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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 2021**

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

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

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

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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 2021 (the “Interim Period”) was approximately RMB784.99 million, representing an increase of approximately 6.26% as compared to the corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to owners of approximately RMB85.54 million for the Interim Period.
- The Group recorded a total comprehensive income attributable to owners of the Company approximately RMB86.39 million for the Interim Period.
- Basic earnings per share of the Group was approximately RMB0.024 for the Interim Period.
- The Board recommend the payment of interim dividend of HK\$0.01 per share.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and the six months ended 30 September 2021*

		(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
<i>Notes</i>	<b>2021</b>	2020	<b>2021</b>	2020	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	
<b>Revenue</b>	3	<b>784,990</b>	738,722	<b>331,228</b>	314,649
Cost of goods sold and services provided		<u><b>(500,074)</b></u>	<u>(425,031)</u>	<u><b>(209,279)</b></u>	<u>(163,854)</u>
<b>Gross profit</b>		<b>284,916</b>	313,691	<b>121,949</b>	150,795
Other income and gain		<b>5,733</b>	6,386	<b>2,164</b>	1,249
Share of profits of associates		<b>5,566</b>	5,560	<b>2,882</b>	2,877
Selling and distribution expenses		<u><b>(29,708)</b></u>	<u>(19,128)</u>	<u><b>(14,754)</b></u>	<u>(8,009)</u>
Administrative and other operating expenses		<u><b>(80,257)</b></u>	<u>(53,459)</u>	<u><b>(56,994)</b></u>	<u>(28,427)</u>
<b>Operating profit</b>		<b>186,250</b>	253,050	<b>55,247</b>	118,485
Finance costs	6	<u><b>(5,631)</b></u>	<u>(3,184)</u>	<u><b>(4,302)</b></u>	<u>(1,343)</u>
<b>Profit before income tax</b>		<b>180,619</b>	249,866	<b>50,945</b>	117,142
Income tax	5	<u><b>(23,858)</b></u>	<u>(37,692)</u>	<u><b>(6,642)</b></u>	<u>(19,127)</u>
<b>Profit for the period</b>	6	<b>156,761</b>	212,174	<b>44,303</b>	98,015
<b>Other comprehensive income for the period</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Exchange differences arising from					
– translation of foreign operations		<u><b>419</b></u>	<u>(5,167)</u>	<u><b>2,786</b></u>	<u>(5,738)</u>
<b>Total comprehensive income for the period</b>		<u><b>157,180</b></u>	<u>207,007</u>	<u><b>47,089</b></u>	<u>92,277</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and the six months ended 30 September 2021*

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
<i>Note</i>	<b>2021</b>	2020	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit attributable to:</b>				
Owners of the Company	<b>85,535</b>	121,720	<b>20,045</b>	54,505
Non-controlling interests	<b>71,226</b>	90,454	<b>24,258</b>	43,510
	<b>156,761</b>	212,174	<b>44,303</b>	98,015
	<u><u>156,761</u></u>	<u><u>212,174</u></u>	<u><u>44,303</u></u>	<u><u>98,015</u></u>
 <b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>86,390</b>	112,884	<b>13,513</b>	44,545
Non-controlling interests	<b>70,790</b>	94,123	<b>33,576</b>	47,732
	<b>157,180</b>	207,007	<b>47,089</b>	92,277
	<u><u>157,180</u></u>	<u><u>207,007</u></u>	<u><u>47,089</u></u>	<u><u>92,277</u></u>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
 <b>Earnings per share</b>				
<b>Basic and diluted</b>	<b>0.024</b>	0.034	<b>0.006</b>	0.015
	<u><u>0.024</u></u>	<u><u>0.034</u></u>	<u><u>0.006</u></u>	<u><u>0.015</u></u>

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>Notes</i>	(Unaudited) 30 September 2021 <i>RMB'000</i>	(Audited) 31 March 2021 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	1,049,277	1,108,946
Right-of-use assets		61,070	69,035
Prepayments		174,303	83,265
Deferred tax assets		93,361	93,361
Goodwill		42,632	42,632
Other intangible assets		245,178	244,931
Interests in associates		71,147	30,181
		<b>1,736,968</b>	1,672,351
<b>Current assets</b>			
Inventories		63,092	38,213
Contract assets and Trade and bills receivables	10	451,921	563,991
Other receivables, prepayments and deposits		333,663	188,528
Amounts due from associates		4,779	11,474
Amount due from a joint venture		–	8,751
Amounts due from shareholders		324	328
Cash and cash equivalents		431,491	232,010
		<b>1,285,270</b>	1,043,295
<b>Current liabilities</b>			
Trade payables	11	444,266	438,998
Other payables and accruals		151,550	102,704
Borrowings		349,214	404,514
Dividend payable		34,417	35,482
Lease liabilities		8,286	20,548
Amounts due to related companies		43,530	–
Amount due to an associate		18,000	–
Income tax payable		7,839	8,125
		<b>1,057,102</b>	1,028,371
<b>Net current assets</b>		<b>228,168</b>	14,924
<b>Total assets less current liabilities</b>		<b>1,965,136</b>	1,687,275

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	(Unaudited) 30 September 2021 RMB'000	(Audited) 31 March 2021 RMB'000
<b>Non-current liabilities</b>		
Borrowings	615,703	470,703
Lease liabilities	–	55
Amounts due to a shareholder	28,431	28,774
Deferred tax liabilities	8,590	8,590
Provisions	11,886	11,886
	<u>664,610</u>	<u>520,008</u>
<b>Net assets</b>	<u>1,300,526</u>	<u>1,167,267</u>
<b>Equity</b>		
Share capital	40,259	40,259
Treasury shares	(2,798)	(21,835)
Reserves	701,186	649,673
Equity attributable to owners of the Company	738,647	668,097
Non-controlling interests	561,879	499,170
<b>Total equity</b>	<u>1,300,526</u>	<u>1,167,267</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2021 (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 2021	40,259	(21,835)	617,979	25,141	933	89,227	(613,604)	(46,054)	33,670	542,381	668,097	499,170	1,167,267
Profit for the period	-	-	-	-	-	-	-	-	-	85,535	85,535	71,226	156,761
Other comprehensive income for the period:													
Exchange differences arising from - translation to presentation currency	-	-	-	-	-	-	-	419	-	-	419	(436)	(17)
Total comprehensive income for the period	-	-	-	-	-	-	-	419	-	85,535	85,954	70,790	156,744
Transaction with owners:													
Dividend declared	-	-	(29,538)	-	-	-	-	-	-	-	(29,538)	-	(29,538)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,081)	(8,081)
Grant of awarded shares under share award scheme	-	19,037	-	-	-	-	-	-	-	(4,903)	14,134	-	14,134
	-	19,037	(29,538)	-	-	-	-	-	-	(4,903)	(15,404)	(8,081)	(23,485)
Transfer to statutory and other reserves	-	-	-	-	-	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Utilisation of other reserves	-	-	-	-	-	-	-	-	1,459	-	1,459	-	1,459
At 30 September 2021	<u>40,259</u>	<u>(2,798)</u>	<u>588,441</u>	<u>25,141</u>	<u>933</u>	<u>89,227</u>	<u>(613,604)</u>	<u>(45,635)</u>	<u>35,129</u>	<u>621,554</u>	<u>738,647</u>	<u>561,879</u>	<u>1,300,526</u>
At 1 April 2020 as originally presented	40,259	-	677,614	25,141	933	89,227	(613,604)	(38,153)	33,016	420,553	634,986	449,392	1,084,378
Profit for the period	-	-	-	-	-	-	-	-	-	121,720	121,720	90,454	212,174
Other comprehensive income for the period:													
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(1,497)	-	-	(1,497)	(3,670)	(5,167)
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,497)	-	121,720	120,223	86,784	207,007
Dividend declared and payable	-	-	(31,317)	-	-	-	-	-	-	-	(31,317)	(140,000)	(171,317)
Contribution for Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	80,000	80,000
At 30 September 2020	<u>40,259</u>	<u>-</u>	<u>646,297</u>	<u>25,141</u>	<u>933</u>	<u>89,227</u>	<u>(613,604)</u>	<u>(39,650)</u>	<u>33,016</u>	<u>542,273</u>	<u>723,892</u>	<u>476,176</u>	<u>1,200,068</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 September 2021*

	(Unaudited) Six months ended 30 September 2021 <i>RMB'000</i>	(Unaudited) Six months ended 30 September 2020 <i>RMB'000</i>
Net cash generated from operating activities	<u>108,193</u>	<u>178,250</u>
<b>Cash flows from investing activities</b>		
Interest received	195	130
Proceed from disposal of property, plant and equipment	217	699
Purchase of property, plant and equipment	(30,675)	(34,032)
Purchase of intangible asset	(13,000)	–
Decrease/(increase) in amount due from a joint venture	8,751	12,958
Prepayment of an investment	(12,000)	(19,300)
Dividend paid to non-controlling interest	(8,081)	(60,000)
Net cash used in investing activities	<u>(54,593)</u>	<u>(99,545)</u>
<b>Cash flows from financing activities</b>		
(Decrease/increase) in amounts due to shareholders	(643)	(46,542)
Increase in amounts due to related companies	43,530	36,650
Increase in amounts due to an associate	18,000	–
Interest paid	(4,768)	(3,184)
Proceeds from borrowings	250,000	150,000
Repayment of bank borrowings	(160,000)	(235,000)
Net cash used in financing activities	<u>146,119</u>	<u>(98,076)</u>
Net (decrease)/ increase in cash and cash equivalents	199,719	(19,371)
Cash and cash equivalents at beginning of the period	232,010	165,176
Effect of foreign exchange rate changes	(238)	254
Cash and cash equivalent at end of the period	<u><u>431,491</u></u>	<u><u>146,059</u></u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## **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 Suntera (Cayman) Limited, Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court Camana Bay, Grand Cayman, KY1-1100, 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 related services and mining operation.

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 2021 (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 12 November 2021.

## **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 2021 (the “2021 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 2021 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:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Six months ended</b>		<b>Three months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Sale of explosives	<b>266,576</b>	298,870	<b>105,211</b>	127,207
Provision of blasting operations	<b>453,071</b>	439,852	<b>160,674</b>	187,442
Mining operation	<b>65,343</b>	–	<b>65,343</b>	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	<b>784,990</b>	738,722	<b>331,228</b>	314,649
	<hr/> <hr/>	<hr/> <hr/>	<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: mining, processing of pyrite, iron ore and copper and the sales of the said mineral products in the PRC
- Explosives trading and blasting services: manufacturing and sale of explosives and provision of blasting operations in the PRC and Tajikistan
- Bulk mineral trade: trading of non-ferrous metals and minerals in Hong Kong and the PRC

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

Six months ended 30 September 2021 (Unaudited)

	Mining Operation <i>RMB'000</i>	Bulk mineral trade <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>Segment revenue</b>				
External sales	<u>65,343</u>	<u>–</u>	<u>719,647</u>	<u>784,990</u>
Segment (loss)/profit	<u>51</u>	<u>(463)</u>	<u>192,396</u>	<u>192,401</u>
Unallocated income				<u>102</u>
Unallocated corporate expenses				<u>(12,027)</u>
Profit before income tax				<u>180,476</u>

Six months ended 30 September 2020 (Unaudited)

	Mining Operation <i>RMB'000</i>	Bulk mineral trade <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>Segment revenue</b>				
External sales	<u>–</u>	<u>–</u>	<u>738,722</u>	<u>738,722</u>
Segment (loss)/profit	<u>–</u>	<u>(574)</u>	<u>256,920</u>	<u>256,346</u>
Unallocated income				<u>317</u>
Unallocated corporate expenses				<u>(6,797)</u>
Profit before income tax				<u>249,866</u>

**Three months ended 30 September 2021 (Unaudited)**

	<b>Mining Operation</b>	<b>Bulk mineral trade</b>	<b>Explosives trading and blasting services</b>	<b>Consolidated</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment revenue</b>				
External sales	<u>65,343</u>	<u>–</u>	<u>265,885</u>	<u>331,228</u>
Segment (loss)/profit	<u>178</u>	<u>(235)</u>	<u>65,403</u>	<u>65,346</u>
Unallocated income				100
Unallocated corporate expenses				<u>(14,501)</u>
Profit before income tax				<u>50,945</u>

**Three months ended 30 September 2020 (Unaudited)**

	<b>Mining Operation</b>	<b>Bulk mineral trade</b>	<b>Explosives trading and blasting services</b>	<b>Consolidated</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment revenue</b>				
External sales	<u>–</u>	<u>–</u>	<u>314,649</u>	<u>314,649</u>
Segment (loss)/profit	<u>–</u>	<u>(298)</u>	<u>122,092</u>	<u>121,794</u>
Unallocated income				188
Unallocated corporate expenses				<u>(4,840)</u>
Profit before income tax				<u>117,142</u>

## 5. INCOME TAX

No provision for profits tax in the Cayman Islands, the British Virgin Islands (“BVI”) or Hong Kong has been made as the Group has no assessable profit in these jurisdictions.

Tajikistan Corporate Income Tax rate is calculated at applicable rate of 23% (for activities other than goods production) and 13% (for activity of goods production) respectively; whereas EIT is calculated at the applicable rate of 25%, except that:

- (i) One Tajikistan subsidiary is exempted from Tajikistan Corporate Income Tax for 5 years until 2022 pursuant to the investment agreement between the subsidiary and the Tajikistan government.
- (ii) Three PRC subsidiaries 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 25 August 2017, 3 December 2018 and 13 November 2019 respectively.
- (iii) Two branches and a subsidiary 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 the years from 2015 to 2021. The EIT rate will resume to 15% from 2022 onwards if no further announcement from the PRC central tax authorities is made.

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax for the period				
– EIT	22,892	37,101	5,676	18,536
– Tajikistan corporate income tax	966	–	966	–
Deferred tax for the period	–	591	–	591
	<u>23,858</u>	<u>37,692</u>	<u>6,642</u>	<u>19,127</u>

## 6. PROFIT FOR THE PERIOD

Profit for period is arrived at after charging the followings:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Six months ended</b>		<b>Three months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation of property, plant and equipment	<b>56,172</b>	41,527	<b>30,926</b>	22,424
Amortisation of prepaid lease payment for land	<b>102</b>	102	<b>51</b>	51
Amortisation of intangible assets	<b>2,926</b>	25	<b>1,664</b>	10
	<b><u>56,172</u></b>	<u>41,527</u>	<b><u>30,926</u></b>	<u>22,424</u>
Finance costs				
– Interest charge on bank and other borrowings	<b>5,631</b>	3,184	<b>4,302</b>	1,343
	<b><u>5,631</u></b>	<u>3,184</u>	<b><u>4,302</u></b>	<u>1,343</u>

## 7. DIVIDENDS

	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>Six months</b>	<b>Six months</b>
	<b>ended</b>	<b>ended</b>
	<b>30 September</b>	<b>30 September</b>
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interim dividend proposed after the end of the reporting period HK\$0.01 per share (Six months ended 30 September 2020: HK\$0.01 per share)	<b>29,538</b>	31,317
	<b><u>29,538</u></b>	<u>31,317</u>

The final dividend for the year ended 31 March 2021 amounted RMB29,538,000 was recognised during the six months ended 30 September 2021 and the expected payment date is 3 December 2021.

The Board recommends payment of interim dividend of HK\$0.01 per share (Six months ended 30 September 2020: HK\$0.01 per share).

The interim dividend declared subsequent to 30 September 2021 has not been recognised as a liability as at 30 September 2021.

## 8. EARNINGS PER SHARE

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

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Six months ended</b>		<b>Three months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the period attributable to owners of the Company	<b>85,535</b>	121,720	<b>20,045</b>	54,505

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Six months ended</b>		<b>Three months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>

### Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>3,558,724</b>	3,558,724	<b>3,558,724</b>	3,558,724
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For the calculation of diluted earnings per share, no adjustment has been made to the basic earnings per share for the three months and the six months ended 30 September 2021 and 2020 as there was no dilutive potential ordinary shares in existence for the three months and six months ended 30 September 2021 and 2020.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, additions to property, plant and equipment amounted to RMB30,675,000.

## 10. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Contract assets	<b>98,406</b>	132,741
Trade receivables, net	<b>281,388</b>	238,311
Bills receivables	<b>72,127</b>	192,939
	<b>451,921</b>	563,991

Contract assets represent retention receivables of RMB98,406,000 (31 March 2021: RMB132,741,000) arising from provision of blasting operations and related services.

Bills receivables generally have credit terms ranging from three to six months. Customers of bulk mineral trade are usually required to pay deposits before good delivery. 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.

The ageing analysis of trade receivables, based on invoice date, as of the end of the reporting period is as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i>	(Audited) 31 March 2021 <i>RMB'000</i>
0-30 days	<b>101,186</b>	228,997
31-90 days	<b>71,404</b>	78,541
91 days to 1 year	<b>105,246</b>	16,937
Over 1 year	<b>101,958</b>	46,577
	<b>379,794</b>	371,052

#### 11. TRADE PAYABLES

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i>	(Audited) 31 March 2021 <i>RMB'000</i>
0-180 days	<b>334,735</b>	363,416
181-365 days	<b>77,910</b>	19,352
Over 1 year	<b>31,621</b>	56,230
	<b>444,266</b>	438,998

#### 12. CAPITAL COMMITMENTS

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i>	(Audited) 31 March 2021 <i>RMB'000</i>
Acquisition of property, plant and equipment	<b>70,195</b>	50,542



### 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	
			2021	2020
			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, controlling shareholder	Security services provided by the related party	735	1,063
(Wuhai City Tianrun Blasting Services Company Limited)	Associate	Sales to the related party	<u>5,688</u>	<u>17,872</u>

*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 RMB1,256,000 (Six months ended 30 September 2020: RMB1,014,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

Revenue of the Group for the six months ended 30 September 2021 increased by 6.26% as compared with the same period in 2020. The increase was mainly due to the mining operation business acquired by the Group earlier has commenced commercial production in the second quarter of this financial year, contributed RMB65.34 million in revenue to the Group.

For the six months ended 30 September 2021, the cost of goods sold and selling and distribution expenses increased by 17.66% and 55.31% respectively over the same period last year, mainly due to the increase in the cost of the mining business, the price rising of raw material ammonium nitrate and diesel led to an increase in the cost of civil explosives operations. In addition, the increase in diesel prices has also led to a sharp increase in transportation costs, this is, an increase in selling and distribution expenses.

During the period ended 30 September 2021, the administrative and other operating expenses of the Group increased by 50.13% compared to the same period last year. This was mainly due to the start of the formal commercial production of the mining business, so its revenue costs and expenses were officially incorporated into the Group's. In addition, the Group awarded a total of 27,069,000 shares to 56 eligible participants on 5 July 2021 in accordance with the share award plan announced earlier, resulting in a fee of approximately RMB6 million.

### **Liquidity and Financial Resources**

As at 30 September 2021, the net assets of the Group amounted to approximately RMB1,300.53 million (31 March 2021: net assets of RMB1,167.27 million). Current assets amounted to approximately RMB1,285.27 million (31 March 2021: RMB1,043.30 million) of which approximately RMB431.49 million (31 March 2021: RMB232.01 million) were cash and bank balances and approximately RMB333.66 million (31 March 2021: RMB188.53 million) were other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB1,057.10 million (31 March 2021: RMB1,028.37 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 2021.

### **Significant Investments**

During the six months ended 30 September 2021, 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**

As at 30 September 2021, the Group did not have any material acquisition.

As announced by the Company in the announcement dated 28 June 2019, a wholly-owned subsidiary entered into the Capital Injection and Cooperation Agreement with the major shareholders of the target company and the target company with a capital injection of RMB270 million. All the terms and conditions of the capital injection was completed on 9 October 2020.

## **Gearing Ratio**

As at 30 September 2021, the Group's gearing ratio, calculated as total debts of approximately RMB964.92 million (31 March 2021: RMB875.22 million) divided by total assets of approximately RMB3,022.24 million (31 March 2021: RMB2,715.65 million) was 31.93% (31 March 2021: 32.23%).

## **Charge of Assets**

As at 30 September 2021, certain property, plant and equipment amounted to RMB19,352,000 (31 March 2021: RMB27,793,000, mining right of RMB108,433,000 (31 March 2021: RMB149,465,000), guarantees provided by certain shareholders, an affiliate of shareholders, directors and a related party of a subsidiary; were pledged to secure the Group's bank loans.

The former executive director and chairman of the Company, Mr. Ma Qiang also made the personal guarantee.

## **Capital Commitment**

The Group's material capital commitments as at 30 September 2021 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 Tajikistan 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 2021, the Group did not have any material contingent liabilities (31 March 2021: nil).

## Human Resources

As at 30 September 2021, the Group had 1,248 (31 March 2021: 901) full time employees in the PRC, Hong Kong and Tajikistan. Staff remuneration packages are determined by reference to prevailing market rates. Staff benefits include mandatory provident fund, personal insurance and discretionary bonus which are based on their performance and contribution to the Group. The Company has adopted the Share Award Scheme to provide remuneration to its employees and directors of the Group. The Group awarded a total of 27,069,000 Awarded Shares to 56 Eligible Participants, as detailed in the Company's announcement dated 5 July 2021.

## EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

### Exploration and Development

For the six months ended 30 September 2021, Anhui Jinding has drilled 18 underground drillholes for the purpose of production exploration (preparation for mining production and reconciliation), totalling 1,224.91m. The Company has commenced its commercial production in July 2021.

### Mining

Up to the end of September 2021, the processing plant had processed a total of 186,307 tonnes of raw ore in dry form. The total cumulative average grade of the raw ore was 0.259% Cu, 16.05% S and 0.56 g/t Au. A total of 1,952.6 tonnes of copper concentrate was produced at an annual average grade of 19.96% with a gold content of 21.02 g/t. A total of 50,315.7 tonnes of sulfur concentrate was produced at an annual average grade of 48.23%. A total of 3,100 tonnes of iron ore concentrate was produced at an annual average grade of 54.37%.

## EXPLORATION, DEVELOPMENT AND MINING EXPENSES OF ANHUI JIDING

For the six months ended 30 September 2021, the expenditures of exploration, development and mining activities are summarized in the following table:

<b>Project</b>	<b>Exploration</b> <i>RMB'000</i>	<b>Development</b> <i>RMB'000</i>	<b>Mining</b> <i>RMB'000</i>
Huangtun Pyrite Mine	582	–	4,267

## BUSINESS REVIEW AND PROSPECTS

### Business review

For the period ended 30 September 2021, the Group's revenue mainly came from the sales of civilian explosives and the provision of blasting operations business, because the earlier acquisition of Jinding Mining has commenced commercial production in the second quarter of the year, so the Group has successfully expanded its business to the mining business.

### Business Outlook

The Group will continue to develop its civilian explosives business. As for the mining business, Anhui Jinding has officially put into commercial production in the second quarter. We will ensure that it can continue to develop steadily, run at full capacity as soon as possible, and achieve the original production target, and strive for maximum economic benefits for shareholders.

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

As at 30 September 2021, the interests or short positions of the Directors (the "Directors") and the chief executive of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which is taken or deemed to have under such provisions of the SFO), or which were required, to be entered in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

The Company – interests in Shares and underlying Shares

Name of Director	Capacity/nature of interest	Number and class of securities held (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Xiong Zeke	Interest of a controlled corporation (Note 4)	80,811,927 ordinary shares (L)	2.27%
	Beneficial owner	13,813,333 ordinary shares (L)	0.39%

<b>Name of Director</b>	<b>Capacity/nature of interest</b>	<b>Number and class of securities held</b> <i>(Note 1)</i>	<b>Approximate percentage of shareholding</b> <i>(Note 2)</i>
Ms. Qin Chunhong	Interest of a controlled corporation <i>(Note 5)</i>	34,024,908 ordinary shares (L)	0.96%
	Beneficial owner	2,540,000 ordinary shares (L)	0.07%
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) <i>(Note 3)</i>	46.64%
Mr. Ma Tianyi	Interest of a controlled corporation <i>(Note 6)</i>	3,660,000 ordinary shares (L)	0.10%
	Beneficial Owner	2,000,000 ordinary shares (L)	0.06%
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 section 318 of the SFO	1,776,098,222 ordinary shares (L) <i>(Note 3)</i>	49.91%
Mr. Ma Gangling	Beneficial owner	36,024,908 ordinary shares (L)	1.01%

*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 2021.
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; and (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 Fabulous Seeker Holdings Limited in 80,811,927 shares of the Company. As the entire issued share capital of Fabulous Seeker Holdings Limited was owned by Mr. Xiong Zeke, he was deemed to be interested in all the shares in which Fabulous Seeker Holdings Limited 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 by the virtue of the SFO.
6. These shares represented the interests of Pin On Everest Asset Holdings Ltd in 3,660,000 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.

Save as disclosed above, as at 30 September 2021, 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 2021, 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 and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

### **Long positions in shares**

<b>Name of shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number and class of securities held</b> <i>(Note 1)</i>	<b>Approximate percentage of shareholding</b> <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 section 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 section 318 of the SFO	1,729,937,185 ordinary shares (L) <i>(Note 4)</i>	48.61%



<b>Name of shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number and class of securities held</b> <i>(Note 1)</i>	<b>Approximate percentage of shareholding</b> <i>(Note 2)</i>
Mr. Ma Qiang	Founder of a discretionary trust <i>(Note 3)</i>	1,902,103,222 ordinary shares (L)	53.45%
Mr. Yang Tao	Beneficial owner	274,919,268 ordinary shares (L)	7.73%
Mr. Li Man	Beneficial owner	272,039,268 ordinary shares (L)	7.64%
Mr. Lyu Wenhua	Beneficial owner	240,696,854 ordinary shares (L)	6.76%

*Notes:*

1. The letter “L” denotes a long position in the shares or underlying shares of the Company or any of its associated corporations.
2. The percentage of shareholding is calculated based on the number of issued shares of the Company as at 30 September 2021.
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 and (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 2021, 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 and underlying 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.

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares (six months ended 30 September 2020: nil).

## **COMPETING INTERESTS**

For the six months ended 30 September 2021, 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**

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.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 30 September 2021, 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 2021.

## **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 C.3.1 to C.3.6 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 Lin, Ms. Liu Talin and Ms. Yao Yunzhu.

The interim report of the Group for the six months ended 30 September 2021 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. Xiong Zeke (*Chairman*)  
Mr. Ma Tianyi (*Chief Executive Officer*)  
Mr. Liu Fali (*Chief Operating Officer*)  
Mr. Ma Gangling  
Ms. Qin Chunhong  
Ms. Ma Ye

*Independent non-executive directors:*

Ms. Zhang Lin  
Ms. Liu Talin  
Ms. Yao Yunzhu

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

China, 12 November 2021

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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