qiang,<br>controlling shareholder | Security services provided<br>by the related party | 810                               | 804             |
| 烏海市天潤爆破服務有限責任公司<br>(Wuhai City Tianrun Blasting Services Company Limited) | Associate  | Sales to the related party                         | 8,087                             | 6,589           |
| 烏海市安盛爆破服務有限責任公司<br>(Wuhai City Ansheng Blasting Services Co., Ltd)        | Associate  | Sales to the related party                         | 15,568                            | 4,482           |
|   |  |  | <b>=====</b>                      | <b>=====</b>    |

*Notes:*

The terms of the above transactions were based on those agreed among the Group and the related parties in normal course of business.

- (b) Remuneration paid/payable to the members of key management personnel for the period amounted to RMB1,408,680 (Six months ended 30 September 2022: RMB1,032,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The turnover of the Group for the Quarterly Period decreased by approximately 15.97% as compared with the corresponding period in 2022. The Group maintained a stable sales volume as last year by adjusting the price of explosives for civil use. However, in terms of income from blasting operations, there was a significant decline due to the governance of the downstream coal industry and the termination of some blasting and mining project in Tibet due to the mine owner's reason. The Group is confident in maintaining a stable business scale, but there is considerable resistance in seeking further development in this industry. Besides, because the Group is conducting construction projects to extract gold and iron components from sulfur concentrate, the project was completed at the end of September and entered trial production. It is believed that it will bring greater benefits to the shareholders.

The increase in other income was due to a debt relief of approximately RMB 32 million during the period.

### **Liquidity and Financial Resources**

As at 30 September 2023, the net assets of the Group amounted to approximately RMB1,781.06 million (31 March 2023: net assets of RMB1,645.81 million). Current assets amounted to approximately RMB1,194.79 million (31 March 2023: RMB1,332.21 million) of which approximately RMB295.27 million (31 March 2023: RMB586.63 million) were cash and cash equivalents and approximately RMB301.59 million (31 March 2023: RMB150.81 million) were other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB2,007.18 million (31 March 2023: RMB2,226.33 million).

### **Capital Structure**

Capital structure of the Group comprises equity plus debts raised by the Group net with cash and cash equivalents. There is no movement in share capital for the six months ended 30 September 2023.

### **Significant Investments**

During the six months ended 30 September 2023, the Group did not have any significant investment.

### **Segment Information**

The segment information of the Group is covered in note 4 to the interim financial statements.

## **Material Acquisition and Disposal**

On 19 April 2023, Pizu (Tibet) Resources Development and Utilisation Co., Ltd., an indirect and non-wholly owned subsidiary of the Company (as the purchaser), and Yue Hua, the beneficial owner of the sale equity (as the vendor), entered into an equity transfer agreement, pursuant to which, the purchaser agreed to further acquire 27% equity interests in the target company, Tibet Tianren Mining Co., Ltd. (“Tibet Tianren”), a non-wholly owned subsidiary of the Company, for an aggregate consideration of RMB54,000,000 (equivalent to approximately HK\$61,560,000). Upon the completion of the acquisition, the Group’s interest in Tibet Tianren had increased to 54%.

As the highest of the applicable percentage ratios in respect of the acquisition exceeds 5% and is lower than 25% and the vendor is a connected person of the Company at the subsidiary level, the acquisition constitutes a connected and discloseable transaction of the Company under Chapters 19 and 20 of the GEM Listing Rules.

Reference is made to the Company’s announcement dated 11 November 2022 in relation to the deemed acquisition of Tibet Tianren pursuant to the acting in concert agreement, and the Company’s announcement dated 19 April 2023 on the equity transfer agreement.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 September 2023.

## **Gearing Ratio**

As at 30 September 2023, the Group’s gearing ratio, calculated as total debts of approximately RMB753.25 million (31 March 2023: RMB863.31 million) divided by total assets of approximately RMB4,081.85 million (31 March 2023: RMB4,166.05 million) was 18.45% (31 March 2023: 20.72%).

## **Charge of Assets**

The Group’s borrowings are secured by pledge of certain contract assets and trade receivables amounting to RMB196,330,000 (31 March 2023: RMB142,218,000), mining right of approximately RMB123,583,000 (31 March 2023: RMB149,295,000), guarantees provided by certain shareholders, an affiliate of shareholders, directors and a related party of a subsidiary and personal guarantee from Mr. Ma Qiang, the former executive Director and chairman of the Company.

## **Capital Commitment**

The Group’s material capital commitments as at 30 September 2023 are set out in note 12 to the interim financial statements.

## **Foreign Exchange Exposure and Hedging Policy**

Since most of the income and expenses as well as assets and liabilities of the Group are denominated in Renminbi and to a lesser extent in Tajikistani Somoni and Mongolian Tugrik, the Board considers that the Group has no material foreign exchange exposure and no hedging policy has been taken.

## Contingent Liabilities

As at 30 September 2023, the Group did not have any material contingent liabilities (31 March 2023: nil).

## Human Resources

As at 30 September 2023, the Group had 1,257 (31 March 2023: 1,253) full time employees in the PRC, Hong Kong and Tajikistan. Staff remuneration packages are determined by reference to prevailing market rates. Staff benefits include mandatory provident fund, personal insurance and discretionary bonus which are based on their performance and contribution to the Group. The Company has adopted the share award scheme to provide remuneration to its employees and directors of the Group.

## EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

### Anhui Jinding

#### *Operations*

For the six months ended 30 September 2023, Anhui Jinding mined out a total of 426,847.93 tonnes of ores, including 425,997.63 tonnes of copper-gold ores with an average grade of 7.35% S, 0.67 g/t Au and 0.398% Cu. In addition to the stockpiled ores extracted during underground development in the previous years, a total of 549,174 tonnes of ores have been milled and processed during the six months ended 30 September 2023, with average head grades of 7.55% S, 0.407% Cu, 0.74 g/t Au and 12.18% Fe.

#### *Exploration*

For the six months ended 30 September 2023, Anhui Jinding has drilled 120 underground drillholes for the purpose of production exploration (preparation for mining production and reconciliation), totalling about 12,001.53 m.

### Tibet Tianren

For the six months ended 30 September 2023, Tibet Tianren did not have any updates to the disclosures in the annual report as at 31 March 2023.

For the six months ended 30 September 2023, the expenditures of exploration, development and mining activities are summarised in the following table:

| Project       | Exploration<br>RMB'000 | Development<br>RMB'000 | Mining<br>RMB'000 |
|---------------|------------------------|------------------------|-------------------|
| Anhui Jinding | 3,018                  | 2,166                  | 21,560            |
| Tibet Tianren | 2,147                  | –                      | –                 |

## **BUSINESS REVIEW AND PROSPECTS**

### **Business review**

During the six months ended 30 September 2023, the production and sale business of explosives of the Group slightly improved as compared to the same period of last year, and the sales strategy of adjusting prices to cope with market changes turned out to be effective. The mining business of the Group's mineral products maintained steady growth and is expected to contribute significant revenue in the second half of the fiscal year with the completion of the construction of the gold extraction project. The blasting operations and mine construction business of the Group declined significantly due to the impact of the market environment and the termination of some operations in Tibet.

### **Business Outlook**

After the completion of the construction of the gold extraction project of Anhui Jinding Mining, the remaining key new projects of the Group are steadily in progress. The schedule of each approval for Tibet Tianren Mining is basically as expected, and the main construction shall be commenced in early 2024; the preparations for the new detonating cords production line project in Tajikistan are substantially completed; and the project of the new 100,000 tons on-site bulk explosive intelligent production system in Inner Mongolia progressed well. Save for the aforesaid projects, the Group will continue to improve the operation and management of its existing businesses to bring sustainable returns to its shareholders.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

As at 30 September 2023, the interests or short positions of the Directors (the "Directors") and the chief executive of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which is taken or deemed to have under such provisions of the SFO), or which were required, to be entered in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

## The Company – interests in shares and underlying shares

| Name of Director | Capacity/nature of interest   | Number and class of securities held<br>(Note 1)  | Approximate percentage of shareholding<br>(Note 2) |
|------------------|---|--|--|
| Mr. Ma Tianyi    | Beneficial owner  | 2,000,000<br>ordinary shares (L)                 | 0.06%  |
|                  | Interest of a controlled corporation<br>(Note 4)  | 58,980,000<br>ordinary shares (L)                | 1.66%  |
| Mr. Liu Fali     | Beneficial owner  | 242,415,854<br>ordinary shares (L)               | 6.81%  |
|                  | Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO | 1,659,687,368<br>ordinary shares (L)<br>(Note 3) | 46.64%   |
| Ms. Qin Chunhong | Interest of a controlled corporation<br>(Note 5)  | 34,024,908<br>ordinary shares (L)                | 0.96%  |
|                  | Beneficial owner  | 2,540,000<br>ordinary shares (L)                 | 0.07%  |
| Ms. Ma Ye        | Beneficial owner  | 126,005,000<br>ordinary shares (L)               | 3.54%  |
|                  | Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO | 1,776,098,222<br>ordinary shares (L)<br>(Note 3) | 49.91%   |
| Mr. Ma Yong      | Beneficial owner  | 169,000<br>ordinary shares (L)                   | 0.005%   |

*Notes:*

1. The letter “L” denotes a long position in the shares or underlying shares of the Company or any of its associated corporations.
2. The percentage of shareholding is calculated based on the number of issued shares of the Company as at 30 September 2023.
3. By virtue of the SFO and the Irrevocable Undertaking given by Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali in favour of Mr. Ma Qiang, (1) Mr. Ma Suocheng was deemed to be interested in all the shares in which Ms. Ma Xia, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (2) Ms. Ma Xia was deemed to be interested in all the shares in which Mr. Ma Suocheng, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (3) Ms. Ma Ye was deemed to be interested in all the shares in which Mr. Ma Suocheng, Ms. Ma Xia, Mr. Liu Fali and Mr. Ma Qiang were interested; and (4) Mr. Liu Fali was deemed to be interested in all the shares in which Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Ma Qiang were interested.
4. These shares represented the interests of Pin On Everest Asset Holdings Ltd in 58,980,000 shares of the Company. As the entire issued share capital of Pin On Everest Asset Holdings Ltd was owned by Mr. Ma Tianyi, he was deemed to be interested in all the shares in which Pin On Everest Asset Holdings Ltd was interested by virtue of the SFO.
5. These shares includes the interests of Crystal Sky Development Inc. in 34,024,908 shares of the Company which is equally owned by Ms. Qin and her husband. Ms. Qin was deemed to be interested in all the shares in which Crystal Sky Development Inc. was interested by virtue of the SFO.

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have 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 are taken or deemed to have such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES UNDER SFO**

So far as is known to any Director or chief executive of the Company, as at 30 September 2023, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

### **Long positions in shares**

| <b>Name of shareholder</b>     | <b>Capacity/nature of interest</b>  | <b>Number and class of securities held</b><br><i>(Note 1)</i> | <b>Approximate percentage of shareholding</b><br><i>(Note 2)</i> |
|--------------------------------|---|---|--|
| Shiny Ocean                    | Beneficial owner  | 1,361,516,331<br>ordinary shares (L)                          | 38.26%   |
| Ma Family Holdings Co. Limited | Interest of a controlled corporation  | 1,361,516,331<br>ordinary shares (L)<br><i>(Note 3)</i>       | 38.26%   |
| Equity Trustee Limited         | Trustee (other than a bare trustee)   | 1,361,516,331<br>ordinary shares (L)<br><i>(Note 3)</i>       | 38.26%   |
| Mr. Ma Suocheng                | Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO | 1,902,103,222<br>ordinary shares (L)<br><i>(Note 4)</i>       | 53.45%   |
| Ms. Ma Xia                     | Beneficial owner  | 172,166,037<br>ordinary shares (L)                            | 4.84%  |
|                                | Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and 318 of the SFO | 1,729,937,185<br>ordinary shares (L)<br><i>(Note 4)</i>       | 48.61%   |
| Mr. Ma Qiang                   | Founder of a discretionary trust<br><i>(Note 3)</i>   | 1,902,103,222<br>ordinary shares (L)                          | 53.45%   |

| <b>Name of shareholder</b> | <b>Capacity/nature of interest</b> | <b>Number and class of securities held</b><br><i>(Note 1)</i> | <b>Approximate percentage of shareholding</b><br><i>(Note 2)</i> |
|----------------------------|------------------------------------|---|--|
| Mr. Yang Tao               | Beneficial owner                   | 274,919,268<br>ordinary shares (L)                            | 7.73%  |
| Mr. Li Man                 | Beneficial owner                   | 272,039,268<br>ordinary shares (L)                            | 7.64%  |
| Mr. Lv Wenhua              | Beneficial owner                   | 240,696,854<br>ordinary shares (L)                            | 6.76%  |

*Notes:*

1. The letter “L” denotes a long position in the shares or underlying shares of the Company or any of its associated corporations.
2. The percentage of shareholding is calculated based on the number of issued shares of the Company as at 30 September 2023.
3. These shares were held by Shiny Ocean, which was wholly owned by Ma Family Holdings Co. Limited. The entire issued share capital of Ma Family Holdings Co. Limited was owned by Equity Trustee Limited as trustee of the Ma Family Trust of which Mr. Ma Suocheng and male lineal descendants of Mr. Ma Qiang are the discretionary beneficiaries.
4. By virtue of the SFO and the Irrevocable Undertaking given by Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali in favour of Mr. Ma Qiang, (1) Mr. Ma Suocheng was deemed to be interested in all the Shares in which Ms. Ma Xia, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (2) Ms. Ma Xia was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (3) Ms. Ma Ye was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Mr. Liu Fali and Mr. Ma Qiang were interested; and (4) Mr. Liu Fali was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Ma Qiang were interested.

Save as disclosed herein, as at 30 September 2023, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had a discloseable interest or short position in the Shares as recorded in the register which was required to be kept under section 336 of the SFO concerning persons carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## **SHARE AWARD SCHEME**

The Company has adopted the Share Award Scheme on 8 July 2019 (the “Scheme”). The following is a summary of the principal terms of the Scheme but does not form part of, nor was it intended to be, part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

### **Participants of the Scheme**

Any employee or director of any member of the Group is eligible for being selected for participation in the Scheme, excluding any such individual who is resident in a place where the award of Shares and/or vesting and transfer of the relevant Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individuals.

### **Total Number of Shares to be Granted**

The Board shall not make any further award of Awarded Shares which will result in the number of Shares awarded by the Board under the Scheme exceeding 200,000,000 Shares (representing about 5.62% of the issued share capital of the Company as at the date of adoption of the Scheme).

### **Maximum Entitlement of Each Participant**

Generally, there is no limit on the total number of Shares to be awarded to an eligible participant selected by the Board under the Scheme, subject to any rules of the Scheme or as otherwise restricted by the GEM Listing Rules.

### **Consideration for Acceptance**

The Board may award the Shares under the Scheme either without receiving any consideration from the selected persons or requiring the selected persons to contribute cash consideration at the rate fixed by the Board.

No shares were awarded under the Share Award Scheme of the Company during the six months ended 30 September 2023.

### **Remaining Life of the Scheme**

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of five (5) years commencing on the date of adoption of the Scheme. The Scheme will be expired in July 2024.

For further details of the Scheme, please refer to the announcement of the Company dated 8 July 2019.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares (six months ended 30 September 2022: nil).

## **COMPETING INTERESTS**

For the six months ended 30 September 2023, none of the Directors or the controlling shareholders or any of their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which causes or may cause any significant competition with the business of the Group.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

To the best knowledge of the Board, the Company has applied the principles and has complied with all the code provisions as set out in the Code on Corporate Governance Practices (“Code”) contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

## **CHANGES IN DIRECTORS’ INFORMATION**

In accordance with Rule 17.50A(1) of the GEM Listing Rules, changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rules 17.50(2) of the GEM Listing Rules are as follows:

1. Ms. Yao Yunzhu has resigned as an independent non-executive director and a member of each of audit committee, remuneration committee and nomination committee with effect from 20 April 2023; and
2. Dr. Li Xu has been appointed as an independent non-executive director and a member of each of audit committee, remuneration committee and nomination committee with effect from 20 April 2023.

Reference is made to the Company’s announcement dated 20 April 2023 on the change of independent non-executive director.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 30 September 2023, the Company has adopted a code of conduct regarding Directors’ 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. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such code of conduct and required standard of dealings throughout the six months ended 30 September 2023.

## AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions D.3.1 to D.3.7 of the Code. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee is composed of the three independent non-executive Directors of the Company, namely Ms. Zhang Jinghua, Mr. Ha Suoku and Dr. Li Xu.

The interim report of the Group for the six months ended 30 September 2023 has been reviewed and commented by the members of the audit committee.

As at the date of this report, the Board comprises the following directors:

*Executive directors:*

Mr. Ma Tianyi (*Chairman and Chief Executive Officer*)

Mr. Liu Fali (*Chief Operating Officer*)

Ms. Qin Chunhong

Ms. Ma Ye

Mr. Ma Yong

*Independent non-executive directors:*

Ms. Zhang Jinghua

Mr. Ha Suoku

Dr. Li Xu

By order of the Board  
**Pizu Group Holdings Limited**  
**Ma Tianyi**  
*Chairman and Chief Executive Officer*

China, 10 November 2023

*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 Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and on the Company’s website at [www.pizugroup.com](http://www.pizugroup.com).*