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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 2024

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.

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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 2024 (the “Interim Period”) was approximately RMB859.20 million, representing an increase of approximately 34.42% as compared to the corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to owners of approximately RMB85.47 million for the Interim Period.
- The Group recorded a total comprehensive income attributable to owners of the Company approximately RMB87.85 million for the Interim Period.
- Basic earnings per share of the Group was approximately RMB0.024 for the Interim Period.
- The Board does not recommend the payment of interim dividend.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		(Unaudited)	
		Six months ended	
		30 September	
	<i>Notes</i>	2024	2023
		RMB'000	RMB'000
Revenue	3	859,197	639,195
Cost of goods sold and services provided		(480,895)	(379,763)
		<hr/>	<hr/>
Gross profit		378,302	259,432
Other income and gain		7,707	44,617
Share of profits of associates		7,268	8,192
Impairment loss on trade and other receivables		(9,778)	–
Selling and distribution expenses		(30,779)	(4,042)
Administrative and other operating expenses		(101,892)	(97,097)
		<hr/>	<hr/>
Operating profit		250,828	211,102
Finance costs	6	(8,414)	(4,186)
		<hr/>	<hr/>
Profit before income tax		242,414	206,916
Income tax	5	(59,911)	(18,878)
		<hr/>	<hr/>
Profit for the period	6	182,503	188,038
Other comprehensive income for the period			
Item that may be reclassified subsequently			
to profit or loss:			
Exchange differences arising from			
– translation of foreign operations		3,173	(153)
		<hr/>	<hr/>
Total comprehensive income			
for the period		185,676	187,885
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		(Unaudited)	
		Six months ended	
		30 September	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Profit attributable to:			
Owners of the Company		85,474	98,755
Non-controlling interests		97,029	89,283
		<hr/>	<hr/>
		182,503	188,038
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:			
Owners of the Company		87,851	96,112
Non-controlling interests		97,825	91,773
		<hr/>	<hr/>
		185,676	187,885
		<hr/> <hr/>	<hr/> <hr/>
		RMB	RMB
Earnings per share			
Basic and diluted	8	0.024	0.028
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		(Unaudited) 30 September 2024 <i>RMB'000</i>	(Audited) 31 March 2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	9	2,127,945	2,045,669
Right-of-use assets		42,409	43,119
Prepayments and other receivables		92,370	91,942
Deferred tax assets		30,457	57,959
Goodwill		42,632	42,632
Other intangible assets		644,153	654,920
Interests in associates		53,672	50,573
		3,033,638	2,986,814
Current assets			
Inventories		139,495	117,995
Contract assets and trade and bills receivables	10	468,001	388,432
Other receivables, prepayments and deposits		386,462	171,731
Amounts due from associates		24,317	32,284
Amount due from a joint venture		–	2,838
Restricted bank balance		–	2,631
Cash and cash equivalents		323,698	223,776
		1,341,973	939,687
Current liabilities			
Trade payables	11	237,036	384,244
Other payables and accruals		1,357,613	945,212
Borrowings		95,000	412,565
Dividend payable		37,716	5,813
Lease liabilities		1,470	1,823
Amount due to a related company		5,500	85,530
Amount due to a shareholder		–	47,141
Income tax payable		14,053	9,493
		1,748,388	1,891,821
Net current liabilities		(406,415)	(952,134)
Total assets less current liabilities		2,627,223	2,034,680

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	(Unaudited) 30 September 2024 RMB'000	(Audited) 31 March 2024 RMB'000
Non-current liabilities		
Borrowings	658,578	319,708
Amount due to a related company	73,530	–
Amount due to a shareholder	45,762	–
Lease liabilities	602	814
Deferred tax liabilities	10,586	10,586
Provisions	11,886	11,886
	<u>800,944</u>	<u>342,994</u>
Net assets	<u><u>1,826,279</u></u>	<u><u>1,691,686</u></u>
Equity		
Share capital	40,259	40,259
Treasury shares	(27,640)	(27,640)
Reserves	891,278	836,172
	<u>903,897</u>	<u>848,791</u>
Equity attributable to owners of the Company	903,897	848,791
Non-controlling interests	922,382	842,895
	<u>1,826,279</u>	<u>1,691,686</u>
Total equity	<u><u>1,826,279</u></u>	<u><u>1,691,686</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024 (Unaudited)

	Equity attributable to owners of the Company												
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Capital distributable reserve RMB'000	Contributed surplus RMB'000	Restructuring reserve RMB'000	Merger reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory and other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 April 2024	40,259	(27,640)	497,218	25,141	933	89,227	(613,604)	(42,447)	48,141	831,563	848,791	842,895	1,691,686
Profit for the period	-	-	-	-	-	-	-	-	-	85,474	85,474	97,029	182,503
Other comprehensive income for the period:													
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	2,377	-	-	2,377	796	3,173
Total comprehensive income for the period	-	-	-	-	-	-	-	2,377	-	85,474	87,851	97,825	185,676
Transactions with owners:													
Dividend declared and payable	-	-	(32,745)	-	-	-	-	-	-	-	(32,745)	-	(32,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(18,342)	(18,342)
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	4	4
	-	-	(32,745)	-	-	-	-	-	-	-	(32,745)	(18,338)	(51,083)
Transfer to statutory and other reserves	-	-	-	-	-	-	-	-	13,926	(13,926)	-	-	-
Utilisation of other reserves	-	-	-	-	-	-	-	-	(13,217)	13,217	-	-	-
At 30 September 2024	<u>40,259</u>	<u>(27,640)</u>	<u>464,473</u>	<u>25,141</u>	<u>933</u>	<u>89,227</u>	<u>(613,604)</u>	<u>(40,070)</u>	<u>48,850</u>	<u>916,328</u>	<u>903,897</u>	<u>922,382</u>	<u>1,826,279</u>
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)
Dividend paid to 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>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	(Unaudited) Six months ended 30 September 2024 <i>RMB'000</i>	(Unaudited) Six months ended 30 September 2023 <i>RMB'000</i>
Net cash generated from operating activities	226,437	16,709
Cash flows from investing activities		
Interest received	746	3,394
Proceed from disposal of property, plant and equipment	–	1,131
Increase in prepayments for purchase of property plant and equipment	(428)	–
Purchase of property, plant and equipment	(119,177)	(72,676)
Purchase of intangible asset	(1,683)	(70,991)
Decrease in amount due from a joint venture	2,838	–
Dividend received from an associate	4,169	–
Release of restricted bank balance	2,631	(56,000)
Net cash used in investing activities	(110,904)	(195,142)
Cash flows from financing activities		
(Decrease)/increase in amount due to a shareholder	(1,379)	16,166
Repayment to a related company	(6,500)	–
Decrease in amounts due to an associate	–	(18,000)
Interest paid for bank borrowings	(3,916)	(3,694)
Proceeds from borrowings	55,310	244,765
Repayment of bank borrowings	(40,000)	(341,000)
Contribution from non-controlling interest	4	–
Dividend paid to non-controlling interest	(18,342)	(10,698)
Lease payment	(566)	(307)
Net cash used in financing activities	(15,389)	(112,768)
Net increase/(decrease) in cash and cash equivalents	100,144	(291,201)
Cash and cash equivalents at beginning of the period	223,776	586,625
Effect of foreign exchange rate changes	(222)	(153)
Cash and cash equivalent at end of the period	323,698	295,271

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 2024 (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 22 November 2024.

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 2024 (the “2024 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 2024 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)	
	Six months ended	
	30 September	
	2024	2023
	RMB'000	RMB'000
Sale of explosives	448,059	359,416
Provision of blasting operations and mining engineering	59,952	63,623
Sales of mineral concentrates	351,186	216,156
	<hr/>	<hr/>
Total revenue	859,197	639,195
	<hr/> <hr/>	<hr/> <hr/>

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

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 2024 (Unaudited)

	Mining operation <i>RMB'000</i>	Explosives trading and blasting service <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	<u>351,044</u>	<u>508,153</u>	<u>859,197</u>
Segment profit	<u>63,593</u>	<u>188,755</u>	252,348
Unallocated income			150
Unallocated corporate expenses			<u>(10,084)</u>
Profit before income tax			<u>242,414</u>

Six months ended 30 September 2023 (Unaudited)

	Mining operation <i>RMB'000</i>	Explosives trading and blasting service <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	<u>216,156</u>	<u>423,039</u>	<u>639,195</u>
Segment profit	<u>95,370</u>	<u>108,532</u>	203,902
Unallocated income			5,056
Unallocated corporate expenses			<u>(2,042)</u>
Profit before income tax			<u>206,916</u>

5. INCOME TAX

No provision for Hong Kong profits tax is made for current period and prior period as there is no assessable profits arising in Hong Kong 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) 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 1 December 2021, 14 December 2022 and 26 October 2023 respectively.
- (ii) 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 is 15%

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	RMB'000	RMB'000
Current tax for the period		
– PRC Enterprise Income Tax	24,065	11,924
Tajikistan Corporation Income Tax	8,344	6,954
Deferred tax expenses	27,502	–
	59,911	18,878

6. PROFIT FOR THE PERIOD

Profit for period is arrived at after charging the followings:

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	RMB'000	RMB'000
Depreciation of property, plant and equipment	49,178	41,710
Amortisation of prepaid lease payment for land	73	102
Amortisation of intangible assets	5,596	4,052
	<u>55,847</u>	<u>45,864</u>
Finance costs		
– Interest charge on bank and other borrowings	8,414	4,186
	<u>8,414</u>	<u>4,186</u>

7. DIVIDENDS

The Board does not recommend the payment of interim dividend (2023: Nil).

8. EARNINGS PER SHARE

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

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	85,474	98,755

	(Unaudited)	
	Six months ended	
	30 September	
	2024	2023
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,496,414	3,496,414

For the calculation of diluted earnings per share, no adjustment has been made to the basic earnings per share for the six months ended 30 September 2024 and 2023 as there was no dilutive potential ordinary shares in existence for the six months ended 30 September 2024 and 2023.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, additions to property, plant and equipment amounted to RMB119 million.

10. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 September 2024 <i>RMB'000</i>	(Audited) 31 March 2024 <i>RMB'000</i>
Contract assets	3,032	144,575
Trade receivables, net	<u>380,501</u>	<u>214,239</u>
	383,533	358,814
Bills receivables	<u>84,468</u>	<u>29,618</u>
	468,001	388,432

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 ageing analysis of contract assets and net trade receivables at the end of the reporting period is as follows:

	(Unaudited) 30 September 2024 <i>RMB'000</i>	(Audited) 31 March 2024 <i>RMB'000</i>
0-30 days	86,665	106,870
31-90 days	91,786	39,539
91 days to 1 year	40,702	31,114
Over 1 year	<u>164,380</u>	<u>181,291</u>
	383,533	358,814

11. TRADE PAYABLES

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

	(Unaudited) 30 September 2024 <i>RMB'000</i>	(Audited) 31 March 2024 <i>RMB'000</i>
0-180 days	215,000	155,983
181-365 days	5,558	18,036
Over 1 year	16,478	210,225
	237,036	384,244

12. CAPITAL COMMITMENTS

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

	(Unaudited) 30 September 2024 <i>RMB'000</i>	(Audited) 31 March 2024 <i>RMB'000</i>
Acquisition of property, plant and equipment	695	23,844

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 (Unaudited)	
			Six months ended 30 September	
			2024	2023
			RMB'000	RMB'000
內蒙古盛安保安有限責任公司 (Inner Mongolia Shengan Security Limited)	Entity under common control by Mr. Ma Qiang, controlling shareholder	Security services provided by the related party	847	810
烏海市天潤爆破服務有限責任公司 (Wuhai City Tianrun Blasting Services Company Limited)	Associate	Sales to the related party	10,351	8,087
烏海市安盛爆破服務有限責任公司 (Wuhai City Ansheng Blasting Services Co., Ltd)	Associate	Sales to the related party	16,847	15,568
			—	—

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 RMB1,525,500 (Six months ended 30 September 2023: RMB1,408,680).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The turnover of the Group for the Interim Period increased by approximately 34.42% as compared with the corresponding period in 2023. The increase in revenue from civilian explosives is mainly due to the fact that various mining companies in Inner Mongolia have gradually increased their production volume, thus increasing the demand for explosives. In addition, this growth was also mainly caused by the increase in annual production capacity of explosives, which led to an increase in production volume, thereby increasing the impact of the revenue from the blasting business during the period (from 104,000 tons to 121,000 tons from August 2023).

On the other hand, as the Group has completed construction and put into trial operation in October 2023 a new processing facilities for the further processing of iron-oxide and extraction of gold sludge, and prices of copper and gold products both increased, revenue of the Group had notably improved.

The decrease in other income was mainly because other income of approximately RMB32 million arising from a waiver of loan was recognized in the last period.

The significant increase in selling and distribution expenses in the current period was largely due to the increase in sales volume, coupled with the fact that freight charges in the amount of approximately RMB16 million was included in the cost of goods sold and services provided in the same period last year.

In the Segmental information of this period, the external sales of the mining operation increased but the segment profit decreased mainly due to the segment had a waiver income of approximately RMB32 million last period.

Liquidity and Financial Resources

As at 30 September 2024, the net assets of the Group amounted to approximately RMB1,826.28 million (31 March 2024: net assets of RMB1,691.69 million). Current assets amounted to approximately RMB1,341.97 million (31 March 2024: RMB939.68 million) of which approximately RMB323.70 million (31 March 2024: RMB223.78 million) were cash and cash equivalents and approximately RMB386.46 million (31 March 2024: RMB171.73 million) were other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB1,748.39 million (31 March 2024: RMB1,891.82 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 2024.

Significant Investments

During the six months ended 30 September 2024, 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

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 2024, the Group's gearing ratio, calculated as total debts of approximately RMB2,594.24 million (31 March 2024: RMB2,234.82 million) divided by total assets of approximately RMB4,375.61 million (31 March 2024: RMB3,926.50 million) was 59.29% (31 March 2024: 56.92%).

Charge of Assets

The Group's borrowings are secured by mining right of approximately RMB472,575,000 (31 March 2024: RMB473,122,000), 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 2024 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, 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 2024, the Group did not have any material contingent liabilities (31 March 2024: nil).

Human Resources

As at 30 September 2024, the Group had 1,124 (31 March 2024: 1,069) full time employees in the PRC, Hong Kong and Tajikistan. Staff remuneration packages are determined with 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 2024, Anhui Province Jinding mined a total of 457,387 tons of ore, with average grades of sulfur 8.43%, copper 0.36%, and gold 0.62g/t. The total amount of ore mined underground (including excavation by-product ore) is 541,730 tons, with an average grade of sulfur of 8.42%, copper of 0.37%, gold of 0.62g/t, and total iron of 14.78%.

Exploration

For the six months ended 30 September 2024, Anhui Jinding has completed 1,470 meters of surface drilling for production exploration (preparation for mining production and regulation) and 6,394.6 meters of in-pit drilling.

Tibet Tianren

For the six months ended 30 September 2024, Tibet Tianren did not have any updates to the disclosures in the annual report as at 31 March 2024.

For the six months ended 30 September 2024, the expenditures of exploration, development and mining activities are summarised in the following table:

Project	Exploration RMB'000	Development RMB'000	Mining RMB'000
Anhui Jinding	2,572	949	23,897
Tibet Tianren	1,877	–	–

BUSINESS REVIEW AND PROSPECTS

Business review

In the first half of this year, the Group's main revenue remained to be contributed from the trade of civilian explosives and the provision of blasting services, as well as the sales of non-ferrous metals and precious metals related to mining operations. The main business remained very stable.

The sales volume of the Group's civil explosive products increased in the first half of the year. The increase was mainly due to the increase in market demand for mineral resources and coal energy in Inner Mongolia. The main processing plant of the Anhui Jinding Project and the carbon slurry gold extraction project are operating stably. At the same time, the Group is also seeking to further optimize the ore processing of the project in order to further increase the value of unit ore.

The Group's sales volume of civil explosive products in Central Asia declined slightly due to unstable operations of its major customers. The construction of the detonator production line in Tajikistan is progressing steadily, and the project launch ceremony was hosted by the President of Tajikistan. It is expected to receive further support from local parties. The Tibet Tianren project approval process was completed to a majority extent, currently in the pre-construction preparation stage.

Overall, in the first half of the year, the Group has basically completed various plans set in the beginning of the year, including production and operation, technological transformation and construction progress of new projects of relevant subsidiaries. The Group's financial indicators remain stable and its cash flow is sufficient, which is sufficient to digest various construction investments in a healthy manner.

Business Outlook

In terms of civil explosive production, the Group will continue to strive to strengthen the technical and management capabilities of domestic and foreign subsidiaries to ensure that it can respond to various possible changes in the market environment in the future. Market demand in Inner Mongolia was strong in the first half of this year, but the Group will continue to work on a more reasonable market layout to ensure stable value generation over a longer horizon.

The Group's blasting services and mining construction engineering teams will continue to focus on supporting the Group's civil explosive production segment and mining segment, and will rely on their own efforts to undertake various related projects in China and Central Asia when the opportunity is appropriate, thereby opening up new market opportunities for the Group.

In terms of mining and mineral product production and sales, the Group will continue to be committed in enhancing the long-term production and operational management of the Anhui Jinding Project, while accelerating the development progress of the Tibet Tianren Project, making it a solid cornerstone for the Group's future development.

The Group believes that the progress of each project in the first half of the year is basically in line with management's expectations and is confident that it will maintain the current pace of progress. The Group's project development progress to date will lay a solid foundation for the future prospects of the Group.

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 2024, 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 are taken or deemed to have been taken 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 (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Ma Tianyi	Beneficial owner	2,000,000 ordinary shares (L)	0.06%
	Interest of a controlled corporation (Note 4)	58,980,000 ordinary shares (L)	1.66%
Mr. Liu Fali	Beneficial owner	242,415,854 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 ordinary shares (L) (Note 3)	46.64%
Ms. Qin Chunhong	Interest of a controlled corporation (Note 5)	34,024,908 ordinary shares (L)	0.96%
	Beneficial owner	2,540,000 ordinary shares (L)	0.07%
Ms. Ma Ye	Beneficial owner	126,005,000 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 ordinary shares (L) (Note 3)	49.91%
Mr. Ma Yong	Beneficial owner	169,000 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 2024.
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 2024, 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 2024, 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

Name of shareholder	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Shiny Ocean	Beneficial owner	1,361,516,331 ordinary shares (L)	38.26%
Ma Family Holdings Co. Limited	Interest of a controlled corporation	1,361,516,331 ordinary shares (L) <i>(Note 3)</i>	38.26%
Equity Trustee Limited	Trustee (other than a bare trustee)	1,361,516,331 ordinary shares (L) <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 ordinary shares (L) <i>(Note 4)</i>	53.45%
Ms. Ma Xia	Beneficial owner	172,166,037 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 ordinary shares (L) <i>(Note 4)</i>	48.61%
Mr. Ma Qiang	Founder of a discretionary trust <i>(Note 3)</i>	1,902,103,222 ordinary shares (L)	53.45%

Name of shareholder	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Mr. Yang Tao	Beneficial owner	255,599,268 ordinary shares (L)	7.18%
Mr. Li Man	Beneficial owner	252,959,268 ordinary shares (L)	7.10%
Mr. Lv Wenhua	Beneficial owner	220,696,854 ordinary shares (L)	6.20%

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 2024.
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 2024, 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 2024.

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 has been 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 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares (six months ended 30 September 2023: nil).

COMPETING INTERESTS

For the six months ended 30 September 2024, 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

There were no changes in the Board and the information of the Directors since the date of the Company’s annual report for the year ended 31 March 2024.

SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 September 2024, 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 2024.

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 2024 has been reviewed and commented by the members of the audit committee.

As at the date of this announcement, 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, 22 November 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange 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.