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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)

## **DISCLOSEABLE TRANSACTION DEEMED ACQUISITION OF A SUBSIDIARY IN RELATION TO THE ACTING IN CONCERT AGREEMENT**

### **BACKGROUND**

On 30 December 2021, Tibet Fudeyuan, an indirect wholly-owned subsidiary of the Company, acquired 27% equity interest in the Target Company from an independent third party at a consideration of RMB35,000,000 (the “**Acquisition**”). As each of the applicable percentage ratio under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition was below 5%, the Acquisition did not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules. For further information on the Acquisition, please refer to the voluntary announcement of the Company dated 31 December 2021.

As at the date of this announcement, the Target Company is owned as to 27%, 46% and 27% by Tibet Fudeyuan, Sichuan Hongda and an independent third party, respectively.

### **ACTING IN CONCERT AGREEMENT**

On 11 November 2022 (after trading hours), Tibet Fudeyuan entered into the Acting in Concert Agreement with Sichuan Hongda in relation to their acting in concert arrangement in the Target Company. Pursuant to the Acting in Concert Agreement, Tibet Fudeyuan and Sichuan Hongda agreed to, amongst others, exercise their voting rights unanimously in respect of their aggregate equity interest of 73% in the Target Company at all shareholders’ general meeting of the Target Company. For further details on the principal terms of the Acting in Concert Agreement, please refer to the paragraph headed “Acting in Concert Agreement – Principal terms of the Acting in Concert Agreement” below in this announcement.

## **DEEMED ACQUISITION OF A SUBSIDIARY**

Pursuant to the Acting in Concert Agreement, Tibet Fudeyuan is entitled to nominate directors to the board of the Target Company to represent the 73% equity interest in the Target Company held by Tibet Fudeyuan and Sichuan Hongda in aggregate. Upon the nomination of directors of the Target Company by Tibet Fudeyuan, the Group will control the composition of the majority of the board of directors of the Target Company and the Target Company will become a majority-controlled company of the Company under the GEM Listing Rules. As a result, the Target Company will become a subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company. The consolidation of the Target Company into the Group as a subsidiary shall be a deemed acquisition (the “**Deemed Acquisition**”) by the Company.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as set out in the GEM Listing Rules in respect of the Deemed Acquisition exceeds 5% and all of the percentage ratios are less than 25%, the Deemed Acquisition therefore constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from shareholders’ approval under Chapter 19 of the GEM Listing Rules.

## **ACTING IN CONCERT AGREEMENT**

Date : 11 November 2022 (after trading hours)

Parties : (1) Tibet Fudeyuan, an indirect wholly-owned subsidiary of the Company; and

(2) Sichuan Hongda

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Sichuan Hongda and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Principal terms of the Acting in Concert Agreement**

The principal terms of the Acting in Concert Agreement are set out as follows:

- (1) Tibet Fudeyuan and Sichuan Hongda agreed to exercise their voting rights unanimously in respect of their aggregate equity interest of 73% in the Target Company at all shareholders’ general meeting of the Target Company;
- (2) Save as the matters set forth in (3) below, Sichuan Hongda unconditionally agreed that Tibet Fudeyuan shall have the sole discretion to exercise the voting rights in respect of the 73% equity interest in the Target Company held by Tibet Fudeyuan and Sichuan Hongda in aggregate at all shareholders’ general meeting of the Target Company;

- (3) Tibet Fudeyuan shall not, without the prior written consent of Sichuan Hongda, exercise the voting rights in respect of the 73% equity interest in the Target Company held by Tibet Fudeyuan and Sichuan Hongda in aggregate at the shareholders' general meeting of the Target Company in relation to (a) amending the articles of association of the Target Company; (b) increasing or reducing the registered capital of the Target Company; (c) providing guarantee in the name of the Target Company for a third party other than the Target Company; (d) pledging the Target Company's assets to a third party other than the Target Company; or (e) providing loans to a third party other than the Target Company;
- (4) Tibet Fudeyuan is entitled to nominate directors to the board of the Target Company to represent the 73% equity interest in the Target Company held by Tibet Fudeyuan and Sichuan Hongda in aggregate;
- (5) In the event Sichuan Hongda intends to transfer its 46% equity interest in the Target Company to a third party, it shall grant the right of first refusal to Tibet Fudeyuan whereby Tibet Fudeyuan shall be entitled to purchase the equity interest held by Sichuan Hongda in the Target Company on the same terms and conditions as offered by Sichuan Hongda to other potential purchaser(s); and
- (6) The Acting in Concert Agreement shall not be terminated unilaterally by either party to the agreement.

#### **DEEMED ACQUISITION OF A SUBSIDIARY**

Pursuant to the Acting in Concert Agreement, Tibet Fudeyuan is entitled to nominate directors to the board of the Target Company to represent the 73% equity interest in the Target Company held by Tibet Fudeyuan and Sichuan Hongda in aggregate. Upon the nomination of directors of the Target Company by Tibet Fudeyuan, the Group will control the composition of the majority of the board of directors of the Target Company and the Target Company will become a majority-controlled company of the Company under the GEM Listing Rules. As a result, the Target Company will become a subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company. The consolidation of the Target Company into the Group as a subsidiary shall be a deemed acquisition (the “**Deemed Acquisition**”) by the Company.

#### **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability. The Target Company is principally engaged in mining, flotation processing, sale and exploration of molybdenum and copper mines and sale of non-ferrous products. As at the date of this announcement, the Target Company is owned as to 27%, 46% and 27% by Tibet Fudeyuan, Sichuan Hongda and an independent third party, respectively.

The audited financial results of ordinary operation of the Target Company prepared in accordance with the PRC accounting standards for the two years ended 31 December 2021 and 2020 are as follows:

|                          | <b>For the year ended<br/>31 December 2021</b> | For the year ended<br>31 December 2020 |
|--------------------------|--|--|
|                          | <i>RMB'000</i>                                 | <i>RMB'000</i>                         |
| Revenue                  | <b>3,232</b>                                   | 121                                    |
| Net loss before taxation | <b>(341)</b>                                   | (807)                                  |

The audited total asset value of the Target Company prepared in accordance with the PRC accounting standards as at 30 September 2022 was approximately RMB771 million.

Upon the Deemed Acquisition, the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company.

## **INFORMATION OF THE GROUP**

The Company is an investment holding company and the Group is principally engaged in manufacturing and sale of explosives, provision of blasting operation and related services and mining operation.

## **INFORMATION OF THE PARTIES TO THE ACTING IN CONCERT AGREEMENT**

### **Tibet Fudeyuan**

Tibet Fudeyuan is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Tibet Fudeyuan is principally engaged in investment holding.

### **Sichuan Hongda**

Sichuan Hongda is a company established in the PRC with limited liability, which is principally engaged in mining, financing, real estate, trading and investment. As at the date of this announcement, according to publicly available information, Sichuan Hongda is owned as to approximately 50.83%, 36.60%, 8.68% and 4.34% by Mr. Liu Canglong\* (劉滄龍), Sichuan Hongda Industrial Limited Company\* (四川宏達實業有限公司), Sichuan Taihe Real Estate Development Co., Ltd.\* (四川泰合置業集團有限公司) and Mr. Liu Jun\* (劉軍), respectively.

## **REASONS FOR AND BENEFITS OF THE DEEMED ACQUISITION**

The Group has commenced exploration, development and mining activities during the financial year ended 31 March 2021 and commenced commercial production in July 2021. According to the Company's annual report for the year ended 31 March 2022, the revenue generated by the Group from mining operation increased significantly from nil for the year ended 31 March 2021 to approximately RMB207.1 million for the year ended 31 March 2022. The Board considers that the Deemed Acquisition enables the Group to further develop and expand its mining operation business by consolidating its control over the Target Company, which is in line with the business development strategy of the Group.

Currently, the mine reserves of the Target Company remain to be under-utilised. Following the assumption of control over the board of directors of the Target Company, the Group has planned to deploy skilled and qualified personnel to manage and oversee the operations of the Target Company and to share its engineering know-how with the operation teams of the Target Company. With a majority control over the board of the Target Company, the Group will be well positioned to initiate necessary measures to improve the operating performance and financial results of the Target Company. Leveraging the Group's expertise in engineering and mining-related activities, the Directors believe that the robust support given by the Group would facilitate the Target Company to carry out production activities and utilise its reserves in an efficient manner, which in turn would benefit the shareholders of the Target Company (including the Group) in the long run.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acting in Concert Agreement are fair and reasonable, and the Deemed Acquisition is in the interests of the Company and its shareholders as a whole.

## **DEFINITIONS**

In this announcement, the following words and expressions have the meanings set out below unless the context otherwise requires:

|                               |   |
|-------------------------------|---|
| “Acting in Concert Agreement” | the acting in concert agreement dated 11 November 2022 entered into between Tibet Fudeyuan and Sichuan Hongda in relation to the acting in concert arrangement in the Target Company          |
| “Board”                       | the board of Directors  |
| “Company”                     | Pizu Group Holdings Limited (比優集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8053) |

|                                   |  |
|-----------------------------------|--|
| “connected person(s)”             | has the meaning ascribed thereto in the GEM Listing Rules  |
| “Director(s)”                     | the director(s) of the Company   |
| “GEM”                             | the GEM operated by the Stock Exchange   |
| “GEM Listing Rules”               | the Rules Governing the Listing of Securities on GEM   |
| “Group”                           | the Company and its subsidiaries   |
| “Hong Kong”                       | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “PRC”                             | the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement  |
| “RMB”                             | Renminbi, the lawful currency of the PRC   |
| “Sichuan Hongda”                  | Sichuan Hongda Co., Ltd.* (四川宏達(集團)有限公司), a company established in the PRC with limited liability  |
| “Stock Exchange”                  | The Stock Exchange of Hong Kong Limited  |
| “subsidiary” or<br>“subsidiaries” | has the meaning ascribed thereto in the GEM Listing Rules  |
| “Target Company”                  | Tibet Tianren Mining Co., Ltd.* (西藏天仁礦業有限公司), a company established in the PRC with limited liability  |
| “Tibet Fudeyuan”                  | Tibet Fudeyuan Trading Limited* (西藏福德圓實業集團有限公司, formerly known as 西藏福德圓工貿有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company |

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

Hong Kong, 11 November 2022

*As at the date of this announcement, the Board comprises nine Directors. The executive Directors are Mr. Xiong Zeke (Chairman), Mr. Ma Tianyi (Chief Executive Officer), Mr. Liu Fali (Chief Operating Officer), Mr. Ma Gangling, Ms. Qin Chunhong and Ms. Ma Ye; and the independent non-executive Directors are Ms. Zhang Jinghua, Mr. Ha Suoku 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 website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Company Announcements” for at least seven days from the date of its posting and on the Company’s website at [www.pizugroup.com](http://www.pizugroup.com).*

*\* For identification only*