

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 2020

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HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2020 (the “Interim Period”) was approximately RMB738.72 million, representing an increase of approximately 5.83% as compared to the corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to owners of approximately RMB121.72 million for the Interim Period.
- The Group recorded a total comprehensive income attributable to owners of the Company approximately RMB112.88 million for the Interim Period.
- Basic earnings per share of the Group was approximately RMB0.034 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 2020

		(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
<i>Notes</i>	2020	2019	2020	2019	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	3	738,722	698,011	314,649	309,180
Cost of goods sold and services provided		<u>(425,031)</u>	<u>(488,494)</u>	<u>(163,854)</u>	<u>(228,371)</u>
Gross profit		313,691	209,517	150,795	80,809
Other income and gain		6,386	6,503	1,249	5,894
Share of profits of associates		5,560	7,401	2,877	3,721
Selling and distribution expenses		(19,128)	(14,242)	(8,009)	(2,972)
Administrative and other operating expenses		(53,459)	(38,353)	(28,427)	(14,909)
Other gain and loss					
Gain on disposal of a subsidiary		<u>–</u>	<u>984</u>	<u>–</u>	<u>984</u>
Operating profit		253,050	171,810	118,485	73,527
Finance costs	6	<u>(3,184)</u>	<u>(1,918)</u>	<u>(1,343)</u>	<u>(1,589)</u>
Profit before income tax		249,866	169,892	117,142	71,938
Income tax	5	<u>(37,692)</u>	<u>(18,565)</u>	<u>(19,127)</u>	<u>(7,179)</u>
Profit for the period	6	212,174	151,327	98,015	64,759
Other comprehensive income for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising from					
– translation of foreign operations		(5,167)	3,007	(5,738)	728
– reclassification relating to disposal of a subsidiary		<u>–</u>	<u>(96)</u>	<u>–</u>	<u>(96)</u>
Total comprehensive income for the period		<u>207,007</u>	<u>154,238</u>	<u>92,277</u>	<u>65,391</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the six months ended 30 September 2020

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
<i>Note</i>	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:				
Owners of the Company	121,720	89,299	54,505	37,931
Non-controlling interests	90,454	62,028	43,510	26,828
	212,174	151,327	98,015	64,759
Total comprehensive income attributable to:				
Owners of the Company	112,884	92,210	44,545	38,563
Non-controlling interests	94,123	62,028	47,732	26,828
	207,007	154,238	92,277	65,391
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share	8			
Basic and diluted	0.034	0.025	0.015	0.011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	<i>Notes</i>	(Unaudited) 30 September 2020 <i>RMB'000</i>	(Audited) 31 March 2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	9	217,631	241,670
Right-of-use assets		61,690	35,909
Prepayment for purchase of property, plant and equipment		1,276	1,325
Intangible assets		99,426	101,839
Interests in associates		32,863	27,304
		412,886	408,047
Current assets			
Inventories		33,418	34,921
Contract assets and Trade and bills receivables	10	760,475	710,039
Other receivables, prepayments and deposits		455,753	426,790
Amounts due from associates		10,724	9,629
Amount due from a joint venture		–	12,958
Amounts due from shareholders		343	355
Cash and cash equivalents		146,059	165,176
		1,406,772	1,359,868
Current liabilities			
Trade payables	11	175,741	130,798
Other payables and accruals		24,196	83,481
Borrowings		195,000	280,000
Dividend payable		32,576	14,150
Lease liabilities		30,937	14,804
Amounts due to related companies		52,150	15,500
Amount due to a shareholder/ultimate holding company		30,593	77,135
Income tax payable		17,673	7,689
		558,866	623,557
Net current assets		847,906	736,311
Total assets less current liabilities		1,260,792	1,144,358

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	(Unaudited) 30 September 2020 <i>RMB'000</i>	(Unaudited) 31 March 2020 <i>RMB'000</i>
Non-current liabilities		
Borrowings	45,000	45,000
Lease liabilities	7,089	6,936
Deferred tax liabilities	8,635	8,044
	<u>60,724</u>	<u>59,980</u>
Net assets	<u>1,200,068</u>	<u>1,084,378</u>
Equity		
Share capital	40,259	40,259
Reserves	683,633	594,727
	<u>723,892</u>	<u>634,986</u>
Equity attributable to owners of the Company	476,176	449,392
Non-controlling interests	<u>247,716</u>	<u>185,594</u>
Total equity	<u>1,200,068</u>	<u>1,084,378</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020 (Unaudited)

	Equity attributable to owners of the Company											
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital distributable reserve <i>RMB'000</i>	Contributed surplus <i>RMB'000</i>	Restructuring reserve <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Foreign currency translation reserve <i>RMB'000</i>	Statutory and other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
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	40,259	646,297	25,141	933	89,227	(613,604)	(39,650)	33,016	542,273	723,892	476,176	1,200,068
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	40,259	693,807	25,141	933	89,227	(613,604)	(33,094)	31,517	293,156	527,342	338,504	865,846

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	(Unaudited) Six months ended 30 September 2020 RMB'000	(Unaudited) Six months ended 30 September 2019 RMB'000
Net cash generated from operating activities	<u>178,250</u>	<u>45,375</u>
Cash flows from investing activities		
Interest received	130	296
Proceed from disposal of property, plant and equipment	699	475
Purchase of property, plant and equipment	(34,032)	(15,896)
Purchase of intangible asset	–	(7,160)
Decrease/(increase) in amount due from a joint venture	12,958	(633)
Acquisition of an associate	–	(15,000)
Prepayment of an investment	(19,300)	(105,160)
Dividend paid to non-controlling interest	<u>(60,000)</u>	<u>(84,000)</u>
Net cash used in investing activities	<u>(99,545)</u>	<u>(227,078)</u>
Cash flows from financing activities		
(Decrease/increase) in amounts due to shareholders	(46,542)	1,556
Increase in amounts due to related companies	36,650	66,500
Interest paid	(3,184)	(1,918)
Proceeds from borrowings	150,000	242,000
Repayment of bank borrowings	<u>(235,000)</u>	<u>(40,000)</u>
Net cash used in financing activities	<u>(98,076)</u>	<u>268,138</u>
Net (decrease)/ increase in cash and cash equivalents	(19,371)	86,435
Cash and cash equivalents at beginning of the period	165,176	93,270
Effect of foreign exchange rate changes	<u>254</u>	<u>(2,374)</u>
Cash and cash equivalent at end of the period	<u><u>146,059</u></u>	<u><u>177,331</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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 2020 (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 13 November 2020.

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 2020 (the “2020 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 2020 Annual Financial Statements.

3. REVENUE

All the Group's revenue is derived from contracts with customers. An analysis of the revenue from the Group's principal activities is as follows:

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of explosives	298,870	177,512	127,207	12,118
Provision of blasting operations	439,852	519,688	187,442	296,251
Sales of commodity goods	–	811	–	811
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	738,722	698,011	314,649	309,180
	<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.

- Bulk mineral trade: trading of non-ferrous metals and minerals in Hong Kong and 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 2020 (Unaudited)

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

Six months ended 30 September 2019 (Unaudited)

	Bulk mineral trade <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	811	697,200	698,011
Segment (loss)/profit	(1,064)	174,328	173,264
Unallocated income			2,218
Unallocated corporate expenses			(5,590)
Profit before income tax			169,892

Three months ended 30 September 2020 (Unaudited)

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

Three months ended 30 September 2019 (Unaudited)

	Bulk mineral trade <i>RMB'000</i>	Explosives trading and blasting services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue			
External sales	811	308,369	309,180
Segment (loss)/profit	(866)	73,949	73,083
Unallocated income			1,604
Unallocated corporate expenses			(2,749)
Profit before income tax			71,938

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	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax for the period				
– EIT	37,101	18,435	18,536	7,179
– Tajikistan corporate income tax	–	130	–	–
Deferred tax for the period	591	–	591	–
	37,692	18,565	19,127	7,179

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	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	41,527	23,543	22,424	9,526
Amortisation of prepaid lease payment for land	102	270	51	63
Amortisation of intangible assets	25	102	10	51
	=====	=====	=====	=====
Finance costs				
– Interest charge on bank and other borrowings	3,184	1,918	1,343	1,589
	=====	=====	=====	=====

7. DIVIDENDS

	(Unaudited) Six months ended 30 September 2020 RMB'000	(Unaudited) Six months ended 30 September 2019 RMB'000
Interim dividend proposed after the end of the reporting period HK\$0.01 per share (Six months ended 30 September 2019: HK\$0.005 per share)	31,317	15,658
	=====	=====

The final dividend for the year ended 31 March 2020 amounted RMB31,317,000 was recognised during the six months ended 30 September 2020 and the expected payment date is 11 December 2020.

The Board recommends payment of interim dividend of HK\$0.01 per share (Six months ended 30 September 2019: HK\$0.005 per share).

The interim dividend declared subsequent to 30 September 2020 has not been recognised as a liability as at 30 September 2020.

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	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	121,720	89,299	54,505	37,931

	(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
	2020	2019	2020	2019
	'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 2020 and 2019 as there was no dilutive potential ordinary shares in existence for the three months and six months ended 30 September 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, additions to property, plant and equipment amounted to RMB34,032,000.

10. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 September 2020	(Audited) 31 March 2020
	RMB'000	RMB'000
Contract assets	145,342	124,797
Trade receivables, net	546,943	417,242
Bills receivables	68,190	168,000
	760,475	710,039

Contract assets represent retention receivables of RMB145,342,000 (31 March 2020: RMB124,797,000) 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)	(Audited)
	30 September	31 March
	2020	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days	315,953	336,593
31-90 days	121,109	51,659
91 days to 1 year	163,194	74,386
Over 1 year	92,029	79,401
	<u>692,285</u>	<u>542,039</u>

11. TRADE PAYABLES

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

	(Unaudited)	(Audited)
	30 September	31 March
	2020	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0-180 days	145,407	110,459
181-365 days	9,747	19,391
Over 1 year	20,587	948
	<u>175,741</u>	<u>130,798</u>

12. 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
	2020	2020
	RMB'000	RMB'000
Acquisition of property, plant and equipment	40,871	129
Capital contribution to an investee company	–	19,300
	<u><u>40,871</u></u>	<u><u>19,429</u></u>

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	
			2020	2019
			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	1,063	745
烏海市天潤爆破服務有限責任公司 (Wuhai City Tianrun Blasting Services Company Limited)	Associate	Sales to the related party	<u>17,872</u>	<u>16,442</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 RMB1,014,000 (Six months ended 30 September 2019: RMB1,410,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue of the Group for the six months ended 30 September 2020 increased by 5.83% as compared with the same period in 2019. The increase was mainly due to the Group has recently developed Tajikistan market and Tibet market which continue to contribute the enormous revenue.

The administrative and other operating expenses for the six months ended 30 September 2020 increased by approximately 39.39% as compared with the same period in 2019. It was mainly because the increase in various professional expenses caused by the Group's capital injection project, and the Group donated approximately RMB4.5 million in this COVID-19 epidemic.

Liquidity and Financial Resources

As at 30 September 2020, the net assets of the Group amounted to approximately RMB1,200.07 million (31 March 2020: net assets of RMB1,084.38 million). Current assets amounted to approximately RMB1,406.77 million (31 March 2020: RMB1,359.87 million) of which approximately RMB146.06 million (31 March 2020: RMB165.18 million) were cash and bank balances and approximately RMB455.75 million (31 March 2020: RMB426.79 million) were other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB558.87 million (31 March 2020: RMB623.56 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 2020.

Significant Investments

During the six months ended 30 September 2020, 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. All the terms and conditions of the capital injection was completed on 9 October 2020. Upon completion of the Capital Injection and Cooperation Agreement, the target company has become a 51% owned subsidiary of the Company, and the financial results of the target company will be consolidated into the accounts of the Group since next quarter.

Gearing Ratio

As at 30 September 2020, the Group's gearing ratio, calculated as total debts of approximately RMB240.00 million (31 March 2020: RMB325.00 million) divided by total assets of approximately RMB1,819.66 million (31 March 2020: RMB1,767.92 million) was 13.19% (31 March 2020: 18.38%).

Charge of Assets

As at 30 September 2020, certain property, plant and equipment amounted to RMB61,296,000 (31 March 2020: RMB44,672,000 and certain contract assets and trade receivables to 277,443,000 (31 March 2020: RMB247,422,000)), 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 2020 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 2020, the Group did not have any material contingent liabilities (31 March 2020: nil).

Human Resources

As at 30 September 2020, the Group had 633 (31 March 2020: 628) 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 2020, 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.

Business Outlook

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

On June 28, 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. All the terms and conditions of the capital injection was completed on 9 October 2020. Upon completion of the Capital Injection and Cooperation Agreement, the target company has become a 51% owned subsidiary of the Company, and the financial results of the target company will be consolidated into the accounts of the Group since next quarter. 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 2020, 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	11,813,333 ordinary shares (L)	0.33%
Ms. Qin Chunhong	Interest of a controlled corporation (Note 5)	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) (Note 3)	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	Interest of a controlled corporation <i>(Note 6)</i>	3,660,000 ordinary shares (L)	0.10%
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	1,774,098,222 ordinary shares (L) <i>(Note 3)</i>	49.85%
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 2020.
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 2020, 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 2020, 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	1,361,516,331 ordinary shares (L)	38.25%
Ma Family Holdings Co. Limited	Interest of a controlled corporation	1,361,516,331 ordinary shares (L) <i>(Note 3)</i>	38.25%
Equity Trustee Limited	Trustee (other than a bare trustee)	1,361,516,331 ordinary shares (L) <i>(Note 3)</i>	38.25%

Name of shareholder	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Mr. 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	1,898,103,222 ordinary shares (L) <i>(Note 4)</i>	53.33%
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>	48.50%
Mr. Ma Qiang	Founder of a discretionary trust <i>(Note 3)</i>	1,898,103,222 ordinary shares (L)	53.33%
Mr. Yang Tao	Beneficial owner	274,919,268 ordinary shares (L)	7.73%
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 2020.
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 2020, 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 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares (six months ended 30 September 2019: nil).

COMPETING INTERESTS

For the six months ended 30 September 2020, 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 2020, 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 2020.

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 2020 has been reviewed and commented by the members of the audit committee.

As at the date of this report, the Board comprises the following directors:

Executive directors:

Mr. Xiong Zeke (*Chairman*)

Mr. Liu Fali (*Chief Executive Officer*)

Mr. Ma Gangling (*Chief Operating Officer*)

Mr. Ma Tianyi

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, 13 November 2020

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.