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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF THE GEM OF 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

HIGHLIGHTS

- Turnover of the Group for the Year was approximately RMB1,366.37 million, representing a decrease of approximately 8.57% as compared to last year.
- The Group recorded a profit attributable to Owners of approximately RMB131.03 million for the Year.
- The Group recorded a total comprehensive income attributable to Owners of approximately RMB127.58 million for the Year.
- Basic and diluted earnings per share of the Group was approximately RMB0.037 for the Year.
- A final dividend of HK\$0.01 per share is recommended.

CHAIRMAN’S STATEMENT

Pizu Group Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are grateful to our shareholders and the community for their trust, understanding and support during the year ended 31 March 2024 (the “Year”). I take the opportunity, on behalf of the board (the “Board”) of directors (the “Directors”) and all staff of the Group, to extend our sincere gratitude to the shareholders and all sectors who have always cared and supported the Group!

During the Year, the Group achieved progress as expected in both its civil explosives sales business in the Inner Mongolia Autonomous Region and the mining operation in Anhui Province. During the Year, with the decline in raw material prices, the sales volume of the Group’s civil explosive products remained stable and gross profit margin improved. In terms of the mine of Anhui Jinding, the carbon slurry gold extraction project was successfully implemented, and the overall gold recovery rate of the project increased observably, thereby significantly improving the overall profitability of the Anhui Jinding project.

During the Year, the Tibet Huatailong construction project was completely separated from the Group’s business for the first time in recent years. The growth of the Anhui Jinding project and the Inner Mongolia civil explosives business has made up for the loss of the Huatailong project. The Group has recently been working on the development of Tibet Tianren Mining Co., Ltd’s (“Tibet Tianren”) mine and the construction of a detonating tube production line in Tajikistan. The Board strongly believes that as these two projects are progressing to the stage of commercialization in the foreseeable future, they will be expected to bring important contributions to the results of the Company, creating significant value for the Company and our shareholders.

The Group’s main points of growth in the future lie in, among others, the Tibet Tianren mining project in Tibet and the civil explosives business in Central Asia. The Tibet Tianren mining project is currently progressing smoothly and will commence mine construction work in the second half of 2024. The project’s resource reserves will lay a solid foundation for the Group’s long-term development in the future. In Central Asia, the construction of the detonating tube production line in Tajikistan has begun and it is expected to provide the necessary support for more projects related to the “Belt and Road” initiative, thus enhancing the Group’s influence in Central Asia and its profitability.

The Board will continue to advance the progress of existing projects to ensure their completion and the achievement of expected results. At the same time, the Board of the Group will continue to study and optimize the Group’s asset allocation to further enhance the Group’s operating results while maintaining stable and healthy cash flows.

The Company proposes to pay a final dividend of HK\$0.01 per share to share the income from the stable development of the Group with all shareholders.

Ma Tianyi
Chairman

28 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Re-presented)
Revenue	3	1,366,367	1,494,459
Cost of goods sold and services provided		<u>(794,923)</u>	<u>(1,057,457)</u>
Gross profit		571,444	437,002
Other income	4	75,582	37,046
Selling and distribution expenses		(51,219)	(47,907)
Administrative and other operating expenses		(250,506)	(174,860)
Other gains/(losses)			
Reversal of impairment loss/(impairment loss) on property, plant and equipment		14,837	(14,837)
Reversal of impairment loss/(impairment loss) on other intangible assets		6,560	(6,560)
Impairment loss on amount due from a joint venture		–	(949)
Impairment loss on trade receivables		(17,838)	(11,439)
Reversal of impairment loss/(impairment loss) on other receivables		633	(4,585)
Loss on disposal of an associate		(473)	–
Loss on disposal of a subsidiary		(4,822)	–
Profit from operations	5	344,198	212,911
Finance costs	6	(26,237)	(31,366)
Share of profit of associates		13,638	13,439
Profit before income tax		331,599	194,984
Income tax expense	7	(75,036)	(39,449)
Profit from continuing operations		256,563	155,535
Loss on discontinued operation, net of tax	8	(542)	(929)
Profit from continuing and discontinued operations		256,021	154,606

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i> (Re-presented)
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Exchange differences arising from:			
– translation of Company’s financial statements to presentation currency		931	(9,148)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from:			
– translation of foreign operations		(2,072)	29,749
– reclassification relating to disposal of a subsidiary		(3)	–
		(2,075)	29,749
Other comprehensive income for the year		(1,144)	20,601
Total comprehensive income for the year		254,877	175,207
Profit attributable to:			
Owners of the Company			
– From continuing operations		131,570	88,950
– From discontinued operation		(542)	(929)
Non-controlling interests			
– From continuing operations		124,993	66,585
		256,021	154,606
Total comprehensive income attributable to:			
Owners of the Company			
– From continuing operations		128,119	100,093
– From discontinued operation		(542)	(929)
Non-controlling interests			
– From continuing operations		127,300	76,043
		254,877	175,207
Basic and diluted earnings per share	9	RMB	RMB
– from continuing and discontinued operations		0.037	0.025
– from continuing operations		0.038	0.025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		2,045,669	1,940,086
Right-of-use assets		43,119	35,204
Prepayments and other receivables	12	91,942	61,708
Deferred tax assets		57,959	94,110
Goodwill		42,632	43,359
Other intangible assets		654,920	576,342
Interest in a joint venture		–	–
Interests in associates		50,573	83,034
		2,986,814	2,833,843
Current assets			
Inventories		117,995	111,220
Contract assets and trade and bills receivables	11	388,432	442,115
Other receivables, prepayments and deposits	12	171,731	150,808
Amounts due from associates		32,284	23,748
Amount due from a joint venture		2,838	1,290
Amounts due from shareholders		–	343
Restricted bank balances	20	2,631	16,056
Cash and cash equivalents		223,776	586,625
		939,687	1,332,205
Current liabilities			
Trade and bills payables	13	384,244	523,546
Other payables and accruals	14	945,212	972,694
Borrowings	15	412,565	593,000
Dividend payable		5,813	4,053
Lease liabilities		1,823	2,893
Amount due to an associate		–	18,000
Amounts due to related companies		85,530	73,530
Amount due to a shareholder		47,141	31,553
Income tax payable		9,493	7,060
		1,891,821	2,226,329
Net current liabilities		(952,134)	(894,124)
Total assets less current liabilities		2,034,680	1,939,719

	<i>Note</i>	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Borrowings	15	319,708	270,306
Lease liabilities		814	1,956
Deferred tax liabilities		10,586	9,758
Provision		11,886	11,886
		<u>342,994</u>	<u>293,906</u>
Net assets		<u>1,691,686</u>	<u>1,645,813</u>
Capital and reserves			
Share capital		40,259	40,259
Treasury shares		(27,640)	(27,640)
Reserves		836,172	766,514
		<u>848,791</u>	<u>779,133</u>
Non-controlling interests		<u>842,895</u>	<u>866,680</u>
Total equity		<u>1,691,686</u>	<u>1,645,813</u>

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 operations and related services and mining operation.

2. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

The adoption of these new or amended HKFRSs has no material impact on the Group’s consolidated financial statements except as described below:

Amendments to HKAS 1 and HKFRS Practice Statement 2

The HKICPA issued HKFRS Practice Statement 2 *Making Materiality Judgements* in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

3. REVENUE

The principal activities of the Group are disclosed in note 1. An analysis of the revenue from the Group's principal activities is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers from continuing operations		
Sales of explosives	715,295	743,605
Provision of blasting operations	135,513	380,910
Sales of mineral concentrates	515,559	369,944
	<u>1,366,367</u>	<u>1,494,459</u>

4. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank interest income	5,316	7,945
Other interest income	725	–
Government grants (note (i))	6,181	11,777
Waiver income (note 14)	32,511	–
Compensation income (note 12)	25,352	–
Rental income	–	6,035
Net foreign exchange gain	158	273
Gain on disposal of right-of-use assets	–	4,940
Gain on disposal of property, plant and equipment	–	689
Sundry income	5,339	5,387
	<u>75,582</u>	<u>37,046</u>

Notes:

- (i) Government grants mainly represented value-added tax refund and research and development subsidies received from the PRC government. The Group does not have unfulfilled obligations relating to these grants.

5. PROFIT FROM OPERATIONS

Profit from operations for continuing operations is arrived at after charging/(crediting) the following:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Re-presented)
Auditor's remuneration:		
– current year	2,987	2,673
– under provision in previous year	–	412
	<u>2,987</u>	<u>3,085</u>
Costs of inventories recognised as expenses	701,232	692,305
Write-off of inventories [#]	3,312	–
Amortisation of intangible assets*	12,716	14,168
Depreciation for property, plant and equipment	91,962	117,709
Depreciation for right-of-use assets	3,164	25,363
Loss/(gain) on disposal of property, plant and equipment, net	893	(689)
Research and development costs [@]	38,119	41,069
Staff costs (including directors' emoluments)	<u>201,227</u>	<u>182,920</u>

* included in cost of goods sold and services provided and administrative and other operating expenses in the consolidated statement of comprehensive income

@ included in administrative and other operating expenses in the consolidated statement of comprehensive income

included in cost of goods sold and services provided in the consolidated statement of comprehensive income

6. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on lease liabilities	102	143
Interest expense on bank borrowings	11,715	15,782
Interest expense on other borrowings	<u>15,424</u>	<u>15,441</u>
	27,241	31,366
Less: interest capitalisation	<u>(1,004)</u>	–
	<u>26,237</u>	<u>31,366</u>

7. INCOME TAX EXPENSE

Income tax expense comprises:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax for the year		
PRC Enterprise Income Tax ("EIT")		
– provision for the year	29,480	28,430
– (Over)/under-provision in respect of previous years	<u>(1,864)</u>	<u>307</u>
	27,616	28,737
Tajikistan Corporate Income Tax		
– provision for the year	10,441	3,759
Deferred tax expenses for the year	<u>36,979</u>	<u>6,953</u>
	<u>75,036</u>	<u>39,449</u>

No provision for Hong Kong profits tax and Mongolia corporate income tax is made for current year and prior year 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 between the subsidiary and the Tajikistan government. During the year ended 31 March 2023, the Tajikistan government further extended the exemption period to November 2022. The Tajikistan subsidiary has adopted the applicable rates 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 26 October 2023, 1 December 2021 and 14 December 2022 (2023: 4 September 2020, 1 December 2021 and 14 December 2022) respectively.
- (iii) Three branches and two subsidiaries 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 of the subsidiaries 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 other branches and a subsidiary, the EIT rate was 15%.

8. DISCONTINUED OPERATION

During the year, the Group has deregistered the subsidiary which carried out all of the Group's business of bulk mineral trade, as the commercial viability of the business is not promising. The deregistration constituted as disposal and was completed in April 2023, on which date control of the subsidiary has been lost.

The post-tax loss of discontinued operation was determined as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Results of discontinued operation		
Revenue	–	–
Administrative and other operating expenses	(281)	(929)
Loss on deregistration of the subsidiary involving in the discontinued operation after tax	<u>(261)</u>	<u>–</u>
Loss for the year	<u><u>(542)</u></u>	<u><u>(929)</u></u>

The consolidated statements of cash flows includes the following amounts related to the discontinued operation:

Operating cash flows	(281)	(818)
Investing cash flows	–	–
Financing cash flows	<u>346</u>	<u>808</u>
Net cash from/(used in) discontinued operations	<u><u>65</u></u>	<u><u>(10)</u></u>

For the purpose of presenting the discontinued operation of bulk mineral trade, the comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

9. EARNINGS PER SHARE

For continuing and discontinued operations

Basic earnings per share

The calculation of the basic earnings per share from continuing and discontinued operations is based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Re-presented)
Profit for the year attributable to owners of the Company	<u>131,028</u>	<u>88,021</u>
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>3,496,414</u>	<u>3,496,414</u>

For continuing operations

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Re-presented)
Profit for the year attributable to owners of the Company	<u>131,570</u>	<u>88,950</u>

The denominator is the weighted average number of ordinary shares used for the calculation of basic earnings per share for continuing and discontinued operations as detailed above.

For discontinued operations

The calculation of the loss per share from discontinued operation is based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Re-presented)
Loss for the year attributable to owners of the Company	<u>(542)</u>	<u>(929)</u>

The denominator is the weighted average number of ordinary shares used for the calculation of basic earnings per share for continuing and discontinued operations as detailed above. Basic loss per share for the discontinued operation is RMB0.001 (2023: RMB0.0003) per share.

Diluted earnings per share

There was no dilutive potential ordinary share in issue during the years ended 31 March 2024 and 2023.

10. SEGMENT 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, the chief operating decision-makers, for the purpose of resource allocation and performance assessment.

An operating segment regarding the bulk mineral trade, which represented the trading of non-ferrous metals and minerals in Hong Kong and the PRC, was discontinued in the current year. The segment information reported in this note does not include any amounts for the discontinued operation, which is described in more detail in note 8. Prior year segment disclosures have been re-presented to conform with the current year's presentation.

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

Continuing operations

- Mining operation: exploration, mining and processing of pyrite, iron ore, copper and molybdenum and sales of the said mineral products in the PRC and Mongolia
- Explosives trading and blasting services: manufacturing and sales of explosives and provision of blasting operations in the PRC and Tajikistan

Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Board monitor the results, assets and liabilities attributable to each reportable operating segment on the following basis:

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Head office and corporate expenses including directors' emolument which are managed on group basis are not allocated to individual segments. Segment profit/loss also exclude tax, other income and other operating expenses which are not directly attributable to the operating segments.

Segment assets principally comprise non-current assets and current assets directly attributable to each segment and exclude amounts due from related parties, deferred tax assets, unallocated cash and cash equivalents and unallocated corporate assets.

Segment liabilities include trade and bill payables, other payables, accrued liabilities and other liabilities which are directly attributable to the business activities of the operating segments and exclude amounts due to related parties, dividend payable, income tax payable, deferred tax liabilities and unallocated corporate liabilities.

Segment revenue and segment results

For the year ended 31 March 2024

	<u>Continuing operations</u>		
	Mining operation <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
External sales	<u>563,358</u>	<u>803,009</u>	<u>1,366,367</u>
Segment profit	<u>177,526</u>	<u>168,394</u>	<u>345,920</u>
Unallocated income			3,131
Unallocated corporate expenses			<u>(17,452)</u>
Profit before income tax from continuing operations			<u>331,599</u>

For the year ended 31 March 2023

	<u>Continuing operations</u>		
	Mining operation <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Total <i>RMB'000</i> (Re-presented)
Segment revenue			
External sales	<u>384,684</u>	<u>1,109,775</u>	<u>1,494,459</u>
Segment (loss)/profit	<u>(17,806)</u>	<u>220,616</u>	202,810
Unallocated income			7,595
Unallocated corporate expenses			<u>(15,421)</u>
Profit before income tax from continuing operations			<u>194,984</u>

Segment assets and liabilities

As at 31 March 2024

	Continuing operations		
	Mining operation <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	2,775,446	1,013,819	3,789,265
Amounts due from related parties			35,122
Unallocated cash and cash equivalents			19,332
Deferred tax assets			57,959
Unallocated corporate assets			24,823
			<hr/>
Consolidated total assets			3,926,501
			<hr/> <hr/>
Segment liabilities	1,707,623	364,951	2,072,574
Amounts due to related parties			132,671
Dividend payable			5,813
Income tax payable			9,493
Deferred tax liabilities			10,586
Unallocated corporate liabilities			3,678
			<hr/>
Consolidated total liabilities			2,234,815
			<hr/> <hr/>

As at 31 March 2023

	Continuing operations		
	Mining operation <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Total <i>RMB'000</i> (Re-presented)
Segment assets	2,789,067	1,152,009	3,941,076
Amounts due from related parties			25,381
Unallocated cash and cash equivalents			61,152
Deferred tax assets			94,110
Assets relating to discontinued operation			25
Unallocated corporate assets			44,304
			4,166,048
Segment liabilities	1,736,647	634,477	2,371,124
Amounts due to related parties			123,083
Dividend payable			4,053
Income tax payable			7,060
Deferred tax liabilities			9,758
Liabilities related to discontinued operation			211
Unallocated corporate liabilities			4,946
			2,520,235
Consolidated total liabilities			2,520,235

Other segment information

For the year ended as at 31 March 2024

	Continuing operations				
	Mining operation <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to specified non-current assets*	193,309	98,060	291,369	1	291,370
Interest income	3,478	1,208	4,686	1,355	6,041
Interest expenses	25,179	2,049	27,228	13	27,241
Depreciation and amortisation	77,892	28,004	105,896	1,946	107,842
Impairment loss on trade receivables	–	17,838	17,838	–	17,838
Reversal of impairment loss on other receivables	–	633	633	–	633
Reversal of impairment loss on property, plant and equipment	14,837	–	14,837	–	14,837
Reversal of impairment loss on other intangible assets	6,560	–	6,560	–	6,560
Share of profit of associates	–	13,638	13,638	–	13,638
Loss on disposal of a subsidiary	4,822	–	4,822	–	4,822
Loss on disposal of an associate	–	473	473	–	473
Interests in associates	–	50,573	50,573	–	50,573

* including additions to the Group's property, plant and equipment, right-of-use assets and other intangible assets, and investment in/increase in interests of subsidiaries, associates and joint ventures.

For the year ended as at 31 March 2023

	Continuing operations				
	Mining operation <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to specified non-current assets*	1,260,071	34,591	1,294,662	1,140	1,295,802
Interest income	–	6,510	6,510	1,435	7,945
Interest expenses	24,324	7,015	31,339	27	31,366
Depreciation and amortisation	93,599	61,949	155,548	1,692	157,240
Impairment loss on trade receivables	–	11,439	11,439	–	11,439
Impairment loss on other receivables	–	4,585	4,585	–	4,585
Impairment loss on amount due from a joint venture	–	949	949	–	949
Impairment loss on property, plant and equipment	14,837	–	14,837	–	14,837
Impairment loss on other intangible assets	6,560	–	6,560	–	6,560
Share of (loss)/profit of associates	(1,420)	14,859	13,439	–	13,439
Interests in associates	–	83,034	83,034	–	83,034

Disaggregation of revenue from contracts with customers

For the year ended 31 March 2024

	Continuing operations		
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Total RMB'000
Primary geographic market			
– The PRC	563,358	686,203	1,249,561
– Tajikistan	–	116,806	116,806
	<u>563,358</u>	<u>803,009</u>	<u>1,366,367</u>
Timing of revenue recognition			
At a point in time			
– Sales of mineral concentrates	515,559	–	515,559
– Sales of explosives	47,799	667,496	715,295
	<u>563,358</u>	<u>667,496</u>	<u>1,230,854</u>
Transferred over time			
– Provision of blasting operations	–	135,513	135,513
	<u>563,358</u>	<u>803,009</u>	<u>1,366,367</u>

For the year ended 31 March 2023

	Continuing operations		
	Mining operation RMB'000	Explosives trading and blasting services RMB'000	Total RMB'000
Primary geographic market			
– The PRC	384,684	1,012,481	1,397,165
– Tajikistan	–	97,294	97,294
	<u>384,684</u>	<u>1,109,775</u>	<u>1,494,459</u>
Timing of revenue recognition			
At a point in time			
– Sales of mineral concentrates	369,944	–	369,944
– Sales of explosives	14,740	728,865	743,605
	<u>384,684</u>	<u>728,865</u>	<u>1,113,549</u>
Transferred over time			
– Provision of blasting operations	–	380,910	380,910
	<u>384,684</u>	<u>1,109,775</u>	<u>1,494,459</u>

Geographical information

The Group's operations are conducted in Hong Kong, other region of the PRC and Tajikistan.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than deferred tax assets ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2024 <i>RMB'000</i>	2023 RMB'000	2024 <i>RMB'000</i>	2023 RMB'000
The PRC (country of domicile)	1,249,561	1,397,165	2,859,800	2,661,804
Hong Kong	–	–	420	1,346
Mongolia	–	–	–	7,217
Tajikistan	116,806	97,294	68,635	69,366
	<u>1,366,367</u>	<u>1,494,459</u>	<u>2,928,855</u>	<u>2,739,733</u>

Information about major customers

Revenue from external customers contributing 10% or more of the total revenue of the Group is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Explosive trading and blasting services		
– Customer A	N/A*	298,215
– Customer B	146,411	162,906
Mining operation		
– Customer C	<u>389,481</u>	<u>196,257</u>

* Revenue from the customer did not contribute 10% or more of the total revenue of the Group for the year ended 31 March 2024.

11. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Contract assets	144,575	181,877
Trade receivables, net	<u>214,239</u>	<u>150,555</u>
	358,814	332,432
Bills receivables at fair value through other comprehensive income	<u>29,618</u>	<u>109,683</u>
	<u><u>388,432</u></u>	<u><u>442,115</u></u>

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 at the end of the reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	144,575	39,659
More than one year but within two years	<u>–</u>	<u>142,218</u>
Total contract assets	<u><u>144,575</u></u>	<u><u>181,877</u></u>

The ageing analysis of net trade receivables and contract assets, based on invoice or transaction date, as of the end of the reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0-30 days	106,870	36,936
31-90 days	39,539	47,302
91 days to 1 year	31,114	69,807
Over 1 year	<u>181,291</u>	<u>178,387</u>
	<u><u>358,814</u></u>	<u><u>332,432</u></u>

As at 31 March 2024 and 2023, all bills receivables are aged within 1 year.

12. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments for purchase of property, plant and equipment and land use right	65,865	61,708
Prepayments to subcontractors and suppliers	55,455	49,725
Indemnification asset (<i>note</i>)	26,077	–
Deposits and other receivables, net	87,296	68,820
Other taxes recoverable	28,980	32,263
	<hr/>	<hr/>
Total	263,673	212,516
Less: Current portion	(171,731)	(150,808)
	<hr/>	<hr/>
Non-current portion	91,942	61,708
	<hr/> <hr/>	<hr/> <hr/>

Note:

Indemnification asset is recognised upon business combination as asset of the Group and on the same basis as the indemnified item, taking into account the contractual limitations related to the amount and the collectability. The indemnified item of the respective asset represents the provision for the legal case initiated by a contractor against one of the subsidiaries of the Company in the PRC with details as set out in note 20.

In August 2023, the Group entered into a compensation agreement with the two non-controlling shareholders of the subsidiary, who were also the major shareholders of the subsidiary at that time when the Group acquired the subsidiary. The agreement confirmed the reimbursement details for the indemnified item to the Group. Specifically, the shareholders agreed to cover the incurred liability, up to a maximum amount of RMB27,897,000 (2023: Nil). The repayment of the provided compensation is required within 24 months from the date of the agreement. Additionally, the non-controlling shareholders have the option to offset any future dividend receivable from this subsidiary against the compensation, provided that any discretionary dividends are declared within 24 months from the date of the agreement.

The indemnification asset is classified as non-current as the management expects to realise the asset after twelve months after the reporting period.

13. TRADE AND BILLS PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	340,261	414,872
Bills payables	–	40,000
Retention payables	<u>43,983</u>	<u>68,674</u>
	<u>384,244</u>	<u>523,546</u>

For explosive business, the Group has been granted by its suppliers a credit period of 30 to 180 days in general.

For mining operation, the Group has been granted by its suppliers and contractors a credit period of 30 days in general. Retention monies are retained by the Group when the relevant projects are in progress. The retention payables will be released upon expiry of the defect liability period as specified in the construction agreements, which is usually 12 months.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0-180 days	155,983	203,155
181-365 days	18,036	181,017
Over 1 year	<u>210,225</u>	<u>139,374</u>
	<u>384,244</u>	<u>523,546</u>

14. OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries and staff welfare payables	43,510	32,906
Other taxes payable	6,588	7,750
Amounts due to non-controlling shareholder of a subsidiary and its creditor (<i>note (a)</i>)	673,986	706,497
Payables for construction or acquisition of property, plant and equipment and production quota	31,072	2,725
Other payables and accruals (<i>note (b)</i>)	166,839	181,825
Contract liabilities (<i>note (c)</i>)	23,217	40,991
	<u>945,212</u>	<u>972,694</u>

Notes:

- (a) Included in the other payables were amounts due to the 46% shareholder of Tibet Tianren and its creditor, the debt due to whom has been assumed by the Group, which collectively amounted to RMB673,986,000 (2023: RMB706,497,000). The amounts due are interest-free, unsecured, with no fixed term of repayment. The 46% shareholder of Tibet Tianren was in the process of liquidation and debts restructuring. During the year, to facilitate the process to resolve the debts issue, the creditor waived a portion of the debt assumed and owing by the Group of RMB32,511,000 (2023: Nil), and the obligation in respect of the portion of the debt has been discharged pursuant to the relevant contract.
- (b) Included in the balance was an amount due to an independent third party of RMB20,159,000 (2023: RMB20,159,000) which is non-trade in nature, unsecured, interest-bearing at 4.35% per annum and repayable on demand.
- (c) The contract liabilities primarily relate to the advances received from customers for sale of explosives and mineral concentrates. The advances remain as contract liabilities until they are recognised as revenue when control of the goods is transferred to the customers.

15. BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank borrowings – secured (note (b)):		
Within one year or on demand	85,000	342,000
More than one year, but not exceeding two years	52,000	50,000
More than two years, but not exceeding five years	82,900	–
After five years	26,000	–
	<u>245,900</u>	<u>392,000</u>
Other borrowings – unsecured (note (c)):		
Within one year	327,565	251,000
More than one year, but not exceeding two years	61,498	122,996
	<u>389,063</u>	<u>373,996</u>
Entrusted borrowing – secured (note (d)):		
More than one year, but not exceeding two years	47,310	47,310
Over five years	50,000	50,000
	<u>97,310</u>	<u>97,310</u>
	<u>732,273</u>	<u>863,306</u>
Classified under:		
Current liabilities	412,565	593,000
Non-current liabilities	319,708	270,306
	<u>732,273</u>	<u>863,306</u>

Notes:

- (a) As at 31 March 2024 and 2023, all borrowings were denominated in RMB.
- (b) The Group's bank borrowings are secured by:
- the pledge of mining rights of RMB473,122,000 (2023: RMB149,295,000); and
 - the guarantees provided by a shareholder of a subsidiary and a former executive director of the Company, Mr. Ma Qiang (“Mr. Ma”).

Bank borrowings amounted to RMB85,900,000 (2023: RMB95,000,000) and RMB160,000,000 (2023: RMB292,000,000) are interest-bearing at the PRC Benchmark Lending Rate (“BLR”) for loan with maturity of five years or above minus 1.6% (2023: five years or above plus 0.25% per annum) and at the PRC BLR minus 0.30% to the PRC BLR plus 0.25% (2023: PRC BLR minus 2.00% to PRC BLR plus 0.10%) per annum respectively.

The effective interest rates for the bank borrowings ranged from 1.85% to 3.90% per annum (2023: 1.65% to 4.90% per annum).

Bank borrowings as at 31 March 2023 were also secured by the pledge of certain contract assets and trade receivables of RMB142,218,000 and guarantees provided by certain shareholders, an affiliate of shareholders, directors and a related party of a subsidiary. The relevant bank borrowings have been fully repaid and the securities and pledges have been released during the year.

Bank borrowing of RMB5,000,000 as at 31 March 2023 was secured by bills receivables of the Group with an equivalent carrying value. The secured bank borrowings carry a fixed interest rate at 2.05% per annum and are repayable within one year. The relevant bank borrowing has been fully repaid and the security has been released during the year.

As at 31 March 2023, included in the bank borrowings was a loan with outstanding principal of approximately RMB63,950,000 which was subject to the fulfillment of covenants relating to the debts to assets ratio and the current ratio of a subsidiary, breaching which the bank had right at its sole discretion to demand immediate repayment at any time irrespective of whether the subsidiary had met the scheduled repayment obligations. The loan was classified as current liabilities at 31 March 2023 since the subsidiary had breached the aforementioned financial covenants. The bank borrowing has been fully repaid in the current year.

- (c) The balance as at 31 March 2024 of RMB389,063,000 (2023: RMB373,996,000) represent amounts due to certain shareholders and their affiliates of a subsidiary which are unsecured and interest-bearing at the PRC BLR for loan with maturity of five years or above. The borrowings mainly represent advances from these parties for financing the working capital of the subsidiary. Principal element is repayable by five annual instalments starting from 1 July 2021; and where applicable, interest element is repayable quarterly starting from 1 July 2020.
- (d) In 2016, pursuant to an entrusted loan agreement (the “Entrusted Loan Agreement”) entered into between a shareholder of a subsidiary (the “Shareholder”) and an independent third party (the “Lender”), the Shareholder borrowed from the Lender an entrusted loan with principal amount of RMB100,000,000 through a bank in the PRC. The entrusted loan is interest-bearing at 1.2% per annum and secured by a corporate guarantee provided by an independent financial institution (the “Guarantor”) in the PRC. RMB47,310,000 and RMB50,000,000 of the balance are repayable on 28 February 2026 and 28 February 2031 respectively. The Shareholder in turn entered into a loan agreement with the subsidiary to lend the entrusted loan to the subsidiary under the same terms as the Entrusted Loan Agreement and the subsidiary is required to bear all the costs and obligations under the Entrusted Loan Agreement. Moreover, counter guarantees are provided to the Guarantor through guarantees provided by certain shareholders, directors and ex-directors of the subsidiary and a pledge on the mining rights of Anhui Jinding with carrying amount of RMB147,170,000 (2023: RMB149,295,000) of the Group.

16. ACQUISITION OF ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY

On 19 April 2023, a subsidiary of the Company, Pizu (Tibet) Resources Development and Utilisation Co., Ltd. acquired additional 27% equity interests in Tibet Tianren, which increased the Group's interest in Tibet Tianren from 27% to 54%, at a cash consideration of RMB54,000,000. The acquisition of the additional equity interest in Tibet Tianren is accounted for as equity transaction as follows:

	2024 <i>RMB'000</i>
Consideration paid for 27% additional equity interest in Tibet Tianren	(54,000)
Carrying amount of non-controlling interest acquired being the proportionate share of the carrying amount of the net assets of Tibet Tianren on 19 April 2023	<u>28,465</u>
Decrease in equity attributable to owners of the Company	<u><u>(25,535)</u></u>

17. CAPITAL COMMITMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Acquisition of property, plant and equipment	<u><u>23,844</u></u>	<u><u>514</u></u>

18. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Final dividend proposed after the end of reporting period:		
2024: HK\$0.01 per share	32,167	–
2023: HK\$0.01 per share	<u>–</u>	<u>30,768</u>
	<u><u>32,167</u></u>	<u><u>30,768</u></u>

The directors recommend the payment of final dividend of HK\$0.01 per share (2023: HK\$0.01 per share), amounting to RMB32,167,000 (equivalent to HK\$34,964,000) (2023: RMB30,768,000 (equivalent to HK\$34,964,000)) for the year ended 31 March 2024 which is subject to shareholders' approval at the forthcoming annual general meeting.

The final dividend declared subsequently to 31 March 2024 has not been recognised as a liability as at 31 March 2024.

19. SUBSEQUENT EVENT

On 19 April 2024, Perfect Start Development Limited, who owns entire equity interest in Pizu International Limited (“PIL”), (the “Vendor”) and Inner Mongolia Shengli Civil Explosives Co., Ltd (“Shengli Civil”), the non-controlling shareholder of Inner Mongolia Shengan Chemical Limited and Inner Mongolia Juli Engineering and Blasting Services Limited, entered into an equity transfer agreement, pursuant to which the Vendor has agreed to sell and Shengli Civil has agreed to purchase 40% equity interest in PIL at a consideration of RMB50,000,000. Upon the completion, the Group would own 60% equity interest in PIL immediately after the disposal. The disposal has not been completed at the date of this announcement.

20. RESTRICTED BANK BALANCES

Restricted bank balances of RMB1,121,000 (2023: RMB16,056,000) represent deposits frozen pursuant to assets preservation orders in relation to a PRC legal case initiated by a contractor against a subsidiary of the Company in prior years for outstanding construction cost payable by the subsidiary. According to the final court judgement issued by the People’s Court of Hefei, Anhui Province (the “Court”) during the year ended 31 March 2024, the subsidiary is liable to pay to the contractor an amount of RMB48,867,000 and the interest and penalty thereon. Based on this judgement, the provision for this obligation has been adjusted to reflect the current best estimate and a portion of the provision has been settled by the Group during the year. Certain portions of the obligation arising from the legal case has been contractually agreed to be indemnified by two non-controlling shareholders of the subsidiary, who were also the then major shareholders at that time, pursuant to the terms as set out in the respective agreements upon its acquisition of the subsidiary in prior years. Taking into account the contractual limitations on its amount and the collectability, the valuation of the indemnification asset at the time of the acquisition of the subsidiary was determined to be nil by the Group. As there has been no changes in the range of outcomes or assumptions used to estimate the liability, the amount recognised for the indemnification asset remains unchanged since the acquisition. During the year ended 31 March 2024, the indemnification asset is subsequently recognised and adjusted according to the development related to the indemnified matters, as set out above and in note 12.

The remainder of the restricted bank balances of RMB1,510,000 (2023: Nil) represent a time deposit of the Group which is pledged for issuance of a performance bond by a bank in favour of a customer of the Group. The Group is required to indemnify the bank in case the customer claim the bank on non-performance of the Group under the service contract entered into between the Group and the customer.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS 2023-2024

Business Review

During the Year, the Group's main income came from the trade of civil explosives, provision of blasting services, as well as sales of non-ferrous metal and precious metal attributable to the Group's mining operation business.

The Group's sales volume of civil explosives remained basically unchanged during the Year, and the increase in gross profit margin was mainly due to the further decline in raw material prices. With the completion of the carbon slurry gold extraction project, the profit margin of the Anhui Jinding project has improved further. At the same time, the management has continued to explore the possibility of expanding the project's production potential, which is expected to bring benefits to the Group for a longer period of time.

The Group's civil explosives business in Central Asia has remained stable, and at the same time it has advanced the construction of detonating tube production line and expanded its sales to more markets in Central Asian countries. The preliminary approvals for the Tibet Tianren project have mostly been completed during the Year, and mine construction is expected to commence in the second half of 2024.

Generally speaking, the Group has fully digested the impact of withdrawing from the Tibet Huatailong construction project and has made sufficient preparation for future business growth. While the Group's continued commitment to capital investments for its long-term growth and prosperity may, to some extent, have temporarily impacted its current financial position, the operating profits and cash flow position achieved by the Group is demonstrative of its success in striking a balance between continuous financial health and building a strong future for its business prospects and financial performance. The Group is confident that it will be able to reap the full benefits of its investments in the near future.

Business Outlook

The Group will further seek to optimize the production capacity allocation of the civil explosives production segment, thereby raising the sales volume and profit margin of the segment. In recent years, the relevant subsidiaries of the Group have achieved sufficient competitive advantage in the civil explosives market in Inner Mongolia. The Board is confident that the management team of the civil explosives segment will gain an advantage in competing in a broader market including Central Asia.

The Group's blasting services and mining construction engineering teams will concentrate their efforts in the next two years to assist in the development of the Group's civil explosives production segment and mining segment, and at the same time fully exercise their own professional service capabilities so as to gain an advantage to compete in the external market.

In terms of mining and mineral products production and sales, the Group is committed to further optimizing the long-term production and operational management of the Anhui Jinding project, and at the same time accelerating the construction progress of the Tibet Tianren project, making them strong cornerstones for the Group's future development.

On the whole, the Group is confident that it will form a development pattern that is stable and positive within China and will be rapidly expanding in Central Asia in the next few years, laying a foundation for the Group's long-term development.

RESOURCE AND RESERVE

ANHUI JINDING

LICENCES

Anhui Jinding holds the mining license to operate the Huangtun pyrite and copper-gold polymetallic mining operation. The current license was issued in March 2016 and is valid until August 2043. The mining license could be renewed according to mining regulations. It covers 1.304 square kilometers with an elevation range from 13 m above sea level (ASL) down to 460 m below sea level (BSL).

OPERATIONS

During the Year, a total of 1,075,090 tonnes of ores have been mined out, including 963,070 tonnes of copper-gold ores with an average grade of 0.81 g/t Au and 0.44% Cu, 91,760 tonnes of sulfur ores with an average grade of 15.02% S, 0.32 g/t Au and 0.14% Cu, and 20,260 tonnes of magnetite ores with an average grade of 27.61% Fe, 0.34 g/t Au and 0.25% Cu. Including the unprocessed stockpile from the previous financial year, a total of 1,078,220 tonnes of ore was milled and processed in FY2023 with an average grade of 7.6% S, 0.41% Cu, 0.75 g/t Au and 12.7% Fe.

A gold extraction workshop ("GEW") was constructed and put into trial production in October 2023. The GEW is designed to process 150,000 tonnes per annum of the calcined slag (iron concentrate enriched with recoverable gold) produced by the sulfuric acid plants using sulfur concentrate from the Huangtun Mine as feed. The final product of GEW is a 20% gold containing sludge. Anhui Jinding has reported approximately 283 kg of gold sludge product containing approximately 7.72 kg of metallic gold (27% gold containing) as of 31 March 2024.

EXPLORATION

During the Year, Anhui Jinding has drilled 15 surface drillholes and 15 underground drillholes for the purpose of production exploration (preparation for mining production and reconciliation), totaling about 8,617 m. Anhui Jinding's geologists performed logging and sampling, and the samples were all sent to its laboratory for chemical assay.

MINERAL RESOURCES

John T. Boyd Company (“BOYD”) has collected and reviewed all available exploration data up to 31 March 2024. A resource model was established based on data from 107 surface drillholes, 62 underground drillholes and 94 underground grooving after data validation.

The Mineral Resources within current Mining License area (and within the permitted mining elevation range) are reported in accordance with JORC Code (2012 Edition) and are presented in tables below. BOYD used metal equivalent to outline the mineralized body in the Huangtun Pyrite Mine.

Mineral Resources Statement of Huangtun Pyrite Mine as of 31 March 2024

<u>Category</u>	<u>Equivalent Cut-off Grade %</u>	<u>Tonnage (Mt)</u>	<u>TS(%)</u>	<u>Cu(%)</u>	<u>Au(g/t)</u>
West Zone – Gold-Copper					
Resources – Measured	Cu: 0.31	12.57	7.59	0.32	0.82
Resources – Indicated	Cu: 0.31	2.07	6.74	0.30	1.38
Resources – Inferred	Cu: 0.31	2.78	5.47	0.24	1.53
Total	Cu: 0.31	17.42	7.15	0.31	1.00
East Zone – Pyrite					
Resources – Measured	S: 12	0.35	20.76	0.30	0.18
Resources – Indicated	S: 12	18.68	20.04	0.07	0.08
Resources – Inferred	S: 12	8.97	18.16	0.03	0.09
Total	S: 12	28.00	19.45	0.06	0.08

Note:

1. Figures may not be added due to roundings.
2. The Mineral Resources are inclusive of Ore Reserves.
3. Estimated tonnage basis: Resources - In Place

The information in this Report which relates to Ore Reserves is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

ORE RESERVES

The mine is in a full production stage at the date of this annual report. Mining rate has been achieved about 3,000 tonnes per day (tpd). The mining production and underground development have been contracted to two subcontractors with supervision of Jinding's mining team.

The geotechnical conditions are classified to be moderate. The water regime of the mine area is complex. BOYD noted that Jinding and subcontractors have made various endeavors to ensure secured mining operation. The current underground development included above 50 m intervals from Level -390m, up to -340m, -290m, -240m, -190m and -140m, with sub-levels with 15-20 m intervals.

The mining methods include overhand post pillar mining, overhand cut and fill mining and overhand drift and fill mining. The mining cycle includes drilling, blasting, ventilation, scaling, mucking and filling. Excavation of ore starts from the bottom slice, advancing upward in 3.5 or 4.0 m vertical (slices) intervals. A HT81A drill rig is used to drill 3.5m long horizontal 43 mm diameter blastholes. The burden is 1m and the spacing interval is 1.2m. Non-electric detonators are used for initiating of emulsion explosives.

The Ore Reserve statement is presented in table below.

Ore Reserve Statement of Huangtun Pyrite Mine as of 31 March 2024

Category	Equivalent Cut-off Grade%	Tonnage (Mt)	TS(%)	Cu(%)	Au(g/t)
West Zone – Gold-Copper					
Reserves – Probable	Cu: 0.46	8.94	8.07	0.34	0.93
East Zone – Pyrite					
Reserves – Probable	S: 21.8	6.28	22.85	0.17	0.13

Note:

1. The Mineral Resources are inclusive of Ore Reserves.
2. Estimated tonnage basis: Reserves – ROM

The information in this announcement which relates to Ore Reserves is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

The aggregate mining rate for the East and West Zones is 1.0 Mtpa ore. The current underground development has reached six levels, which supports a mine production schedule for 16 years life of mine (“LoM”) until 2039, shown in table below.

Proposed Life of Mining Schedule

Year	Output (Mt)	Cu-Au Ore		Quality			S Ore		Quality	
		Tonnage (Mt)	Cu (%)	Au (g/t)	S (%)	Tonnage (Mt)	Cu (%)	Au (g/t)	S (%)	
2024	1.00	0.85	0.42	0.99	7.93	0.15	0.17	0.15	22.33	
2025	1.00	0.85	0.42	0.99	7.93	0.15	0.13	0.11	21.10	
2026	1.00	0.85	0.42	0.99	7.93	0.15	0.13	0.11	21.10	
2027	1.00	0.85	0.42	0.99	7.93	0.15	0.15	0.15	21.71	
2028	1.00	0.85	0.38	0.95	8.04	0.15	0.15	0.15	21.71	
2029	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.15	21.71	
2030	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.15	21.71	
2031	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.12	23.89	
2032	1.00	0.85	0.30	0.88	8.24	0.15	0.15	0.12	23.89	
2033	1.00	0.85	0.29	0.83	8.33	0.15	0.15	0.12	23.89	
2034	1.00	0.44	0.28	0.79	8.38	0.56	0.12	0.10	24.40	
2035	1.00	–	–	–	–	1.00	0.12	0.10	24.40	
2036	1.00	–	–	–	–	1.00	0.12	0.10	24.40	
2037	1.00	–	–	–	–	1.00	0.12	0.10	24.40	
2038	1.00	–	–	–	–	1.00	0.12	0.10	24.40	
2039	0.22	–	–	–	–	0.22	0.12	0.10	24.40	

TIBET TIANREN

LICENCE

Tibet Tianren Mining Company Limited (“Tibet Tianren”) holds the mining licence to operate the Bangpu molybdenum-copper project. The current licence was issued in 2011 and is valid until 15 October 2024. The mining licence could be renewed according to mining regulations. It covers 2,4189 square kilometres with an elevation range from 5,200 m above sea level (ASL) down to 4,000 m ASL.

In addition, Tibet Tianren holds an exploration licence adjacent to the mining licence. The exploration area is in the west.

EXPLORATION

No exploration activities were undertaken in the Year. Historic exploration in the current mining licence area was done prior to 2011 and Tibet Tianren carried out systematic exploration and data compilation in 2022. A total of 13 boreholes were drilled in 2022, with an aggregate length of about 7,300 m, including a hydrogeological hole of 555 m. A total of 4,179 samples were taken for chemical analyses.

Tibet Tianren compiled and reviewed the historical data, and the valid database consists of 79 drillholes with a total of 25,949 samples available at the Project.

MINERAL RESOURCE ESTIMATION

Mineral Resource Estimation for the Bangpu Project within current mining licence area was done by BOYD. A cut-off grade of 0.03% Mo or 0.2% Cu was considered for “reasonable prospects for economic extraction” and the elevation limit above 4,000 m ASL was applied. As of 31 March 2024, the Mineral Resources at the Bangpu Project (within mining licence area) were reported in accordance with JORC Code (2012 edition); including about 73.58 million tonnes (Mt) of Measured Resources with an average grade of 0.200% Cu and 0.071% Mo, about 507.17 Mt of Indicated Resources with an average grade of 0.204% Cu and 0.063% Mo, and about 18 Mt Inferred Resources with an average grade of 0.196% Cu and 0.063% Mo.

Mineral Resource Statement, as of 31 March 2024

Category	Equivalent Tonnage		Mo(%)	Cu(%)
	Cut-off Grade%	(Mt)		
Resources – Measured	Mo: 0.03 Or Cu: 0.2	73.58	0.071	0.200
Resources – Indicated	Mo: 0.03 Or Cu: 0.2	507.17	0.063	0.204
Resources – Inferred	Mo: 0.03 Or Cu: 0.2	77.98	0.063	0.196
Total	Mo: 0.03 Or Cu: 0.2	658.73	0.064	0.203

Note:

1. Figures may not be added due to roundings.
2. The Mineral Resources are inclusive of Ore Reserves.
3. Estimated tonnage basis: Resources – In Place

The information in this announcement which relates to Mineral Resources is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

ORE RESERVE

A feasibility study named as “Feasibility Study Report on the Mo (Cu) Polymetallic Project of Mining, Processing and Tailings in Bangpu Mining Area”, (hereinafter referred as FS) was prepared by Sichuan Metallurgical Design & Research Institute (hereinafter referred as the “Sichuan Institute”), and dated in October 2022.

The final open pit proposed in the FS reached outside of mining licence boundary at west. Additional exploration work has been performed after completion of FS. The latest Mineral Resource estimate was conducted by BOYD based on both the old and new data. At the date of this annual report, Ore Reserve was estimate by BOYD based on the FS and BOYD’s modifications. Ore Reserve statement is shown in table below.

Ore Reserve Statement, as of 31 March 2024

<u>Category</u>	<u>Equivalent Cut-off Grade%</u>	<u>Tonnage (Mt)</u>	<u>Mo(%)</u>	<u>Cu(%)</u>
Reserves – Probable	Mo: 0.074	115.67	0.079	0.224

Note:

1. The Mineral Resources are inclusive of Ore Reserves.
2. Estimated tonnage basis: Reserves – ROM

The information in this announcement which relates to Ore Reserves is based on information compiled by Mr. Rongjie Li, Mr. Jisheng Han and Mr. Ronald L. Lewis who are full-time employees of BOYD. They are Registered Members of the Society for Mining, Metallurgy, and Exploration, Inc., and are qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Messrs. Li, Han, and Lewis consent to the reporting of this information in the form and context in which it appears.

MINING

Trial mining was conducted in a very short period of few months in 2006. No further mining was conducted in the following years. Bangpu Mine was still in the pre-construction phase as of the date of reporting and construction was planned to commence in July 2024.

Based on current feasibility study, the Project will be exploited as an open pit mine due to shallow overburden and hundreds of meters thick orebody. The annual production capacity for the open pit mining will be 6.0 Mt ore.

Conventional drill-blast-load-haul mining cycle is assumed to move rocks within the open pit. The bench is designed with 15 m high. Drill rig YZ-35D was proposed to drill vertically in the rock to generate blast holes to charge with explosives. Emulsion explosives were proposed to break rocks due to existing of groundwater. Shovel WK-10 was proposed to load blasted materials to rubber-tired trucks TR-100.

PROCESSING

A feasibility study for the processing plant was carried out in 2010 and Sichuan Institute was commissioned to update and optimize the feasibility study.

The ore belongs to porphyry type molybdenum (copper) ore, the main copper bearing mineral is chalcopyrite, the main molybdenum ore is molybdenite. The designed capacity of ROM treatment is 6 Mtpa (including 5 Mtpa of industrial ore and 1 Mtpa of low-grade ore), with 300 working days per year and 20,000 t per day.

The design adopts the process of coarse crushing +SABC grinding circuit and the flotation process of “Mo preferential flotation – Mo rough concentrate regrinding separation – recover Cu from Mo flotation tailings”, and the products are Mo concentrate and Cu concentrate. The designed Mo concentrate grade is 53% with a Mo recovery rate of 84.50%, and Cu concentrate grade is 22% with a Cu recovery rate of 91.00%.

TAILINGS

Tailings will be transported from the concentrator to the tailings storage facilities (TSF) by self-flow pipeline using wet discharge scheme. The designed dam is with a height of 160m, with total storage capacity about 96.79 million m³. The service life of TSF is designed 16 years, as a second-class TSF.

ENVIRONMENTAL AND SOCIAL

The Bangpu Project is located in Mozhugongka County, Tibet Autonomous Region. The general surrounding land of the mine site is pastures. The EIA approval requires the company to enhance its understanding of Tibetan socio-economic and historical culture, and to respect the lifestyle and religious beliefs of the local people.

An “Environment Impact Assessment Report on the Mo (Cu) Polymetallic Project of Mining, Processing and Tailings in Bangpu Mining Area” (EIA) was prepared by Chongqing Shengxiyi Ecological Environment Consulting Service Co, LTD, and dated in January 2024. Tibet Tianren expects the EIA to be approved by the authorities before the mine starts construction in the second half of 2024.

FINANCIAL REVIEW

Revenue

The Group achieved a consolidated revenue from the operations of approximately RMB1,366.37 million, representing a decrease of approximately 8.57% in comparison with the year ended 31 March 2023. The following table is the breakdown of revenue for the Year:

	<i>RMB'000</i>	Approximately % attributable to the turnover of the Group
Sales of explosives	715,295	52.35%
Provision of blasting operations	135,513	9.92%
Sales of mineral concentrates	515,559	37.73%
	<u>1,366,367</u>	<u>100.00%</u>

Earnings per share

The earnings per share of the Group is covered in note 9 to this announcement.

Segment information

The segment information of the Group is covered in note 10 to this announcement.

CAPITAL STRUCTURE

Capital structure of the Group comprises equity plus debts raised by the Group (including borrowings) net with cash and cash equivalents. There was no movement in share capital of the Company during the Year (2023: Nil). Details of borrowings of the Group are set out in note 15 to this announcement.

SIGNIFICANT INVESTMENTS

During the Year, the Group did not have any significant investments (2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

On 19 April 2023, the Group acquired additional 27% equity interests in Tibet Tianren, which increased the Group's interest in Tibet Tianren from 27% to 54%, at a cash consideration of RMB54,000,000. Details of the acquisition are set out in note 16 to this announcement.

On 11 November 2022 (after trading hours), Tibet Fudeyuan Trading Limited ("Tibet Fudeyuan") entered into an acting in concert agreement with a major shareholder of Tibet Tianren, Sichuan Hongda Co., Ltd ("Sichuan Hongda") in relation to their acting in concert arrangement in Tibet Tianren. Pursuant to the acting in concert agreement, Tibet Fudeyuan and Sichuan Hongda agreed to, amongst others, exercise their voting rights unanimously in respect of their aggregate equity interest of 73% in Tibet Tianren at all shareholders' general meeting of Tibet Tianren.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the equity of the Group amounted to approximately RMB1,691.69 million (2023: RMB1,645.81 million). Current assets amounted to approximately RMB939.69 million (2023: RMB1,332.21 million) of which approximately RMB223.78 million (2023: RMB586.63 million) were cash and cash equivalents and approximately RMB289.73 million (2023: RMB262.03 million) were inventories and other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB1,891.82 million (2023: RMB2,226.33 million).

GEARING RATIO

As at 31 March 2024, the Group's gearing ratio, calculated as total debts of approximately RMB2,234.82 million (2023: RMB2,520.24 million) divided by total assets of approximately RMB3,926.50 million (2023: RMB4,166.05 million) was 56.92% (2023: 60.49%).

CHARGE OF ASSETS

The charge of assets of the Group is covered in note 15 to this announcement.

CAPITAL COMMITMENT

As at 31 March 2024 and 2023, the Group's capital commitments are set out in note 17 to this announcement.

FOREIGN CURRENCY RISK AND ANY RELEVANT ELIMINATION

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 31 March 2024, the Group did not have any material contingent liabilities (2023: Nil).

DIVIDEND

During the Year, no interim dividend (2023: Nil) was declared and paid.

The Board recommends the payment of final dividend of HK\$0.01 per share (2023: HK\$0.01 per share) in respect of the Year (the "**Proposed Final Dividend**"). The Proposed Final Dividend, if approved, shall be payable on Friday, 6 December 2024 and is subject to the approval of the shareholders of the Company at the annual general meeting of the Year ("**2024 AGM**"). The shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 10 October 2024 will be entitled to the Proposed Final Dividend.

HUMAN RESOURCES

As at 31 March 2024, the Group employed a total of 1,069 (2023: 1,253) full time employees in the PRC, Tajikistan and Hong Kong. The decrease was due to the fact that the blasting and mine engineering project in Tibet to which the Group provided blasting services, was terminated in the year ended 31 March 2023 due to the mine owner's reason. Staff remuneration packages are determined with reference to prevailing market rates. Staff benefits include Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, welfare schemes as required by the applicable laws and regulations in the PRC and Tajikistan for employees in the PRC and Tajikistan respectively, personal insurance and discretionary bonus which are based on their performance and contribution to the Group. The Company has adopted the share award scheme (the "Share Award Scheme") to provide remuneration to its employees and directors of the Group as detailed in the Company's announcement dated 8 July 2019.

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the Year are set out in the consolidated statement of comprehensive income on pages 4 to 5.

The financial position of the Group as at 31 March 2024 are set out in the consolidated statement of financial position on pages 6 to 7.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or its subsidiaries during the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance by establishing formal and transparent procedures to protect the interests of the shareholders of the Company. To the best knowledge of the Board, the Company had throughout the Year complied with the principles and code provisions set out in the Corporate Governance Code (the “Code”) contained in Appendix C1 to the GEM Listing Rules except for the following deviations:

Code	Provisions Considered	Deviation	Reason for deviation
C.1.6	Generally, independent non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of the Company’s shareholders.	Only Ms. Qin Chunhong and Mr. Ma Tianyi, being the executive Directors, attended the annual general meeting of the Company held on 22 September 2023.	Other Directors, including all the independent non-executive Directors were unable to attend the general meeting due to other business commitments.
C.1.8	An issuer should arrange appropriate insurance cover in respect of legal action against its directors.	During the Year and as at the date of this announcement, the Company does not have insurance cover in respect of legal action against the Directors.	The Board is of the view that the Group has an established and efficient risk management and internal control system which could effectively minimise the Directors’ risks of being sued or or getting involved in litigations in their capacity as a Director. Nevertheless, as part of the Group’s risk management and internal control procedures, the Board will review the need for insurance cover from time to time.

Code	Provisions Considered	Deviation	Reason for deviation
C.2.1	The roles of chairman and chief executive should be separate and should not be performed by the same individual.	Since Mr. Xiong Zeke's resignation from the position of the Chairman on 1 February 2023, Mr. Ma Tianyi, the Chief Executive Officer, has been appointed as the Chairman in place of Mr. Xiong Zeke.	The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business strategies. Nevertheless, the Board will review the current corporate governance structure of the Group from time to time. If any candidate with suitable knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant event affecting the Group after the reporting period and up to date of this announcement is set out in Note 19 to this announcement.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position and consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by BDO Limited on this announcement.

AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and relevant code provisions under the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Zhang Jinghua, Mr. Ha Suoku and Mr. Li Xu. The Audit Committee has reviewed the audited final results of the Company for the year ended 31 March 2024. The audit committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2024 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2024 AGM

The register of members of the Company will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 9 September 2024. The record date for the attending and voting at the meeting is Friday, 13 September 2024.

b. For determining the entitlement to the Proposed Final Dividend

The register of members of the Company will be closed from Monday, 7 October 2024 to Thursday, 10 October 2024 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to qualify to receive the Proposed Final Dividend, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 October 2024. The record date for determining the entitlement to the Final Dividend is Thursday, 10 October 2024.

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

Hong Kong, 28 June 2024

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. Zhang Jinghua, Mr. Ha Suoku and Dr. Li Xu.

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