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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)

CONNECTED AND DISCLOSEABLE TRANSACTION - FURTHER ACQUISITION OF INTEREST IN A SUBSIDIARY

THE ACQUISITION

The Board is pleased to announce that, on 19 April 2023 (after trading hours of the Stock Exchange), the Purchaser (a subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Equity at a consideration of RMB54,000,000 (equivalent to approximately HK\$61,560,000).

IMPLICATIONS OF GEM LISTING RULES

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, and is subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements.

BACKGROUND

Reference is made to the Company's announcement dated 11 November 2022 in relation to the deemed acquisition of the Target Company pursuant to the Acting in Concert Agreement.

The Board is pleased to announce that the Purchaser, an indirect non-wholly owned subsidiary of the Company, has entered into the Equity Transfer Agreement to further acquire 27% equity interests in the Target Company for an aggregate consideration of RMB54,000,000 (equivalent to approximately HK\$61,560,000) on 19 April 2023. Upon completion of the Acquisition, the Group's interest in the Target Company will be increased to 54%.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are as follows:

Date: 19 April 2023 (after trading hours of the Stock Exchange)

Parties: (1) The Purchaser

(2) The Vendor

The Purchaser is an indirect 55%-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding.

The Vendor is the beneficial owner of 27% equity interest in the Target Company and is regarded as a connected person of the Company at the subsidiary level under Rule 20.07 of the GEM Listing Rules.

Asset to be acquired

The asset to be acquired under the Equity Transfer Agreement is the 27% equity interest in the Target Company (“**Sale Equity**”). For details of information on the Target Company, please refer to the paragraph headed “Information about the Target Company” below.

Consideration

The consideration for the Sale Equity is agreed to be RMB54,000,000 (equivalent to approximately HK\$61,560,000) (the “**Consideration**”), which the Purchaser will pay the Consideration to the Vendor within five days after the completion of the change of industrial and commercial registration for the transfer of Sale Equity to the Purchaser at the relevant local Administration for Market Regulation.

The Consideration was determined on an arm’s length basis and normal commercial terms with reference to (i) the amount of registered capital of the Sale Equity, (ii) the unaudited net asset value of the Target Company as at 31 March 2023; (iii) the historical financial performance of the Target Company; and (iv) the business prospect of the Target Company.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. The Target Company is principally engaged in mining, flotation processing, sale and exploration of molybdenum and copper mines and sale of non-ferrous products. As at the date of this announcement, the Target Company is owned as to 27%, 46% and 27% by Tibet Fudeyuan, Sichuan Hongda and the Vendor respectively.

The unaudited net asset value of the Target Company prepared in accordance with the PRC accounting standards as at 31 March 2023 was approximately RMB199.6 million (equivalent to approximately HK\$227.5 million). Set out below is the audited financial information of the Target Company for the two financial years ended 31 December 2021 and 31 December 2020, prepared in accordance the PRC accounting standards:

| | For the year ended | |
|--------------------------|----------------------------|-------------------|
| | 31 December | 31 December |
| | 2021 | 2020 |
| | <i>RMB\$ ('000)</i> | <i>RMB ('000)</i> |
| | <i>audited</i> | <i>audited</i> |
| Revenue | 3,232 | 121 |
| Net loss before taxation | (341) | (807) |
| Net loss after taxation | (341) | (807) |

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in bulk mineral trade, manufacturing and sale of explosives and provision of blasting operations and related services and is also engaged in mining activities. The Group has commenced exploration, development and mining activities during the financial year ended 31 March 2021 and commenced production in July 2021. The Board considers that Acquisition enables the Group to further develop and expand its mining operation business by consolidating the control over the Target Company, which is in line with the business development strategy of the Group.

In view of the above, the Directors consider that the terms of the Equity Transfer Agreement have been entered into on normal commercial terms, and that such terms are fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF GEM LISTING RULES

As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 5% and is lower than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

By virtue of Rule 20.99 of the GEM Listing Rules, as (i) the Vendor is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Equity Transfer Agreement are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) have approved the transactions and confirmed that the transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Equity Transfer Agreement are subject to reporting and announcement but are exempted from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

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

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| “Acquisition” | the proposed acquisition of the Sale Equity under Equity Transfer Agreement |
| “Acting in Concert Agreement” | the acting in concert agreement dated 11 November 2022 entered into between Tibet Fudeyuan and Sichuan Hongda in relation to the acting in concert arrangement in the Target Company |
| “Board” | the board of Directors |
| “Company” | Pizu Group Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange (stock code: 8053) |
| “Completion” | the completion of the sale and purchase of the Sale Equity under the Equity Transfer Agreement |
| “connected person(s)” | has the meaning given to it under the Listing Rules |
| “Consideration” | the sum of RMB54,000,000 which is the consideration payable by the Purchaser under the Equity Transfer Agreement |

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| “Directors” | directors of the Company |
| “Equity Transfer Agreement” | the equity transfer agreement dated 19 April 2023 between the Purchaser and the Vendor in relation to the transfer of the Sale Equity |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM of the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “PRC” | the People’s Republic of China |
| “Purchaser” | Pizu (Tibet) Resources Development and Utilisation Co., Ltd.* (比優西藏資源開發利用有限責任公司) a company established in the PRC and an indirect and non-wholly owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale Equity” | registered capital in the Target Company in amount of RMB54,000,000, representing 27% equity interest in the Target Company |
| “Shareholders” | holders of ordinary shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Sichuan Hongda” | Sichuan Hongda Co., Ltd.* (四川宏達(集團)有限公司), a company established in the PRC with limited liability |
| “Target Company” | Tibet Tianren Mining Co., Ltd.* (西藏天仁礦業有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company |

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| “Tibet Fudeyuan” | Tibet Fudeyuan Trading Limited* (西藏福德圓實業集團有限公司, formerly known as 西藏福德圓工貿有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company |
| “Vendor” | Yue Hua (岳华), the beneficial owner of Sale Equity |
| “%” | per cent. |

By order of the Board
Pizu Group Holdings Limited
MA Tianyi
Chairman

Hong Kong, 19 April 2023

* *For the purpose of illustration in this announcement, figures in RMB are translated to HK\$ at the approximate exchange rate of RMB1 to HK\$1.14. In addition, all the English translation of certain Chinese names or words in this announcement is included for information purpose and should not be regarded as the official translation of such Chinese names or words.*

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Mr. Ma Tianyi (Chairman and Chief Executive Officer), Mr. Liu Fali (Chief Operating Officer), Ms. Qin Chunhong, Ms. Ma Ye and Mr. Ma Yong; and the independent non-executive Directors are Ms. Yao Yunzhu, Ms. Zhang Jinghua and Mr. Ha Suoku.

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 for at least seven days from the date of its publication and on the Company’s website at www.pizugroup.com.