

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 2019

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

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HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2019 (the “Interim Period”) was approximately RMB698.01 million , representing an increase of approximately 22.41% as compared to the corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to owners of approximately RMB89.30 million for the Interim Period.
- The Group recorded a total comprehensive income attributable to owners of the Company approximately RMB92.21 million for the Interim Period.
- Basic earnings per share of the Group was approximately RMB0.025 for the Interim Period.
- The Board recommend the payment of interim dividend of HK\$0.005 per share.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the six months ended 30 September 2019

		(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
		2019	2018	2019	2018
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	698,011	570,239	309,180	300,980
Cost of goods sold and services provided		<u>(488,494)</u>	<u>(399,852)</u>	<u>(228,371)</u>	<u>(207,228)</u>
Gross profit		209,517	170,387	80,809	93,752
Other income and gain		6,503	6,776	5,894	5,676
Share of profits of associates		7,401	4,431	3,721	3,646
Selling and distribution expenses		(14,242)	(5,239)	(2,972)	(2,718)
Administrative and other operating expenses		(38,353)	(33,687)	(14,909)	(17,795)
Other gain and loss					
Gain on bargain purchase		–	992	–	992
Gain/(loss) on disposal of a subsidiary	12	<u>984</u>	<u>(680)</u>	<u>984</u>	<u>(680)</u>
Operating profit		171,810	142,980	73,527	82,873
Finance costs	6	<u>(1,918)</u>	<u>(1,355)</u>	<u>(1,589)</u>	<u>(796)</u>
Profit before income tax		169,892	141,625	71,938	82,077
Income tax	5	<u>(18,565)</u>	<u>(16,393)</u>	<u>(7,179)</u>	<u>(9,468)</u>
Profit for the period	6	151,327	125,232	64,759	72,609
Other comprehensive income for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising from					
– translation of foreign operations		3,007	(977)	728	(3,541)
– reclassification relating to disposal of a subsidiary		<u>(96)</u>	<u>680</u>	<u>(96)</u>	<u>680</u>
Total comprehensive income for the period		<u>154,238</u>	<u>124,935</u>	<u>65,391</u>	<u>69,748</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the six months ended 30 September 2019

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:				
Owners of the Company	89,299	75,676	37,931	43,160
Non-controlling interests	62,028	49,556	26,828	29,449
	151,327	125,232	64,759	72,609
Total comprehensive income attributable to:				
Owners of the Company	92,210	74,582	38,563	39,502
Non-controlling interests	62,028	50,353	26,828	30,246
	154,238	124,935	65,391	69,748
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share	8			
Basic and diluted	0.025	0.021	0.011	0.012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

		(Unaudited) 30 September 2019 <i>RMB'000</i>	(Audited) 31 March 2019 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	9	287,594	260,902
Prepaid lease payments for land		5,230	5,467
Prepayment for purchase of property, plant and equipment		603	7,255
Intangible assets		49,865	49,074
Interests in associates		29,446	7,045
Deferred tax assets		–	1,487
		372,738	331,230
Current assets			
Inventories		28,199	76,122
Contract assets and Trade and bills receivables	10	548,683	621,550
Other receivables, prepayments and deposits		514,552	215,587
Prepaid lease payments for land		203	203
Finance lease receivables		–	17,949
Amounts due from associates		4,922	18,443
Amount due from a joint venture		12,383	13,016
Amounts due from shareholders		355	335
Tax recoverable		6,124	2,382
Cash and cash equivalents		177,331	93,270
		1,292,752	1,058,857
Current liabilities			
Trade payables	11	191,593	241,615
Other payables and accruals		102,615	105,828
Borrowings		152,000	40,000
Dividend payable		82,782	14,150
Amounts due to related companies		99,550	33,050
Amount due to a shareholder/ultimate holding company		64,609	63,053
Income tax payable		10,781	19,145
		703,930	516,841
Net current assets		588,822	542,016
Total assets less current liabilities		961,560	873,246

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	(Unaudited) 30 September 2019 <i>RMB'000</i>	(Audited) 31 March 2019 <i>RMB'000</i>
	<i>Notes</i>	
Non-current liabilities		
Borrowings	90,000	–
Deferred tax liabilities	5,714	5,714
	<u>95,714</u>	<u>5,714</u>
Net assets	<u>865,846</u>	<u>867,532</u>
Equity		
Share capital	40,259	40,259
Reserves	487,083	430,856
	<u>527,342</u>	<u>471,115</u>
Equity attributable to owners of the Company	527,342	471,115
Non-controlling interests	338,504	396,417
	<u>865,846</u>	<u>867,532</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019 (Unaudited)

	Equity attributable to owners of the Company											
	Share capital 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 2019	40,259	726,191	25,141	933	89,227	(613,604)	(35,468)	34,579	203,857	471,115	396,417	867,532
Profit for the period	-	-	-	-	-	-	-	-	89,299	89,299	62,028	151,327
Other comprehensive income for the period:												
Exchange differences arising from												
- translation to presentation currency	-	-	-	-	-	-	2,470	-	-	2,470	1,452	3,922
- reclassification relating to disposal of a subsidiary	-	-	-	-	-	-	(96)	-	-	(96)	-	(96)
Total comprehensive income for the period	-	-	-	-	-	-	2,374	-	89,299	91,673	63,480	155,153
Dividend declared and payable												
- owners	-	(32,384)	-	-	-	-	-	-	-	(32,384)	-	(32,384)
- non-controlling interest	-	-	-	-	-	-	-	-	-	-	(121,393)	(121,393)
Utilisation of other reserves	-	-	-	-	-	-	-	(3,062)	-	(3,062)	-	(3,062)
At 30 September 2019	<u>40,259</u>	<u>693,807</u>	<u>25,141</u>	<u>933</u>	<u>89,227</u>	<u>(613,604)</u>	<u>(33,094)</u>	<u>31,517</u>	<u>293,156</u>	<u>527,342</u>	<u>338,504</u>	<u>865,846</u>
At 1 April 2018 as originally presented	40,259	756,796	25,141	933	89,227	(613,604)	(32,408)	35,766	23,036	325,146	277,588	602,734
Initial application of HKFRS 9 (Note 3(a))	-	-	-	-	-	-	-	-	(5,659)	(5,659)	(3,774)	(9,433)
At 1 April 2018 as restated	40,259	756,796	25,141	933	89,227	(613,604)	(32,408)	35,766	17,377	319,487	273,814	593,301
Profit for the period	-	-	-	-	-	-	-	-	75,676	75,676	49,556	125,232
Other comprehensive income for the period:												
Exchange differences arising from												
- translation of foreign operations	-	-	-	-	-	-	(1,774)	-	-	(1,774)	797	(977)
- reclassification relating to disposal of a subsidiary	-	-	-	-	-	-	680	-	-	680	-	680
Total comprehensive income for the period	-	-	-	-	-	-	(1,094)	-	75,676	74,582	50,353	124,935
Dividend declared and payable	-	(15,658)	-	-	-	-	-	-	-	(15,658)	-	(15,658)
Transfer to statutory and other reserves	-	-	-	-	-	-	-	2,000	(2,000)	-	-	-
Utilisation of other reserves	-	-	-	-	-	-	-	(888)	888	-	-	-
At 30 September 2018	<u>40,259</u>	<u>741,138</u>	<u>25,141</u>	<u>933</u>	<u>89,227</u>	<u>(613,604)</u>	<u>(33,502)</u>	<u>36,878</u>	<u>91,941</u>	<u>378,411</u>	<u>324,167</u>	<u>702,578</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	(Unaudited) Six months ended 30 September 2019 <i>RMB'000</i>	(Unaudited) Six months ended 30 September 2018 <i>RMB'000</i>
Net cash generated from operating activities	45,375	19,157
Cash flows from investing activities		
Interest received	296	307
Finance lease interest income received	–	398
Proceed from disposal of property, plant and equipment	475	18,668
Purchase of property, plant and equipment	(15,896)	(39,363)
Purchase of intangible asset	(7,160)	(822)
Decrease in amount due from a joint venture	(633)	(15,920)
Acquisition of interest in a subsidiary	–	8,689
Acquisition of an associate	(15,000)	–
Prepayment of an investment	(105,160)	–
Dividend paid to non-controlling interest	(84,000)	–
Net cash used in investing activities	(227,078)	(28,043)
Cash flows from financing activities		
(Increase)/decrease in amounts due to shareholders	1,556	(31)
Increase in amounts due to related companies	66,500	4,715
Interest paid	(1,918)	(1,355)
Proceeds from borrowings	242,000	20,000
Repayment of bank borrowings	(40,000)	(10,000)
Net cash generated from financing activities	268,138	13,329
Net increase in cash and cash equivalents	86,435	4,443
Cash and cash equivalents at beginning of the period	93,270	127,514
Effect of foreign exchange rate changes	(2,374)	1,075
Cash and cash equivalent at end of the period	177,331	133,032

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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 SMP Partners (Cayman) Limited, Royal Bank House, 3rd Floor 24 Shedden Road P.O. Box 1586 Grand Cayman, KY1-1110, Cayman Islands. The address of its principal place of business is Flat A, 11/F., Two Chinachem Plaza, 68 Connaught Road Central, 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 and provision of blasting operation and related services.

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 2019 (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 8 November 2019.

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 2019 (the “2019 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 2019 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)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of explosives	177,512	139,052	12,118	88,837
Provision of blasting operations	519,688	431,187	296,251	212,143
Sales of commodity goods	811	–	811	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	698,011	570,239	309,180	300,980
	<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 is 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.

- Sales of commodity goods: trading of commodity goods in the PRC
- Explosives trading and blasting services: manufacturing and sale of explosives and provision of blasting operations in the PRC and the 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 2019 (Unaudited)

	Sales of commodity goods <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	<u>811</u>	<u>697,200</u>	<u>698,011</u>
Segment (loss)/profit	<u>(1,064)</u>	<u>174,328</u>	173,264
Other income			2,218
Unallocated corporate expenses			(3,672)
Finance costs			<u>(1,918)</u>
Profit before income tax			<u>169,892</u>

Six months ended 30 September 2018 (Unaudited)

	Sales of commodity goods <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	<u>–</u>	<u>570,239</u>	<u>570,239</u>
Segment (loss)/profit	<u>(3,107)</u>	<u>147,021</u>	143,914
Other income			3,321
Unallocated corporate expenses			(4,255)
Finance costs			<u>(1,355)</u>
Profit before income tax			<u>141,625</u>

Three months ended 30 September 2019 (Unaudited)

	Sales of commodity goods <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	<u>811</u>	<u>308,369</u>	<u>309,180</u>
Segment (loss)/profit	<u>(866)</u>	<u>73,949</u>	<u>73,083</u>
Other income			1,604
Unallocated corporate expenses			(1,160)
Finance costs			<u>(1,589)</u>
Profit before income tax			<u><u>71,938</u></u>

Three months ended 30 September 2018 (Unaudited)

	Sales of commodity goods <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	<u>–</u>	<u>300,980</u>	<u>300,980</u>
Segment (loss)/profit	<u>(2,145)</u>	<u>83,994</u>	<u>81,849</u>
Other income			3,982
Unallocated corporate expenses			(2,958)
Finance costs			<u>(796)</u>
Profit before income tax			<u><u>82,077</u></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.

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. One of the subsidiaries of the Group has signed an agreement with the Tajikistan government for a five-year exemption from corporate income tax. 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. Another subsidiary is entitled to preferential tax rate of 15% for a period of 3 years from 29 November 2016.
- (ii) a branch which is located in the Tibet Autonomous Region of the PRC is entitled to preferential tax rate of 9%.

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax for the period				
– EIT	18,435	13,653	7,179	7,640
– Tajikistan corporate income tax	130	1,941	–	1,029
Deferred tax for the period	–	799	–	799
	<u>18,565</u>	<u>16,393</u>	<u>7,179</u>	<u>9,468</u>

6. PROFIT FOR THE PERIOD

Profit for period is arrived at after charging the followings:

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	23,543	20,399	9,526	11,223
Amortisation of prepaid lease payment for land	270	102	63	51
Amortisation of intangible assets	102	46	51	23
	<u>1,918</u>	<u>1,355</u>	<u>1,589</u>	<u>796</u>
Finance costs				
– Interest charge on bank and other borrowings	1,918	1,355	1,589	796

7. DIVIDENDS

	(Unaudited) Six months ended 30 September 2019 RMB'000	(Unaudited) Six months ended 30 September 2018 RMB'000
Interim dividend proposed after the end of the reporting period HK\$0.005 per share	15,658	15,658

The final dividend for the year ended 31 March 2019 amounted RMB32,632,000 was recognised during the six months ended 30 September 2019 and the expected payment date is 22 November 2019.

The Board recommends payment of interim dividend of HK\$0.005 per share (Six months ended 30 September 2018: HK\$0.005 per share).

The interim dividend declared subsequent to 30 September 2019 has not been recognised as a liability as at 30 September 2019.

8. EARNINGS PER SHARE

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

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	89,299	75,676	37,931	43,160

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
	2019	2018	2019	2018
	'000	'000	'000	'000
Number of shares Weighted average number of ordinary shares for the purpose of basic earnings per share	3,558,724	3,558,724	3,558,724	3,558,724

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 2019 and 2018 as there was no dilutive potential ordinary shares in existence for the three months and six months ended 30 September 2019 and 2018.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, additions to property, plant and equipment amounted to RMB72,977,000.

10. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 September 2019 <i>RMB'000</i>	(Audited) 31 March 2019 <i>RMB'000</i>
Contract assets	98,534	81,652
Trade receivables, net	324,826	395,476
Bills receivables	125,323	144,422
	<u>548,683</u>	<u>621,550</u>

Contract assets represent retention receivables of RMB98,534,000 (31 March 2019: RMB81,652,000) 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:

	(Unaudited) 30 September 2019 <i>RMB'000</i>	(Audited) 31 March 2019 <i>RMB'000</i>
0-30 days	230,691	293,794
31-90 days	69,026	76,700
91 days to 1 year	40,013	50,516
Over 1 year	83,630	56,118
	<u>423,360</u>	<u>477,128</u>

11. TRADE PAYABLES

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

	(Unaudited) 30 September 2019 <i>RMB'000</i>	(Audited) 31 March 2019 <i>RMB'000</i>
0-180 days	87,570	234,821
181-365 days	44,487	6,024
Over 1 year	59,536	770
	191,593	241,615

12. DISPOSAL OF A SUBSIDIARY

During the six months ended 30 September 2019 the Group disposed of its entire interest in Ample Ocean International Limited to an independent third party for the consideration of US\$3,850,000.

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

	(Unaudited) <i>RMB'000</i>
Cash and cash equivalents	26,495
Net assets disposed of	25,607
Exchange reserve reclassified upon disposal	(96)
	25,511
Gain on disposal of a subsidiary	984
	26,495

13. CAPITAL COMMITMENTS

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

	(Unaudited)	(Audited)
	30 September	31 March
	2019	2019
	RMB'000	RMB'000
Acquisition of property, plant and equipment	25,553	8,921
Capital contribution to an investee company	169,840	65,000
	<u>195,393</u>	<u>73,921</u>

14. 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	
			2019	2018
			RMB'000	RMB'000
Inner Mongolia Shengan Security Limited	Entity under common control by Mr. Ma, controlling shareholder	Security services provided by the related party	745	826
Wuhai City Tianrun Blasting Services Company Limited	Associate	Sales to the related party	16,442	1,441
			<u>17,187</u>	<u>2,267</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 RMB1,410,000 (Six months ended 30 September 2018: RMB1,086,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue of the Group for the six months ended 30 September 2019 increased by 22.41% as compared with the same period in 2018. The increase was mainly due to the Group has recently developed Tajikistan market and Tibet market which continue to contribute the enormous revenue.

Furthermore, due to the comprehensive environmental inspection in the Inner Mongolia region during the period from May to June last year, many mining customers of our group, especially coal mine customers, reduced production or even stopped production, resulting in a direct impact on the income of the Group's civil explosives in Inner Mongolia. However, there was no such situation this year.

The selling and distribution expenses for the six months ended 30 September 2019 increased by approximately 1.72 times as compared with the same period in 2018. It was mainly because the sales of civil explosives have increased significantly, resulting in a significant increase in freight costs.

It was mainly due to the increase in domestic sales of civil explosive and the Tajikistan subsidiary has been put into operation.

Liquidity and Financial Resources

As at 30 September 2019, the net assets of the Group amounted to approximately RMB865.85 million (31 March 2019: net assets of RMB867.53 million). Current assets amounted to approximately RMB1,292.75 million (31 March 2019: RMB1,058.86 million) of which approximately RMB177.33 million (31 March 2019: RMB93.27 million) were cash and bank balances and approximately RMB514.55 million (31 March 2019: RMB215.59 million) were other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB703.93 million (31 March 2019: RMB516.84 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 2019.

Significant Investments

During the six months ended 30 September 2019, 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 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. The Company will convene an EGM for the Shareholders to approve the transaction.

Material Disposal

On 24 July 2019, the Company as a vendor entered into an agreement with a purchaser to dispose of the entire issued share capital of Ample Ocean International Limited for consideration of US\$3,850,000. The transaction was completed on 15 August 2019.

Gearing Ratio

As at 30 September 2019, the Group's gearing ratio, calculated as total debts of approximately RMB242.00 million (31 March 2019: RMB40.00 million) divided by total assets of approximately RMB1,665.49 million (31 March 2019: RMB1,390.09 million) was 14.53% (31 March 2019: 2.88%).

Charge of Assets

As at 30 September 2019, certain property, plant and equipment amounted to RMB87,981,000 (31 March 2019: RMB97,017,000), were pledged to secure the Group's bank loans.

Capital Commitment

The Group's material capital commitments as at 30 September 2019 are set out in note 13 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 2019, the Group did not have any material contingent liabilities (31 March 2019: nil).

Human Resources

As at 30 September 2019, the Group had 652 (31 March 2019: 2,189) 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.

BUSINESS REVIEW AND PROSPECTS

Business Review

For the period ended 30 September 2019, the primary income source of the Group came from sales of civil explosives and provision of blasting services. Especially, the business of provision of blasting operations has been bringing in sustainable revenue for the Group.

On 8 July 2019, the Company has resolved to adopt the Share Award Scheme for the purpose of affirming and rewarding the contribution of the Eligible Participants to the growth and development of the Group and motivating eligible participants to retain them and continue to assist the Group's operations and development and attracting suitable personnel to promote further development of the Group.

On July 24, 2019, the Company and an independent buyer signed a sale agreement to sell a subsidiary that failed to renew the subcontracted mining project this year to ensure a healthier structure, and continue to create value for shareholders.

Business Outlook

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

On June 29, 2019, a wholly-owned subsidiary of the Company entered into a Capital Injection and Cooperation Agreement with a company engaged in the mining and processing of pyrite, iron ore and copper ore and the sale of the above mineral products, and the relevant announcement was issued. The company hopes to take this opportunity to extend the industrial chain to non-ferrous metals and precious metals mining and development industries.

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 2019, 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 <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Mr. Xiong Zeke	Interest of a controlled corporation <i>(Note 4)</i>	80,811,927 ordinary shares (L)	2.27%
	Beneficial owner	11,393,333 ordinary shares (L)	0.32%
Ms. Qin Chunhong	Interest of a controlled corporation <i>(Note 5)</i>	34,024,908 ordinary shares (L)	0.96%
	Beneficial owner	540,000 ordinary shares (L)	0.02%
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 318 of the SFO	1,657,167,368 ordinary shares (L) <i>(Note 3)</i>	46.57%

Name of Director	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Mr. Ma Tianyi	Beneficial owner	3,000,000 ordinary shares (L)	0.08%
Ms. Ma Ye	Beneficial owner	124,005,000 ordinary shares (L)	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	1,773,578,222 ordinary shares (L) <i>(Note 3)</i>	49.83%
Mr. Ma Gangling	Beneficial owner	34,024,908 ordinary shares (L)	0.96%

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 2019.
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.

Save as disclosed above, as at 30 September 2019, 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 2019, 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

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	1,360,996,331 ordinary shares (L)	38.24%
Ma Family Holdings Co. Limited	Interest of a controlled corporation	1,360,996,331 ordinary shares (L) <i>(Note 3)</i>	38.24%
Equity Trustee Limited	Trustee (other than a bare trustee)	1,360,996,331 ordinary shares (L) <i>(Note 3)</i>	38.24%
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	1,897,583,222 ordinary shares (L) <i>(Note 4)</i>	53.32%

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>
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	1,725,417,185 ordinary shares (L) <i>(Note 4)</i>	48.48%
Mr. Ma Qiang	Founder of a discretionary trust <i>(Note 3)</i>	1,360,996,331 ordinary shares (L)	38.24%
	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	536,386,891 ordinary shares (L) <i>(Note 4)</i>	15.07%
Mr. Yang Tao	Beneficial owner	273,839,268 ordinary shares (L)	7.70%
Mr. Li Man	Beneficial owner	272,739,268 ordinary shares (L)	7.66%
Mr. Lyu 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 30 September 2019.
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 2019, 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 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares (six months ended 30 September 2018: nil).

COMPETING INTERESTS

For the six months ended 30 September 2019, 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 2019, 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 2019.

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.

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

China, 8 November 2019

As at the date of this announcement, the Board comprises nine Directors. The executive Directors are Mr. Xiong Zeke (Chairman), Mr. Liu Fali (Chief Executive Officer), Mr. Ma Gangling (Chief Operating Officer), Mr. Ma Tianyi, Ms. Qin Chunhong and Ms. Ma Ye; and the independent non-executive Directors are Ms. Zhang Lin, Ms. Liu Talin and Ms. Yao Yunzhu.

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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at www.pizugroup.com.