

# 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)

### THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE QUARTER ENDED 31 DECEMBER 2018

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## **HIGHLIGHTS**

- Revenue of the Group for the nine months ended 31 December 2018 (the “Period”) was approximately RMB1,037.55 million, representing an increase of approximately 35.10% as compared to the corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to owners of approximately RMB130.65 million for the Period.
- The Group recorded a total comprehensive income attributable to owners approximately RMB132.11 million for the Period.
- Basic profit per share of the Group was approximately RMB0.037 for the Period.
- The Board does not recommend the payment of any dividend for the Period.

## UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

The board of directors (the “Board”) of Pizu Group Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 31 December 2018, together with the unaudited comparative figures for the corresponding periods in 2017, as follows:

*(Unless otherwise stated, all financial figures presented in this quarterly financial report are denominated in Renminbi (“RMB”) thousand dollars)*

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited)		(Unaudited)	
		Nine months ended		Three months ended	
		31 December		31 December	
		2018	2017	2018	2017
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>	2	<b>1,037,551</b>	768,014	<b>467,312</b>	245,022
Cost of goods sold and services provided		<u>(737,827)</u>	<u>(492,652)</u>	<u>(337,975)</u>	<u>(167,290)</u>
<b>Gross profit</b>		<b>299,724</b>	275,362	<b>129,337</b>	77,732
Other income and gain		<b>9,674</b>	5,868	<b>2,898</b>	2,083
Share of profit of associates		<b>10,208</b>	3,656	<b>5,777</b>	3,005
Selling and distribution expenses		<b>(16,116)</b>	(18,970)	<b>(10,877)</b>	(5,692)
Administrative and other operating expenses		<b>(57,653)</b>	(49,300)	<b>(23,966)</b>	(20,114)
Other gain and loss					
Gain on bargain purchase	6	<b>992</b>	–	–	–
Loss on disposal of a subsidiary	7	<b>(680)</b>	–	–	–
<b>Operating profit</b>		<b>246,149</b>	216,616	<b>103,169</b>	57,014
Finance costs		<b>(2,116)</b>	(3,601)	<b>(761)</b>	(1,092)
<b>Profit before income tax</b>		<b>244,033</b>	213,015	<b>102,408</b>	55,922
Income tax	3	<b>(28,545)</b>	(24,725)	<b>(12,152)</b>	(5,089)

	<i>Notes</i>	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
		<b>Nine months ended</b>		<b>Three months ended</b>	
		<b>31 December</b>		<b>31 December</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>		<b>215,488</b>	188,290	<b>90,256</b>	50,833
<b>Other comprehensive income for the period</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences arising from					
– translation of foreign operations		<b>1,341</b>	–	<b>2,318</b>	–
– translation of financial statements of subsidiaries		–	(2,685)	–	(639)
– reclassification relating to disposal of a subsidiary		<b>680</b>	–	–	–
<b>Total comprehensive income for the period</b>		<b>217,509</b>	185,605	<b>92,574</b>	50,194
<b>Profit attributable to:</b>					
Owners of the Company		<b>130,646</b>	114,323	<b>54,970</b>	31,489
Non-controlling interests		<b>84,842</b>	73,967	<b>35,286</b>	19,344
		<b>215,488</b>	188,290	<b>90,256</b>	50,833
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>132,114</b>	111,638	<b>57,532</b>	30,850
Non-controlling interests		<b>85,395</b>	73,967	<b>35,042</b>	19,344
		<b>217,509</b>	185,605	<b>92,574</b>	50,194
		<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<b>Earnings per share</b>					
<b>Basic and diluted</b>	5	<b>0.037</b>	0.032	<b>0.016</b>	0.009

Notes:

## 1. PRINCIPAL ACCOUNTING POLICIES

The unaudited quarterly report has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2018, and new or amended HKFRSs as mentioned in note 3 to the interim report for the six months ended 30 September 2018.

The quarterly report is unaudited, but has been reviewed by the audit committee of the Company.

The Group principally operates in the People’s Republic of China (the “PRC”) with its business activities principally transacted in RMB, the results of the Group are therefore prepared in RMB.

## 2. REVENUE

An analysis of the revenue from the Group’s principal activities is follows:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Nine months ended</b>		<b>Three months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>RMB’000</b>	RMB’000	<b>RMB’000</b>	RMB’000
Sale of explosives	<b>248,374</b>	270,495	<b>109,322</b>	56,017
Provision of blasting operations	<b>789,177</b>	467,991	<b>357,990</b>	185,124
Sale of commodity goods	–	29,528	–	3,881
	<hr/>	<hr/>	<hr/>	<hr/>
Total turnover	<b>1,037,551</b>	768,014	<b>467,312</b>	245,022
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 3. 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.

Two subsidiaries which are incorporated in Tajikistan are subject to a corporate income tax rate of 23% (for activities other than goods production) and 13% (for activity of goods production) respectively. Enterprise Income Tax in the PRC (“EIT”) is calculated at the applicable EIT rate of 25%, except that:

- (i) two PRC subsidiaries which have obtained the New and Hi-tech Enterprise recognition are entitled to enjoy preferential EIT rate. One of the subsidiaries is entitled to preferential tax rate of 15% for a period of 3 years from 29 August 2014 and such period is further extended for 3 years to 24 August 2020 after the review by the tax authority on 25 August 2017. One subsidiary is entitled to preferential tax rate of 15% for a period of 3 years from 29 November 2016. One subsidiary which recognised as Hi-tech Enterprise is entitled to preferential tax rate of 15% for a period of 3 years from 1 January 2018.
- (ii) a branch which is located in the Tibet Autonomous Region of the PRC is entitled to preferential tax rate of 9%.

	(Unaudited)		(Unaudited)	
	Nine months ended		Three months ended	
	31 December		31 December	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax for the period				
– EIT	24,292	24,725	10,639	5,089
– Tajikistan corporate income tax	3,454	–	1,513	–
Deferred tax for the period	799	–	–	–
	<u>28,545</u>	<u>24,725</u>	<u>12,152</u>	<u>5,089</u>

#### 4. DIVIDENDS

The Board does not recommend payment of any dividend for the nine months ended 31 December 2018 (Nine months ended 31 December 2017: Nil).

#### 5. EARNINGS PER SHARE

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

	<b>(Unaudited)</b> <b>Nine months ended</b> <b>31 December</b>		<b>(Unaudited)</b> <b>Three months ended</b> <b>30 September</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Profit for the period attributable to owners of the Company	<b>130,646</b>	114,323	<b>54,970</b>	31,489

	<b>(Unaudited)</b> <b>Nine months ended</b> <b>31 December</b>		<b>(Unaudited)</b> <b>Three months ended</b> <b>30 September</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>Number</b>	Number	<b>Number</b>	Number
	<b>of shares</b>	of shares	<b>of shares</b>	of shares
	<b>'000</b>	'000	<b>'000</b>	'000
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

For the calculation of diluted earning per share, no adjustment has been made to basic earnings per share for the nine months and three months ended 31 December 2018 and 2017 as there was no dilutive potential ordinary shares in existence for the nine months and three months ended 31 December 2018 and 2017.

## 6. ACQUISITION OF A SUBSIDIARY

During the period, the Group acquired entire equity interest in 西藏廣旭實業有限公司, a company whose principal activity is provision of mining service and subcontracting service. The acquisition was made with the aims to expand the Group's existing scale of operation.

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	(Unaudited) RMB'000
Property, plant and equipment	730
Cash and bank balances	8,889
Trade receivables	12,450
Other receivables, prepayments and deposits	36,123
Other payables and accruals	<u>(57,000)</u>
	1,192
Gain on bargain purchase	<u>(992)</u>
Total consideration	<u><u>200</u></u>
Consideration satisfied by:	
Cash	<u><u>200</u></u>
Net cash inflow arising from the acquisition:	
Cash consideration paid	(200)
Cash and bank balances acquired	<u>8,889</u>
	<u><u>8,689</u></u>

The fair value of trade and other receivables amounted to RMB29,129,000. The gross amount of these receivables is RMB29,129,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.



## 7. DISPOSAL OF A SUBSIDIARY

During the nine months ended 31 December 2018, the Group disposed of its entire interest in Pizu Group Limited to an independent third party at nil consideration.

The net assets of the subsidiary at the date of disposal are set out below:

	(Unaudited) <i>RMB'000</i>
Cash and cash equivalents	—
Net assets disposed of	—
Exchange reserve reclassified upon disposal	680
	680
Loss on disposal of a subsidiary	(680)
Total consideration	—

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The revenue of the Group for the nine months ended 31 December 2018 increased by 35.10% as compared with the same period in 2017. The increase in turnover was mainly due to the Group has recently developed Tajikistan market and Tibet market which continue to contribute the enormous revenue.

The selling and distribution expenses for the nine months ended 31 December 2018 decreased by 15.04% as compared with the same period in 2017. It was mainly due to the significant decrease in domestic sales of civil explosives in the first quarter.

### **Liquidity and Financial Resources**

As at 31 December 2018, the net assets of the Group amounted to approximately RMB792.33 million (31 March 2018: net assets of RMB602.73 million). Current assets amounted to approximately RMB898.81 million (31 March 2018: RMB680.90 million) of which approximately RMB168.65 million (31 March 2018: RMB127.51 million) were cash and bank balances and approximately RMB151.99 million (31 March 2018: RMB201.62 million) were other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB450.72 million (31 March 2018: RMB368.49 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 nine months ended 31 December 2018.

### **Significant Investments**

During the nine months ended 31 December 2018, the Group did not have any Significant investment.

### **Material Acquisitions**

The material acquisition is covered in note 6 to the quarterly report.

## Charge of Assets

As at 31 December 2018, certain trade receivables amounted to RMB91,308,000 (31 March 2018: RMB44,004,000) and certain property, plant and equipment amounted to RMB97,511,000 (31 March 2018: RMB95,508,000) were pledged to secure the Group's bank loans.

## Capital Commitment

The following is the detail of capital expenditure contracted for but not provided as at 31 December:

	<b>(Unaudited)</b>	(Audited)
	<b>31 December</b>	31 March
	<b>2018</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
Commitment for acquisition		
of property, plant and equipment	<b>870</b>	3,471
Capital Contribution to an investee Company	<b>–</b>	25,000

## 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 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 31 December 2018, the Group did not have any material contingent liabilities (31 March 2018: nil).

## Human Resources

As at 31 December 2018, the Group had 2,313 full time employees (31 March 2018: 2,014) 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.

## **BUSINESS REVIEW AND PROSPECTS**

### **Business Review**

For the period ended 31 December 2018, the primary income source of the Group mainly came from civil explosive manufacturing and service business. After reviewing the business operation in recent years, the Group will focus on civil explosive business due to the fact that this operation can generate substantial and sustainable profit for the Group. Also, the Group will continue to positively expand the provision of blasting operation.

The Group had also successfully renewed the money lender licence on 10 July 2018, and will continue to develop the lending business.

The subsidiary established by our Group in Tajikistan to produce and sell civilian explosives has been successfully put into operation and has started to generate revenue for the Group.

In addition, as mentioned in the first quarterly report of the Group, the comprehensive environmental inspections in Inner Mongolia caused many mining customers of our Group to cut or even stop production, which led to the direct negative impact on the Group's civil explosive income in Inner Mongolia. The income of civilian explosions in Inner Mongolia has been returned to normal.

### **Business Outlook**

The Group will continue to focus on the development of civil explosive business.

The Group will continue to put more efforts on developing the business of manufacturing of explosives and make steady profit. We endeavor to expand to the downstream business. The Group will seek progress amidst stability, make the best of government policies such as “the Belt and Road” initiative and explore new market. Our Group will strive for the sustainable and positive growth of the business and create stable returns for the shareholders.

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

As at 31 December 2018, the interests or short positions of the Directors (the "Directors") and the chief executive of the Company in the shares and underlying shares 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. Ma Qiang (resigned as a Director on 9 January 2019)	Interest of a controlled corporation (Note 3)	1,209,329,665 ordinary shares (L)	33.98%
	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	688,053,557 ordinary shares (L) (Note 4)	19.33%
Mr. Xiong Zeke	Interest of a controlled corporation (Note 5)	80,811,927 ordinary shares (L)	2.27%
	Beneficial owner	10,793,333 ordinary shares (L) (Note 5)	0.30%

Name of Director	Capacity/nature of interest	Number and class of securities held (Note 1)	Approximate percentage of shareholding (Note 2)
Ms. Qin Chunhong	Interest of a controlled corporation (Note 6)	34,024,908 ordinary shares (L)	0.96%
	Beneficial owner	540,000 ordinary shares (L)	0.01%
Mr. Liu Fali	Beneficial owner	240,415,854 ordinary shares (L)	6.76%
	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	1,657,167,368 ordinary shares (L) (Note 4)	46.57%
Mr. Ma Tianyi	Beneficial owner	3,000,000 ordinary shares (L)	0.08%

*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 31 December 2018.
3. These shares were held by Shiny Ocean, the entire issued share capital of which was owned by Mr. Ma Qiang. Accordingly, Mr. Ma Qiang was deemed to be interested in all the shares in which Shiny Ocean was interested by virtue of the SFO.
4. These shares represented the interests of Mr. Ma Suocheng, Ms. Ma Ye, Ms. Ma Xia and Mr. Liu Fali in 151,666,666, 124,005,000, 172,166,037 and 240,215,854 shares of the Company respectively.

Pursuant to an irrevocable undertaking (the “Irrevocable Undertaking”) dated 22 June 2015 given by Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali in favour of Mr. Ma Qiang. Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali had undertaken, among others, (i) to exercise the conversion rights attached to the respective Convertible Bonds held by them in accordance with the direction of Mr. Ma Qiang; (ii) to exercise their voting rights as shareholders of the Conversion Shares (upon the exercise of the conversion rights attached to the respective Convertible Bonds held by them) in the shareholders’ meeting of the Company in accordance with the direction of Mr. Ma Qiang; and (iii) not to transfer the conversion rights nor Conversion Shares they obtained upon the exercise of the conversion rights to any third party without prior written consent from Mr. Ma Qiang.

Accordingly, Mr. Ma Qiang was deemed to be interested in all the shares in which Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali were interested by virtue of the SFO.

5. 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.
6. 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 son. Ms. Qin was deemed to be interested in all the Shares by the virtue of the SFO.

Save as disclosed above, as at 31 December 2018, none of the Directors or chief executive 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 31 December 2018, 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	1,209,329,665 ordinary shares (L)	33.98%
Mr. Ma Suocheng	Beneficial owner	151,666,666 ordinary shares (L) <i>(Note 3)</i>	4.26%
	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	1,745,716,556 ordinary shares (L) <i>(Note 4)</i>	49.05%
Ms. Ma Xia	Beneficial owner	172,166,037 ordinary shares (L) <i>(Note 3)</i>	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	1,725,217,185 ordinary shares (L) <i>(Note 4)</i>	48.48%



<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>
Ms. Ma Ye	Beneficial owner	124,005,000 ordinary shares (L) <i>(Note 3)</i>	3.48%
	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	1,773,378,222 ordinary shares (L) <i>(Note 4)</i>	49.83%
Mr. Yang Tao	Beneficial owner	273,039,268 ordinary shares (L)	7.67%
Mr. Li Man	Beneficial owner	272,739,268 ordinary shares (L)	7.66%
Mr. Lv Wenhua	Beneficial owner	240,415,854 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 31 December 2018.
3. These shares represented the interests of Mr. Ma Suocheng, Ms. Ma Ye, Ms. Ma Xia and Mr. Liu Fali in 151,666,666, 124,005,000, 172,166,037 and 240,215,854 shares of the Company respectively.
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 31 December 2018, 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 required to be kept under section 336 of the SFO.

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

During the nine months ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares (nine months ended 31 December 2017: nil).

### **COMPETING INTERESTS**

For the nine months ended 31 December 2018, none of the Directors or the management 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 nine months ended 31 December 2018, 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 nine months ended 31 December 2018.

### **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 Group's draft unaudited financial statements for the nine months ended 31 December 2018 have been reviewed and commented by the members of the audit committee.

During the quarter ended 31 December 2018 and up to the date of this report, the Board comprises the following directors:

*Executive directors:*

Mr. Xiong Zeke (*Chairman*)

(re-designated from Chief Executive Officer on 9 January 2019)

Mr. Ma Tianyi (*Vice Chairman*)

(re-designated from Assistant to the Chairman on 9 January 2019)

Mr. Liu Fali (*Chief Executive Officer*)

(re-designated from Chief Operating Officer on 9 January 2019)

Mr. Ma Gangling (*Chief Operating Officer*)

(appointed on 9 January 2019)

Ms. Qin Chunhong

Ms. Ma Ye (appointed on 9 January 2019)

Mr. Ma Qiang (resigned on 9 January 2019)

Mr. Ding Baoshan (resigned on 9 January 2019)

*Independent non-executive directors:*

Ms. Zhang Lin

Ms. Liu Talin

Ms. Yao Yunzhu

Mr. Enhe Bayaer

(resigned on 27 July 2018)

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

PRC, 31 January 2019

*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)*