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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Pizu Group Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to Pizu Group Holdings Limited. 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 in this announcement or this announcement misleading.

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2022 (the “Interim Period”) was approximately RMB760.64 million, representing a decrease of approximately 3.10% as compared to the corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to owners of approximately RMB96.43 million for the Interim Period.
- The Group recorded a total comprehensive income attributable to owners of the Company approximately RMB97.98 million for the Interim Period.
- Basic earnings per share of the Group was approximately RMB0.027 for the Interim Period.
- The Board does not recommend the payment of interim dividend.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the six months ended 30 September 2022

		(Unaudited) Six months ended 30 September		(Unaudited) Three months ended 30 September	
<i>Notes</i>	2022	2021	2022	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	3	760,636	784,990	291,472	331,228
Cost of goods sold and services provided		<u>(499,796)</u>	<u>(500,074)</u>	<u>(189,335)</u>	<u>(209,279)</u>
Gross profit		260,840	284,916	102,137	121,949
Other income and gain		12,765	5,733	9,744	2,164
Share of profits of associates		4,531	5,566	1,313	2,882
Selling and distribution expenses		<u>(1,924)</u>	<u>(29,708)</u>	<u>(268)</u>	<u>(14,754)</u>
Administrative and other operating expenses		<u>(70,082)</u>	<u>(80,257)</u>	<u>(37,944)</u>	<u>(56,994)</u>
Operating profit		206,130	186,250	74,982	55,247
Finance costs	6	<u>(8,197)</u>	<u>(5,631)</u>	<u>(4,326)</u>	<u>(4,302)</u>
Profit before income tax		197,933	180,619	70,656	50,945
Income tax	5	<u>(18,436)</u>	<u>(23,858)</u>	<u>(8,409)</u>	<u>(6,642)</u>
Profit for the period	6	179,497	156,761	62,247	44,303
Other comprehensive income for the period					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising from					
– translation of foreign operations		<u>7,103</u>	<u>419</u>	<u>(16,702)</u>	<u>2,786</u>
Total comprehensive income for the period		<u>186,600</u>	<u>157,180</u>	<u>45,545</u>	<u>47,089</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the six months ended 30 September 2022

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
<i>Note</i>	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:				
Owners of the Company	96,431	85,535	33,761	20,045
Non-controlling interests	<u>83,066</u>	<u>71,226</u>	<u>28,486</u>	<u>24,258</u>
	<u><u>179,497</u></u>	<u><u>156,761</u></u>	<u><u>62,247</u></u>	<u><u>44,303</u></u>
Total comprehensive income attributable to:				
Owners of the Company	97,975	86,390	24,323	13,513
Non-controlling interests	<u>88,625</u>	<u>70,790</u>	<u>21,222</u>	<u>33,576</u>
	<u><u>186,600</u></u>	<u><u>157,180</u></u>	<u><u>45,545</u></u>	<u><u>47,089</u></u>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share				
Basic and diluted	8			
	<u>0.027</u>	<u>0.024</u>	<u>0.009</u>	<u>0.006</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	<i>Notes</i>	(Unaudited) 30 September 2022 <i>RMB'000</i>	(Audited) 31 March 2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	9	1,186,082	1,178,029
Right-of-use assets		69,741	78,460
Prepayments		52,241	52,387
Deferred tax assets		100,642	100,642
Goodwill		42,632	42,632
Other intangible assets		236,525	237,739
Interests in associates		117,450	110,919
		1,805,313	1,800,808
Current assets			
Inventories		85,262	58,374
Contract assets and Trade and bills receivables	10	554,823	525,730
Other receivables, prepayments and deposits		255,584	242,682
Amounts due from associates		31,175	20,460
Amount due from a joint venture		–	4,536
Amounts due from shareholders		955	316
Restricted bank balance		18,089	18,089
Cash and cash equivalents		592,437	623,396
		1,538,325	1,493,583
Current liabilities			
Trade payables	11	402,234	491,069
Other payables and accruals		188,645	150,324
Borrowings		433,384	436,384
Dividend payable		41,615	30,648
Lease liabilities		16,677	19,735
Amounts due to related companies		73,530	89,530
Amount due to an associate		18,000	18,000
Amount due to a shareholder		25,540	22,733
Income tax payable		13,855	9,570
		1,213,480	1,267,993
Net current assets		324,845	225,590
Total assets less current liabilities		2,130,158	2,026,398

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	<i>Notes</i>	(Unaudited) 30 September 2022 RMB'000	(Audited) 31 March 2022 RMB'000
Non-current liabilities			
Borrowings		533,854	564,854
Lease liabilities		3,226	3,722
Deferred tax liabilities		9,337	9,337
Provisions		11,886	11,886
		<u>558,303</u>	<u>589,799</u>
Net assets		<u>1,571,855</u>	<u>1,436,599</u>
Equity			
Share capital		40,259	40,259
Treasury shares		(27,240)	(27,640)
Reserves		762,364	697,364
		<u>775,383</u>	<u>709,983</u>
Equity attributable to owners of the Company		775,383	709,983
Non-controlling interests		796,472	726,616
		<u>1,571,855</u>	<u>1,436,599</u>
Total equity		<u>1,571,855</u>	<u>1,436,599</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022(Unaudited)

	Equity attributable to owners of the Company												
	Share capital RMB'000	Treasury Shares 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 2022	40,259	(27,640)	559,616	25,141	933	89,227	(613,604)	(50,139)	35,410	650,780	709,983	726,616	1,436,599
Profit for the period	-	-	-	-	-	-	-	-	-	96,431	96,431	83,066	179,497
Other comprehensive income for the period:													
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	1,543	-	-	1,543	5,560	7,103
Total comprehensive income for the period	-	-	-	-	-	-	-	1,543	-	96,431	97,974	88,626	186,600
Dividend declared and payable	-	400	(32,384)	-	-	-	-	-	-	-	(31,984)	-	(31,984)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(18,770)	(18,770)
Transfer to statutory and other reserves	-	-	-	-	-	-	-	-	609	-	609	-	609
Utilisation of other reserves	-	-	-	-	-	-	-	-	-	(1,199)	(1,199)	-	(1,199)
At 30 September 2022	<u>40,259</u>	<u>(27,240)</u>	<u>527,232</u>	<u>25,141</u>	<u>933</u>	<u>89,227</u>	<u>(613,604)</u>	<u>(48,596)</u>	<u>36,019</u>	<u>746,012</u>	<u>775,383</u>	<u>796,472</u>	<u>1,571,855</u>
At 1 April 2021	40,259	(21,835)	617,979	25,141	933	89,227	(613,604)	(46,054)	33,670	542,381	668,097	499,170	1,167,267
Profit for the period	-	-	-	-	-	-	-	-	-	85,535	85,535	71,226	156,761
Other comprehensive income for the period:													
Exchange differences arising from - translation to presentation currency	-	-	-	-	-	-	-	419	-	-	419	(436)	(17)
Total comprehensive income for the period	-	-	-	-	-	-	-	419	-	85,535	85,954	70,790	156,744
Transaction with owners:													
Dividend declared	-	-	(29,538)	-	-	-	-	-	-	-	(29,538)	-	(29,538)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,081)	(8,081)
Grant of awarded shares under share award scheme	-	19,037	-	-	-	-	-	-	-	(4,903)	14,134	-	14,134
	-	19,037	(29,538)	-	-	-	-	-	-	(4,903)	(15,404)	(8,081)	(23,485)
Transfer to statutory and other reserves	-	-	-	-	-	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Utilisation of other reserves	-	-	-	-	-	-	-	-	1,459	-	1,459	-	1,459
At 30 September 2021	<u>40,259</u>	<u>(2,798)</u>	<u>588,441</u>	<u>25,141</u>	<u>933</u>	<u>89,227</u>	<u>(613,604)</u>	<u>(45,635)</u>	<u>35,129</u>	<u>621,554</u>	<u>738,647</u>	<u>561,879</u>	<u>1,300,526</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	(Unaudited) Six months ended 30 September 2022 <i>RMB'000</i>	(Unaudited) Six months ended 30 September 2021 <i>RMB'000</i>
Net cash generated from operating activities	<u>80,156</u>	<u>137,166</u>
Cash flows from investing activities		
Interest received	1,560	195
Proceed from disposal of property, plant and equipment	151	217
Purchase of property, plant and equipment	(14,790)	(30,675)
Purchase of intangible asset	–	(13,000)
Decrease in amount due from a joint venture	4,536	8,751
Payment of an investment	<u>(2,000)</u>	<u>(12,000)</u>
Net cash used in investing activities	<u>(10,543)</u>	<u>(46,512)</u>
Cash flows from financing activities		
Increase/(decrease) in amounts due to shareholders	2,807	(643)
(Decrease)/increase in amounts due to related companies	(16,000)	43,530
Increase in amounts due to an associate	–	18,000
Interest paid	(8,145)	(4,768)
Proceeds from borrowings	170,000	250,000
Repayment of bank borrowings	(204,000)	(160,000)
Dividend paid	(31,312)	(28,973)
Dividend paid to non-controlling interest	<u>(18,770)</u>	<u>(8,081)</u>
Net cash (used in)/generated from financing activities	<u>(105,420)</u>	<u>109,065</u>
Net (decrease)/ increase in cash and cash equivalents	(35,807)	199,719
Cash and cash equivalents at beginning of the period	623,396	232,010
Effect of foreign exchange rate changes	<u>4,848</u>	<u>(238)</u>
Cash and cash equivalent at end of the period	<u><u>592,437</u></u>	<u><u>431,491</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 Suntera (Cayman) Limited, Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court Camana Bay, Grand Cayman, KY1-1100, Cayman Islands. The address of its principal place of business is Unit 07, 21/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, 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, provision of blasting operation and mining engineering, and sales of mineral concentrates.

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 2022 (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 11 November 2022.

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 2022 (the “2022 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 2022 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	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Sale of explosives	336,940	266,576	175,898	105,211
Provision of blasting operations and mining engineering	226,416	453,071	43,545	160,674
Sales of mineral concentrates	197,280	65,343	72,029	65,343
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	<u>760,636</u>	<u>784,990</u>	<u>291,472</u>	<u>331,228</u>

4. SEGMENTAL INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. The information are 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 mineral concentrates: mining, processing of pyrite, iron ore and copper and the sales of the said mineral products in the PRC
- Bulk mineral trade: trading of non-ferrous metals and minerals in Hong Kong and the PRC
- Explosives trading, blasting services and mining engineering: manufacturing and sale of explosives, provision of blasting operations and mining engineering in the PRC and 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 2022 (Unaudited)

	Sales of mineral concentrates <i>RMB'000</i>	Bulk mineral trade <i>RMB'000</i>	Explosives trading, blasting service and mining engineering <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue				
External sales	<u>197,280</u>	<u>–</u>	<u>563,356</u>	<u>760,636</u>
Segment profit/(loss)	<u>56,189</u>	<u>(441)</u>	<u>149,662</u>	<u>205,410</u>
Unallocated income				2,414
Unallocated corporate expenses				<u>(9,891)</u>
Profit before income tax				<u>197,933</u>

Six months ended 30 September 2021 (Unaudited)

	Sales of mineral concentrates <i>RMB'000</i>	Bulk mineral trade <i>RMB'000</i>	Explosives trading, blasting service and mining engineering <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue				
External sales	<u>65,343</u>	<u>–</u>	<u>719,647</u>	<u>784,990</u>
Segment profit/(loss)	<u>51</u>	<u>(463)</u>	<u>192,396</u>	<u>191,984</u>
Unallocated income				102
Unallocated corporate expenses				<u>(11,467)</u>
Profit before income tax				<u>180,619</u>

Three months ended 30 September 2022 (Unaudited)

	Sales of mineral concentrates <i>RMB'000</i>	Bulk mineral trade <i>RMB'000</i>	Explosives trading, blasting service and mining engineering <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue				
External sales	<u>72,029</u>	<u>–</u>	<u>219,443</u>	<u>291,472</u>
Segment profit/(loss)	<u>4,027</u>	<u>(231)</u>	<u>70,778</u>	<u>74,574</u>
Unallocated income				1,856
Unallocated corporate expenses				<u>(5,774)</u>
Profit before income tax				<u>70,656</u>

Three months ended 30 September 2021 (Unaudited)

	Sales of mineral concentrates <i>RMB'000</i>	Bulk mineral trade <i>RMB'000</i>	Explosives trading, blasting service and mining engineering <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue				
External sales	<u>65,343</u>	<u>–</u>	<u>265,885</u>	<u>331,228</u>
Segment profit/(loss)	<u>178</u>	<u>(235)</u>	<u>65,403</u>	65,346
Unallocated income				100
Unallocated corporate expenses				<u>(14,501)</u>
Profit before income tax				<u>50,945</u>

5. INCOME TAX

No provision for Hong Kong profits tax is made for current year and prior year as there is no assessable profits arising in Hong Kong for both years. Tajikistan Corporate Income Tax rate is calculated at applicable rates of 23% (for activities other than goods production) and 13% (for activity of goods production); whereas EIT is calculated at the applicable rate of 25%, except that:

- (i) The Tajikistan subsidiary of the Company is exempted from Tajikistan Corporate Income Tax for 5 years until March 2022 pursuant to the investment agreement between the subsidiary and the Tajikistan government. The subsidiary is still applying for continued exemption from Tajikistan Corporate Income Tax.
- (ii) Three PRC subsidiaries of the Company 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 4 September 2020, 1 December 2021 and 13 November 2019 respectively.
- (iii) Two branches and a subsidiary of the Company 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 subsidiary. The EIT rate resumed to 15% for other two branches.

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax for the period				
– EIT	18,436	23,858	8,409	6,642
Deferred tax for the period	–	–	–	–
	<u>18,436</u>	<u>23,858</u>	<u>8,409</u>	<u>6,642</u>

6. PROFIT FOR THE PERIOD

Profit for period is arrived at after charging the followings:

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	57,707	56,172	29,035	30,926
Amortisation of prepaid lease payment for land	102	102	51	51
Amortisation of intangible assets	3,719	2,926	1,860	1,664
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Finance costs				
– Interest charge on bank and other borrowings	8,197	5,631	4,326	4,302
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. DIVIDENDS

The Board does not recommend the payment of interim dividend (2021: HK\$0.01 per share).

8. EARNINGS PER SHARE

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

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	96,431	85,535	33,761	20,045
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	(Unaudited)		(Unaudited)	
	Six months ended		Three months ended	
	30 September		30 September	
	2022	2021	2022	2021
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,529,880	3,558,724	3,529,880	3,558,724
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 2022 and 2021 as there was no dilutive potential ordinary shares in existence for the three months and six months ended 30 September 2022 and 2021.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, additions to property, plant and equipment amounted to RMB53,203,000.

10. CONTRACT ASSETS AND TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 September 2022 <i>RMB'000</i>	(Audited) 31 March 2022 <i>RMB'000</i>
Contract assets	171,802	151,056
Trade receivables, net	<u>296,047</u>	<u>264,607</u>
	467,849	415,663
Bills receivables	<u>86,974</u>	<u>110,067</u>
	<u><u>554,823</u></u>	<u><u>525,730</u></u>

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. Customers of sales of mineral concentrates are required to pay in advance in full before delivery of mineral concentrates. Bills receivables generally have credit terms ranging from 6 to 12 months.

Contract assets represent retention receivables arising from provision of blasting operations and related services. The expected timing of recovery or settlement for contract assets and net trade receivables at the end of the reporting period is as follows:

	(Unaudited) 30 September 2022 <i>RMB'000</i>	(Audited) 31 March 2022 <i>RMB'000</i>
0-30 days	89,674	231,228
31-90 days	120,303	84,727
91 days to 1 year	104,273	48,175
Over 1 year	<u>153,599</u>	<u>51,533</u>
	<u><u>467,849</u></u>	<u><u>415,663</u></u>

11. TRADE PAYABLES

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

	(Unaudited)	(Audited)
	30 September	31 March
	2022	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0-180 days	209,621	397,838
181-365 days	63,773	32,967
Over 1 year	128,840	60,264
	<u>402,234</u>	<u>491,069</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
	2022	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of property, plant and equipment	<u>49,639</u>	<u>157</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	
			2022	2021
			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 Qiang, controlling shareholder	Security services provided by the related party	804	735
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	6,589	5,688
烏海市安盛爆破服務有限責任公司 (Wuhai City Ansheng Blasting Services Co., Ltd)	Associate	Sales to the related party	4,482	-

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 RMB1,032,000 (Six months ended 30 September 2021: RMB1,256,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue of the Group for the six months ended 30 September 2022 decreased by 3.10% as compared with the same period in 2021. In particular, the sales of concentrates increased by more than 200% when compared with the same period of the previous year. The reason for the increase was that Anhui Jinding Mining Co., Ltd. (“Anhui Jinding”) was officially put into full operation in the second quarter of the previous financial year. Since then, the production of mineral concentrates by mining and processing have become our regular business. However, due to the reasons of the mine owners, the indirect shutdown of infrastructure projects resulted in a decrease of revenue of about 50% in blasting business when compared with the same period of previous years.

During the six months ended 30 September 2022, the Group’s other income increased by approximately 122.66% as compared to the same period last year. Such increase was primarily attributable to a government subsidy of approximately RMB6 million granted to one of our subsidiaries under the local government’s fixed asset allowance policy for advanced manufacturing industry.

During the six months ended 30 September 2022, the Group’s selling and distribution expenses decreased by approximately 93.52% as compared to the same period last year. Such decrease was primarily attributable to the Group’s inclusion of the shipping cost related to the sale of explosives into the cost of sales since the current year.

During the six months ended 30 September 2022, the Group’s administrative and other operating expenses decreased by approximately 12.68% as compared with the corresponding period of the previous year. Such difference was primarily attributable to the grant of awarded shares pursuant to the Company’s share award scheme during the corresponding period of the previous year which incurred the expenses of approximately RMB6 million.

Liquidity and Financial Resources

As at 30 September 2022, the net assets of the Group amounted to approximately RMB1,571.86 million (31 March 2022: net assets of RMB1,436.60 million). Current assets amounted to approximately RMB1,538.33 million (31 March 2022: RMB1,493.58 million) of which approximately RMB592.44 million (31 March 2022: RMB623.40 million) were cash and cash equivalents and approximately RMB255.58 million (31 March 2022: RMB242.68 million) were other receivables, prepayments and deposits. The Group’s current liabilities amounted to approximately RMB1,213.48 million (31 March 2022: RMB1,267.99 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 2022.

Significant Investments

During the six months ended 30 September 2022, 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 and Disposal

During the six months ended 30 September 2022, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures.

Gearing Ratio

As at 30 September 2022, the Group's gearing ratio, calculated as total debts of approximately RMB967.24 million (31 March 2022: RMB1,001.24 million) divided by total assets of approximately RMB3,388.64 million (31 March 2022: RMB3,294.39 million) was 28.54% (31 March 2022: 30.39%).

Charge of Assets

As at 30 September 2022, the Group's borrowings are secured by the pledge of certain contract assets and trade receivables, right-of-use assets and property, plant and equipment amounting to RMB196,330,000 (31 March 2022: RMB193,778,000) and RMB2,473,000 (31 March 2022: RMB11,009,000) respectively, mining right of RMB107,281,000 (31 March 2022: RMB145,743,000), guarantees provided by certain shareholders, an affiliate of shareholders, directors and a related party of a subsidiary.

The former executive director and chairman of the Company, Mr. Ma Qiang also provided personal guarantee for the Group's borrowings.

Capital Commitment

The Group's material capital commitments as at 30 September 2022 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 2022, the Group did not have any material contingent liabilities (31 March 2022: nil).

Human Resources

As at 30 September 2022, the Group had 1,331 (31 March 2022: 1,343) 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. The Company has adopted the share award scheme to provide remuneration to its employees and directors of the Group.

EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

Exploration and Development

For the six months ended 30 September 2022, Anhui Jinding has drilled 134 underground drillholes for the purpose of production exploration (preparation for mining production and reconciliation), totalling 12,297.73m.

Mining

As of the end of September 2022, the processing plant has processed a total of 535,298.44 tons of dry ore including: 362,047.83 tons of pyrite, and the total cumulative average grade of pyrite ore Cu 0.10%, S 17.64%, Au 0.37 (g/t); and 173,250.61 tons of gold-copper ore, with a total cumulative average grade of Cu 0.28%, S 11%, and Au 0.52 (g/t). Accordingly, the processing plant has produced a total of (i) 4,929.04 tons of copper concentrate, with an annual average grade of 12.96% and a gold content of 11.75 (g/t); (ii) 186,974.31 tons of sulfur concentrates, with an annual average grade of 46.23%; and (iii) 12,347.62 tons of iron concentrates, with an annual average grade of 63.29%.

EXPLORATION, DEVELOPMENT AND MINING EXPENSES OF ANHUI JINDING

For the six months ended 30 September 2022, the expenditures of exploration, development and mining activities are summarised in the following table:

Project	Exploration <i>RMB'000</i>	Development <i>RMB'000</i>	Mining <i>RMB'000</i>
Huangtun Pyrite Mine	4,250	481	15,789

BUSINESS REVIEW AND PROSPECTS

Business review

During the six months ended 30 September 2022, the Group's overall business development was stable. Although it is still affected by the rising price of raw materials, it still strives to absorb its adverse impact on profits by actively adjusting its procurement and management policies.

Anhui Jinding, a wholly-owned subsidiary acquired by the Group at the end of 2020 and officially put into full production in the second quarter of the previous financial year, has entered a stable production period and achieved the expected results, bringing stable income to the Group.

Business Outlook

The Group will continue to focus on the production and sales of civilian explosives, the provision of blasting operations and mining engineering and the sales of mineral concentrates, and strive to overcome the market uncertainties brought by the harsh economic environment around the world, and continue to create greater returns for the shareholders.

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

As at 30 September 2022, 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	13,813,333 ordinary shares (L)	0.39%

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>
Ms. Qin Chunhong	Interest of a controlled corporation <i>(Note 5)</i>	34,024,908 ordinary shares (L)	0.96%
	Beneficial owner	2,540,000 ordinary shares (L)	0.07%
Mr. Liu Fali	Beneficial owner	242,415,854 ordinary shares (L)	6.81%
	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	1,659,687,368 ordinary shares (L) <i>(Note 3)</i>	46.64%
Mr. Ma Tianyi	Interest of a controlled corporation <i>(Note 6)</i>	5,480,000 ordinary shares (L)	0.15%
	Beneficial Owner	2,000,000 ordinary shares (L)	0.06%
Ms. Ma Ye	Beneficial owner	126,005,000 ordinary shares (L)	3.54%
	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	1,776,098,222 ordinary shares (L) <i>(Note 3)</i>	49.91%
Mr. Ma Gangling	Beneficial owner	36,024,908 ordinary shares (L)	1.01%

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 2022.
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 5,480,000 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 2022, 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 2022, 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 (Note 1)	Approximate percentage of shareholding (Note 2)
Shiny Ocean Holdings Limited	Beneficial owner	1,361,516,331 ordinary shares (L)	38.26%
Ma Family Holdings Co. Limited	Interest of a controlled corporation	1,361,516,331 ordinary shares (L) (Note 3)	38.26%
Equity Trustee Limited	Trustee (other than a bare trustee)	1,361,516,331 ordinary shares (L) (Note 3)	38.26%
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 318 of the SFO	1,902,103,222 ordinary shares (L) (Note 4)	53.45%
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 318 of the SFO	1,729,937,185 ordinary shares (L) (Note 4)	48.61%

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 Holdings Limited	Beneficial owner	1,361,516,331 ordinary shares (L)	38.26%
Mr. Ma Qiang	Founder of a discretionary trust <i>(Note 3)</i>	1,902,103,222 ordinary shares (L)	53.45%
Mr. Yang Tao	Beneficial owner	274,919,268 ordinary shares (L)	7.73%
Mr. Li Man	Beneficial owner	272,039,268 ordinary shares (L)	7.64%
Mr. Lyu Wenhua	Beneficial owner	240,696,854 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 2022.
3. These shares were held by Shiny Ocean Holdings Limited, 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 2022, 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 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares (six months ended 30 September 2021: nil).

COMPETING INTERESTS

For the six months ended 30 September 2022, 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

To the best knowledge of the Board, 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 2022, 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 2022.

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 D.3.1 to D.3.7 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 Jinghua, Mr. Ha Suoku and Ms. Yao Yunzhu.

The interim report of the Group for the six months ended 30 September 2022 has been reviewed and commented by the members of the audit committee.

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

Executive directors:

Mr. Xiong Zeke (*Chairman*)
Mr. Ma Tianyi (*Chief Executive Officer*)
Mr. Liu Fali (*Chief Operating Officer*)
Mr. Ma Gangling
Ms. Qin Chunhong
Ms. Ma Ye

Independent non-executive directors:

Ms. Zhang Jinghua
Mr. Ha Suoku
Ms. Yao Yunzhu

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

China, 11 November 2022

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.pizugroup.com.