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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)

SUPPLEMENTAL ANNOUNCEMENT RELATING TO CONTINUING CONNECTED TRANSACTIONS SALE OF POWDER EMULSION EXPLOSIVES, ANFO EXPLOSIVES AND COLLOIDAL EMULSION EXPLOSIVES TO ORDOS BEIAN UNDER NEW FRAMEWORK AGREEMENT

Reference is made to the announcement (the “**Announcement**”) of Pizu Group Holdings Limited (the “**Company**” and together with its subsidiaries as the “**Group**”) dated 20 January 2020 in relation to the continuing connected transactions for sale of powder emulsion explosives, ANFO explosives and colloidal emulsion explosives to Ordos Beian under New Framework Agreement for the three years ending 31 March 2022. Terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise. In addition to the information disclosed in the Announcement, the Board wishes to provide further information about the pricing mechanism on the trading of the CCT and other matters.

To ensure the transactions contemplated under the New Framework Agreement will be fair and reasonable and conducted on normal commercial terms or on terms no less favourable to the Group than terms available from independent third party customers of the Group, the sales department of the Group will obtain quotations from one or two independent third party customers (as far as the circumstances allow) in addition to the quotation from Ordos Beian so as to determine the prevailing market price. The current office automation system adopted by the Group can ensure the transactions under the sale orders of the CCT will be reviewed and approved by the relevant senior department heads (based on the transaction value of the proposed transaction and seniority of the relevant senior management) who may locate in different locations in a timely manner before implementation to ensure the compliance with the pricing mechanism set out above.

Separately, the Company has an internal audit department which conducts irregular review on the compliance status of the pricing policy of the CCT and the external auditors of the Company also review the CCT and thereafter issue a confirmation under Rule 20.54 of the GEM Listing Rules on an annual basis during the performance of the statutory audit of the financial statements of the Group.

In view of the above, the Board consider that the above procedures can ensure that the transactions contemplated under the New Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

By order of the Board
Pizu Group Holdings Limited
Mr. Xiong Zeke
Chairman

Hong Kong, 17 February 2020

As at the date of this announcement, the Board comprises nine Directors. The executive Directors are Mr. Xiong Zeke (Chairman), Mr. Liu Fali (Chief Executive Officer), Mr. Ma Gangling (Chief Operating Officer), Mr. Ma Tiangyi, Ms. Qin Chunhong and Ms. Ma Ye; and the independent non-executive Directors are Ms. Zhang Lin, Ms. Liu Talin and Ms. Yao Yunzhu.

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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at www.pizugroup.com.