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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 DISPOSAL OF ASSETS

THE DISPOSAL

The Board is pleased to announce that, on 8 December 2022 (after trading hours of the Stock Exchange), the Seller, as seller, a branch of SXMRDC, an indirect non-wholly owned subsidiary of the Company, the Purchaser, as purchaser, and the Mine Owner, as witness, entered into the Disposal Agreement, pursuant to which, the Purchaser has agreed to purchase and the Seller has agreed to sell the Assets at a consideration of RMB169.26 million (including VAT) (subject to adjustment).

IMPLICATIONS OF GEM LISTING RULES

As the highest of the applicable percentage ratios in respect of the Disposal exceeds 5% and is lower than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 8 December 2022 (after trading hours of the Stock Exchange), the Seller, as seller, a branch of SXMRDC, an indirect non-wholly owned subsidiary of the Company, the Purchaser, as purchaser, and the Mine Owner, as witness, entered into the Disposal Agreement, pursuant to which, the Purchaser has agreed to purchase and the Seller has agreed to sell the Assets at a consideration of RMB169.26 million (including VAT) (subject to adjustment).

THE DISPOSAL AGREEMENT

Date: 8 December 2022 (after trading hours of the Stock Exchange)

Parties:

- (1) The Seller, as seller;
- (2) The Purchaser, as purchaser; and
- (3) The Mine Owner, as witness.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser, the Mine Owner and their respective ultimate beneficial owners is a third party independent of the Group and connected persons of the Company.

Subject matter

The Assets to be disposed of by the Seller include certain fixtures, facilities, vehicles, construction machinery, and equipments located at and/or related to the projects at the Target Mines. Details of the Assets are set out in the Disposal Agreement.

Consideration

The consideration for the Assets shall be RMB169.26 million (including VAT) (subject to adjustment depending on the on-site inventory and confirmation of quantity of the Assets by the parties), which the Purchaser shall pay the Consideration to the Seller in the following instalments:

- (i) RMB100 million (including VAT) is payable within 7 working days upon the Disposal Agreement being effective (the “**First Instalment**”);
- (ii) RMB44 million (including VAT) is payable on the 61st day calculated from the 7th working day since the Disposal Agreement being effective (the “**Second Instalment**”); and
- (iii) the remaining balance of the Consideration is payable on the 121st day calculated from the 7th working day since the Disposal Agreement being effective (the “**Third Instalment**”).

The payment of the Second Instalment and the Third Instalment is subject to the Seller obtaining a release of charge on the Assets from the Bank within 120 days upon the 7th days since the Disposal Agreement being effective.

The Consideration was determined on an arm's length basis and normal commercial terms with reference to (i) the net book value of the Assets shown in the unaudited account of SXMRDC as at the date of the Disposal Agreement, which is approximately RMB129.36 million; and (ii) the acquisition cost of the Assets.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Based on the preliminary assessment on the net book value of the Assets and the Consideration of RMB169.26 million (including VAT), the Group will record a gain of approximately RMB22.28 million as a result of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the auditors of the Company.

The net proceeds from the Disposal are intended to be used for the Group's business development and general working capital.

INFORMATION ON THE GROUP AND THE ASSETS

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.

The Seller is a branch of SXMRDC established under the laws of PRC, and SXMRDC is an indirect non-wholly owned subsidiary of the Company, in which the Company is indirectly interested in 51% equity interest. The Seller and SXMRDC is principally engaged in construction of mining trails, tunnels, public and residential buildings, mechanical and electrical equipment engineering installation, prefabricated components of the experiment, and sale of ready mixed concrete.

INFORMATION ON THE PURCHASER AND THE MINE OWNER

The Purchaser is a company established under the laws of PRC, and it is principally engaged in mine excavation engineering and open-pit mining engineering. As at the date of this announcement, according to publicly available information, the ultimate beneficial owner of the Purchaser is Mr. Su Weijia* (蘇為佳).

The Mine Owner is a company established under the laws of PRC, and it is principally engaged in exploration of mineral resources, mineral processing, engineering and technology research and development. As at the date of this announcement, according to publicly available information, the Mine Owner is controlled by State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

“Consideration”	the sum of RMB169.26 million (including VAT) (subject to adjustment depending on the on-site inventory and confirmation of quantity of the Assets by the parties) which is the consideration payable by the Purchaser under the Disposal Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Assets under the Disposal Agreement
“Disposal Agreement”	the asset acquisition agreement dated 8 December 2022 between the Seller and the Purchaser in relation to disposal of the Assets
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mine Owner”	Tibet Huatailong Minerals Exploration Ltd (西藏華泰龍礦業開發有限公司), a company established under the laws of the PRC and owner of the Target Mines
“Purchaser”	Zhejiang Huaye Mine Construction Group Co., Ltd (浙江華冶礦建集團有限公司), a company established under the laws of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	renminbi, the official currency of PRC
“Seller”	Shanxi Xiaoshanchuan Mineral Resources Development and Construction Co., Ltd Tibet Branch* (陝西小山川礦產資源開發建設有限公司分公司), a branch of the SXMRDC established under the laws of the PRC

“SXMRDC”	Shanxi Xiaoshanchuan Mineral Resources Development and Construction Co., Ltd (陝西小山川礦產資源開發建設有限公司), a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“Shareholders”	holders of ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Mines”	the two mines located at Lhasa City, Tibet Autonomous Region, owned by the Mine Owner and at which the Assets are located
“%”	per cent.

* For identification purpose only

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

Hong Kong, 8 December 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 “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.