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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)

**FURTHER ANNOUNCEMENT
MAJOR TRANSACTION CAPITAL INJECTION
TO TARGET COMPANY
AND
DISCLOSEABLE TRANSACTION
ADVANCE TO THE TARGET COMPANY**

Reference is made to (i) the announcement dated 28 June 2019 (the “**Capital Injection Announcement**”) and (ii) the delay in despatch of circular of the Company dated 26 September 2019 and 28 October 2019 in relation to the capital injection to the Target Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Capital Injection Announcement.

ADVANCE TO THE TARGET COMPANY

Pursuant to the Capital Injection and Cooperation Agreement, Pizu Shenzhen will among other things, provide the First Shareholder’s Loan in the amount of RMB150 million to the Target Company. The outstanding amount as at the date of this announcement is RMB115.16 million for a period of one year commencing from the date of the loan.

On 20 November 2019 (after trading hours), Pizu Shenzhen, a wholly owned subsidiary of the Company entered into a supplemental capital injection and cooperation agreement (the “**Supplemental Agreement**”) with the Major Shareholders and the Target Company to increase the loan limit of the First Shareholder’s Loan from RMB150 million to RMB270 million (the “**Revised First Shareholder’s Loan**”), details of which are set out below: -

THE SUPPLEMENTAL AGREEMENT

Date: 20 November 2019

Parties: (1) the Major Shareholders
(2) Pizu Shenzhen
(3) the Target Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Target Company, the Existing Shareholders and their respective ultimate beneficial owners are Independent Third Parties.

Principal: The First Shareholder's Loan (ie. RMB150 million) plus an additional amount of RMB120 million, totalling to RMB270 million to be provided by Pizu Shenzhen to the Target Company

Term: 540 days from the date of the first drawdown of loan to the Target Company

Security: The Share Charge together with written joint liability guarantees signed by both Wu and Jianrui in order to guarantee the full repayment of the Revised First Shareholder's Loan

Repayment Term: The Parties agree that the repayment and interest arrangement of the Revised First Shareholder's Loan shall be effected as follows:

- 1) If the Capital Injection and Cooperation Agreement is terminated before Completion as a result of not being able to obtain the internal approval of Pizu Shenzhen, the Target Company shall return the principal of the Revised First Shareholder's Loan to Pizu Shenzhen, and in such case no interest shall be accrued;
- 2) If the Capital Injection and Cooperation Agreement is terminated before Completion for reasons other than that mentioned in paragraph 1 above, the Target Company shall return the principal and pay interest on the Revised First Shareholder's Loan to Pizu Shenzhen (according to the same interest rate as that of commercial bank loans for the same period) (the "**Interest Rate**");
- 3) If Completion under the Capital Injection and Cooperation Agreement occurs successfully, the amount of the Revised First Shareholder's Loan shall be automatically capitalised to become the Capital Injection, and in such case no interest shall be accrued. If the circumstances of this clause occurs, the Parties shall cooperate in the procedures to release the pledge of shares;

Further, the Supplemental Agreement has also updated the Long Stop Date to 540 days from the Completion Date or such other date(s) as may be agreed in writing by the Major Shareholders, Pizu Shenzhen and the Target Company from time to time on which the conditions precedents shall be fulfilled.

Save and except for the aforesaid amendments, all other terms and conditions of the Capital Injection and Cooperation Agreement remains unchanged.

INFORMATION ON THE PARTIES

Pizu Shenzhen

Pizu Shenzhen is a limited liability company incorporated under the laws of PRC with a registered capital of RMB10 million. Pizu Shenzhen is a wholly owned subsidiary of the Company carrying on business of trading of bulk minerals in the PRC.

Major Shareholders

Jianrui

Jianrui is a limited liability company incorporated under the laws of PRC. It is principally engaged in equity investment, investment consulting and entrusted asset management. Jianrui holds 40.03% equity interest of the Target Company as at the date of this announcement. The ultimate beneficial owner of Jianrui is Zhuang Guiyang.

Wu Zhixiang

Wu Zhixiang is a businessman who is a PRC Citizen and holds 31.40% equity interest of the Target Company as at the date of this announcement.

Dai Bo

Dai Bo is a businessman who is a PRC Citizen and holds 10% equity interest of the Target Company as at the date of this announcement.

Mei Lin

Mei Lin is a businessman who is a PRC Citizen and holds 4.89% equity interest of the Target Company as at the date of this announcement.

Zhou Kai

Zhou Kai is a businessman who is a PRC Citizen and holds 0.82% equity interest of the Target Company as at the date of this announcement.

The Target Company

The Target Company is a limited liability company incorporated under the laws of PRC established in 23 June 2010 with a registered capital of RMB183,893,489. It is principally engaged in the mining, processing of pyrite, iron ore and copper and the sale of the said mineral products. The ultimate beneficial owner of the Target Company is Wu Zhixiang.

REASONS FOR AND BENEFITS OF THE ADVANCE TO THE TARGET COMPANY

The Group is principally engaged in bulk mineral trade, manufacturing and sale of explosives and mining project contracting business with blasting as the core business.

As stated in the Capital Injection Announcement, after the Completion of the Capital Injection, the Target Company will become a non-wholly owned subsidiary of the Company. The Company has agreed to provide the First Shareholder's Loan so as to allow the Target Company to complete its development and put the mines into production as soon as practicable.

The terms of the Revised First Shareholder's Loan (including the Interest Rate) were negotiated on an arm's length basis between Pizu Shenzhen and the Target Company and after consideration that the Revised First Shareholder's Loan is to be used exclusively for the repayment of the Target Company's due bank loans and its daily operation and further serves the purpose as stated above. The Interest Rates shall be determined with reference to prevailing interest rates as that of commercial bank loans for the same period. Accordingly, the Board consider and believe that the terms of the Supplemental Agreement are fair and reasonable and the entering into of the Supplemental Agreement is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio in respect of the Revised First Shareholder's Loan are more than 5% but less than 25%, the Revised First Shareholder's Loan constitute a discloseable transaction of the Company under Rule 19.06(2) of the GEM Listing Rules and are subject to announcement and reporting requirements under Chapter 19 of the GEM Listing Rules.

In addition, as the asset ratio (as defined in the Listing Rules) for the Revised First Shareholder's Loan exceeds 8%, they are subject to the announcement requirement under Rule 17.15 of the GEM Listing Rules.

The Company will comply with the relevant requirements of the GEM Listing Rules and make further announcement(s) as and when necessary.

Shareholders and potential investors of the Company should be aware that as the Completion is subject to the satisfaction of the conditions precedent set out in the Capital Injection and Cooperation Agreement, the Capital Injection and the Shareholder's Loan may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 20 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 Tiangyi, 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.