



JIMU GROUP LIMITED
積木集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8187)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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*This announcement, for which the directors (the “**Directors**”) of Jimu Group Limited (the “**Company**”) 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 (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.*

RESULTS

The board (the “**Board**”) of Directors of the Company presents the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022, together with the comparative audited figures of the year ended 31 December 2021, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
Revenue from goods and services	3	31,400	9,331
Cost of inventories sold		(27,470)	(5,189)
Other income		381	1,254
Other gains and losses		(320)	376
Impairment losses under expected credit loss model, net of reversal		(1,293)	(1,002)
Employee benefits expenses		(3,072)	(13,336)
Other operating expenses		(4,437)	(9,273)
Finance costs		(900)	(424)
Loss before tax		(5,711)	(18,263)
Income tax credit	5	423	3,380
Loss for the year	6	(5,288)	(14,883)
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		135	70
Total comprehensive expense for the year		(5,153)	(14,813)
Loss per share			
Basic and diluted (HK\$)	8	(0.18)	(0.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		14	140
Right-of-use assets		2,549	283
Rental deposits		270	144
Contract assets		–	32
Deferred tax assets		231	296
		<u>3,064</u>	<u>895</u>
Current assets			
Inventories		17,184	12,156
Trade receivables	9	6,455	2,986
Other receivables, prepayments and deposits		860	866
Contract assets		–	1,519
Bank balances and cash		2,011	3,485
		<u>26,510</u>	<u>21,012</u>
Current liabilities			
Trade payables	10	4,405	9,792
Other payables and accruals		9,457	7,813
Interest-bearing borrowings		–	8,026
Lease liabilities		1,659	789
Contract liabilities		20	746
Refund liabilities		–	6
		<u>15,541</u>	<u>27,172</u>
Net current assets (liabilities)		<u>10,969</u>	<u>(6,160)</u>
Total assets less current liabilities		<u>14,033</u>	<u>(5,265)</u>

	<i>NOTE</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		1,238	486
Contract liabilities		–	3
Interest-bearing borrowings		11,560	–
Deferred tax liabilities		–	490
		<u>12,798</u>	<u>979</u>
Net assets (liabilities)		<u>1,235</u>	<u>(6,244)</u>
Capital and reserves			
Share capital	11	7,223	5,016
Reserves and accumulated losses		<u>(5,988)</u>	<u>(11,260)</u>
Total equity (capital deficiency)		<u>1,235</u>	<u>(6,244)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Capital reserve HK\$'000 (Note a)	Statutory reserve HK\$'000 (Note b)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2021	5,016	55,784	148	4,950	1,630	(58,959)	8,569
Loss for the year	-	-	-	-	-	(14,883)	(14,883)
Exchange differences on translation from functional currency to presentation currency	-	-	70	-	-	-	70
Total comprehensive income (expense) for the year	-	-	70	-	-	(14,883)	(14,813)
At 31 December 2021 and 1 January 2022	5,016	55,784	218	4,950	1,630	(73,842)	(6,244)
Loss for the year	-	-	-	-	-	(5,288)	(5,288)
Exchange differences on translation from functional currency to presentation currency	-	-	135	-	-	-	135
Total comprehensive income (expense) for the year	-	-	135	-	-	(5,288)	(5,153)
Placing of new shares (Note c)	2,207	10,935	-	-	-	-	13,142
Transaction costs attributable to placing of new shares (Note c)	-	(510)	-	-	-	-	(510)
Release of translation reserve	-	-	(175)	-	-	175	-
At 31 December 2022	7,223	66,209	178	4,950	1,630	(78,955)	1,235

Notes:

- (a) Capital reserve represents (i) an amount of HK\$77,000 representing the difference between the carrying amount of the non-controlling interests which exceeded the fair value of the consideration paid for the acquisition of additional 60% non-controlling interests in a subsidiary, Alliance International Sourcing Limited (“**Alliance**”) in previous years; (ii) an amount of HK\$10,000 representing the sum of the share capital of certain group entities, including Ever Smart International Enterprise Limited, Dodge & Swerve Limited and Alliance, which have been transferred to capital reserve under the reorganisation in 2015; and (iii) an amount of HK\$5,017,000 representing the waiver of amount due to a former director, pursuant to the deed of waiver agreement entered into between the former director and Ever Smart International Enterprise Limited, a wholly-owned subsidiary of the Group, during the year ended 31 December 2020.
- (b) According to the relevant rules and regulations in the People’s Republic of China (the “**PRC**”), each of the Company’s subsidiaries in the PRC shall transfer 10% of their net income after taxation, based on the PRC statutory accounts of the respective subsidiary, as statutory reserves, until the balance reaches 50% of the respective subsidiary’s registered capital. Further appropriations can be made at the directors’ discretion. The statutory reserves can be used to offset any accumulated losses or convert into paid-up capital of the respective subsidiary.
- (c) On 31 December 2021, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 100,320,000 placing shares to independent investors at a price of HK\$0.107 per share. The placing was completed on 17 January 2022 pursuant to which the Company has allotted and issued 100,320,000 placing shares. The net proceeds derived from the placing amounted to approximately HK\$10,264,000 and resulted in the increase in share capital of approximately HK\$1,003,000 and share premium of approximately HK\$9,731,000, net of transaction costs of approximately HK\$470,000.

Moreover, on 24 November 2022, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 120,384,000 placing shares to independent investors at a price of HK\$0.02 per share. The placing was completed on 14 December 2022 pursuant to which the Company has allotted and issued 120,384,000 placing shares. The net proceeds derived from the placing amounted to approximately HK\$2,368,000 and resulted in the increase in share capital of HK\$1,204,000 and share premium of approximately HK\$1,204,000, net of transaction costs of approximately HK\$40,000.

NOTES:

1. GENERAL INFORMATION

Jimu Group Limited (the “**Company**”) is a public listed company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Unit 06, 12th Floor, The Broadway, No. 54–62 Lockhart Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereafter collectively referred to as the “**Group**”) is principally engaged in the footwear and apparel business and the provision of loan facilitation services.

In 2022, in view of the Group’s expansion of footwear and apparel business and continuous operations of loan facilitation services in the People’s Republic of China (the “**PRC**”), the directors (the “**Directors**”) of the Company reassessed the functional currency of the Company and determined that Hong Kong dollars (“**HK\$**”) better reflects the economic substance of the Company and its business activities as an investment holding company with subsidiaries mainly operating in Hong Kong. Accordingly, the functional currency of the Company was prospectively changed from Renminbi (“**RMB**”) to HK\$ with effective from 1 January 2022. For the convenience of the consolidated financial statements users, the consolidated financial statements are presented in HK\$.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatory effective for the year

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which are effective for the Group’s financial year beginning 1 January 2022:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts and related Amendments ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimate ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual period beginning on or after a date to be determined.

The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE FROM GOODS AND SERVICES

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2022		
	Footwear and apparel businesses <i>HK\$'000</i>	Loan facilitation and credit assessment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trading of footwear and apparel			
Footwear	27,382	–	27,382
Apparel	2,961	–	2,961
	<u>30,343</u>	<u>–</u>	<u>30,343</u>
Provision of loan facilitation services			
Pre-loan facilitation services	–	745	745
Post-loan facilitation services	–	310	310
	<u>–</u>	<u>1,055</u>	<u>1,055</u>
Provision of credit assessment services			
	<u>–</u>	<u>2</u>	<u>2</u>
Total	<u>30,343</u>	<u>1,057</u>	<u>31,400</u>
Geographical market			
The PRC	–	1,057	1,057
Hong Kong	15,715	–	15,715
Canada	14,628	–	14,628
	<u>30,343</u>	<u>1,057</u>	<u>31,400</u>
Total	<u>30,343</u>	<u>1,057</u>	<u>31,400</u>
Timing of revenue recognition			
At a point in time	30,343	745	31,088
Over time	–	312	312
	<u>30,343</u>	<u>1,057</u>	<u>31,400</u>
Total	<u>30,343</u>	<u>1,057</u>	<u>31,400</u>

For the year ended 31 December 2021

	Footwear and apparel businesses <i>HK\$'000</i>	Loan facilitation and credit assessment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trading of footwear and apparel			
Footwear	2,693	–	2,693
Apparel	2,884	–	2,884
	<u>5,577</u>	<u>–</u>	<u>5,577</u>
Provision of loan facilitation services			
Pre-loan facilitation services	–	1,484	1,484
Post-loan facilitation services	–	1,550	1,550
	<u>–</u>	<u>3,034</u>	<u>3,034</u>
Provision of credit assessment services			
	<u>–</u>	<u>720</u>	<u>720</u>
Total	<u>5,577</u>	<u>3,754</u>	<u>9,331</u>
Geographical market			
The PRC	–	3,754	3,754
Hong Kong	2,693	–	2,693
Mexico	2,884	–	2,884
	<u>5,577</u>	<u>3,754</u>	<u>9,331</u>
Total	<u>5,577</u>	<u>3,754</u>	<u>9,331</u>
Timing of revenue recognition			
At a point in time	5,577	1,484	7,061
Over time	–	2,270	2,270
	<u>5,577</u>	<u>3,754</u>	<u>9,331</u>
Total	<u>5,577</u>	<u>3,754</u>	<u>9,331</u>

4. SEGMENT INFORMATION

Information reported to the management of the Company, being the Chief Operating Decision Maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s operating and reportable segment under HKFRS 8 Operating Segments are as follows:

- Footwear and apparel businesses – trading of footwear and apparel; and
- Loan facilitation and credit assessment services – provision of pre-loan facilitation services, post-loan facilitation services and credit assessment services.

The above operating divisions constitute the operating and reportable segments of the Group.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segments:

For the year ended 31 December 2022

	Footwear and apparel businesses HK\$’000	Loan facilitation and credit assessment services HK\$’000	Total HK\$’000
Segment revenue	<u>30,343</u>	<u>1,057</u>	<u>31,400</u>
Segment results	<u>(1,282)</u>	<u>(528)</u>	<u>(1,810)</u>
Unallocated expenses			<u>(3,901)</u>
Loss before tax			<u>(5,711)</u>

For the year ended 31 December 2021

	Footwear and apparel businesses <i>HK\$'000</i>	Loan facilitation and credit assessment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>5,577</u>	<u>3,754</u>	<u>9,331</u>
Segment results	<u>(4,881)</u>	<u>(7,707)</u>	(12,588)
Unallocated income			30
Unallocated expenses			<u>(5,705)</u>
Loss before tax			<u>(18,263)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior years.

Segment results represent the loss before tax of each segment without allocation of certain other income, central administration costs, directors' emoluments and loss on disposal of a subsidiary. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

Segment assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Footwear and apparel businesses	28,390	18,720
Loan facilitation and credit assessment services	<u>847</u>	<u>2,992</u>
Total segment assets	29,237	21,712
Unallocated assets		
– Bank balances and cash	264	173
– Other receivables	<u>73</u>	<u>22</u>
Total assets	<u>29,574</u>	<u>21,907</u>

Segment liabilities

	2022 HK\$'000	2021 HK\$'000
Footwear and apparel businesses	14,281	12,324
Loan facilitation and credit assessment services	4,775	5,847
Total segment liabilities	19,056	18,171
Unallocated liabilities		
– Other payables and accruals	2,255	1,954
– Interest-bearing borrowings	7,028	8,026
Total liabilities	28,339	28,151

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets, including primarily certain bank balances and cash and other receivables.
- all liabilities are allocated to operating segments other than unallocated corporate liabilities, including certain other payables and accruals and interest-bearing borrowings.

Other segment information

For the year ended 31 December 2022

	Footwear and apparel businesses HK\$'000	Loan facilitation and credit assessment services HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss of segment assets:			
Addition to non-current assets (<i>Note</i>)	2,526	–	2,526
Depreciation of plant and equipment	94	27	121
Depreciation of right-of-use assets	259	–	259
Impairment of trade and other receivables and contract assets, net	–	1,293	1,293
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:			
Interest expenses	900	–	900
Income tax credit	–	(423)	(423)

For the year ended 31 December 2021

	Footwear and apparel businesses <i>HK\$'000</i>	Loan facilitation and credit assessment services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss of segment assets:			
Addition to non-current assets (<i>Note</i>)	319	–	319
Depreciation of plant and equipment	142	18	160
Depreciation of right-of-use assets	36	–	36
Impairment of trade and other receivables and contract assets, net	34	968	1,002
Gain on disposal of plant and equipment, net	–	(52)	(52)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:			
Interest expenses	33	391	424
Income tax credit	(2,112)	(1,268)	(3,380)
	<u> </u>	<u> </u>	<u> </u>

Note: Non-current assets included plant and equipment and right-of-use assets.

Geographical information

The Group's operations are located in Hong Kong, the PRC and Canada.

Information about the Group's revenue from external customers is presented based on the location of customers, irrespective of the origin of the goods, or the location of the loan facilitated or credit assessed as detailed below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC	1,057	3,754
Hong Kong	15,715	2,693
Canada	14,628	–
Mexico	–	2,884
	<u> </u>	<u> </u>
	31,400	9,331
	<u> </u>	<u> </u>

Information about the Group's non-current assets is presented based on the geographical location of the assets:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	2,550	377
The PRC	244	374
	<u>2,794</u>	<u>751</u>

Non-current assets excluded rental deposits.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's revenue are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	3,508	N/A ²
Customer B ¹	8,083	N/A ²
Customer C ¹	N/A ²	2,693
Customer D ¹	N/A ²	2,884
	<u>N/A</u>	<u>2,884</u>

¹ Revenue from trading of footwear and apparel.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Over-provision in prior years	–	2,112
Deferred tax	423	1,268
	<u>423</u>	<u>3,380</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit for the both years.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision for PRC EIT has been made in the consolidated financial statements for both years as the subsidiaries in the PRC have no taxable profit.

The Canada subsidiary is incorporated in British Columbia, Canada. Overseas tax is calculated at rates of tax applicable in countries in which the Group is assessable for tax. No provision for Canada has been made in the consolidated financial statements for the year ended 31 December 2022 as the subsidiary in the Canada has no taxable profit.

6. LOSS FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' remuneration	764	1,564
Other staff costs (excluding directors' remuneration):		
– Salaries, allowances and benefits in kind	1,922	10,725
– Retirement benefit scheme contributions	386	1,047
Total staff costs	<u>3,072</u>	<u>13,336</u>
Auditor's remuneration	800	800
Depreciation of plant and equipment	121	160
Depreciation of right-of-use assets	259	36
Expenses relating to short term leases	<u>180</u>	<u>483</u>

7. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss:		
Loss for the year for the purpose of basic loss per share	<u>(5,288)</u>	<u>(14,883)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>30,173</u>	<u>25,080</u> (Restated)

For the year ended 31 December 2022, the weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share placing in January 2022 and December 2022 and share consolidation on 17 March 2023.

Comparative figures of the weighted average number of shares for calculating basic earnings per share has been adjusted on the assumption that the share consolidation had been effective in prior year.

No diluted loss per share for the years ended 31 December 2022 and 2021 is presented as there were no potential ordinary shares in issue for both years.

9. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables from contracts with customers	8,699	3,028
Less: allowance for credit losses	<u>(2,244)</u>	<u>(42)</u>
	<u>6,455</u>	<u>2,986</u>

As at 31 December 2022, the gross amount of trade receivables from contracts with customers amounted to HK\$8,699,000 (2021: HK\$3,028,000).

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	2,624	–
31 to 60 days	389	–
61 to 90 days	447	–
Over 90 days	<u>2,995</u>	<u>2,986</u>
	<u>6,455</u>	<u>2,986</u>

10. TRADE PAYABLES

The credit period on purchase of goods varies from 20 days to 45 days. The ageing analysis of the trade payables presented based on the invoice dates at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	1,330	6,101
31 to 60 days	–	2,738
Over 90 days	<u>3,075</u>	<u>953</u>
	<u>4,405</u>	<u>9,792</u>

11. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised ordinary shares at HK\$0.01 per share: At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid shares at HK\$0.01 per share: At 1 January 2021, 31 December 2021 and 1 January 2022	501,600,000	5,016
Placement of new shares on 17 January 2022 (<i>Note a</i>)	100,320,000	1,003
Placement of new shares on 14 December 2022 (<i>Note b</i>)	<u>120,384,000</u>	<u>1,204</u>
At 31 December 2022	<u>722,304,000</u>	<u>7,223</u>

Notes:

- (a) On 31 December 2021, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 100,320,000 placing shares to independent investors at a price of HK\$0.107 per share. The placing was completed on 17 January 2022 pursuant to which the Company has allotted and issued 100,320,000 placing shares. The net proceeds derived from the placing amounted to approximately HK\$10,264,000 and resulted in the increase in share capital of HK\$1,003,000 and share premium of approximately HK\$9,731,000, net of transaction costs of approximately HK\$470,000.
- (b) On 24 November 2022, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 120,384,000 placing shares to independent investors at a price of HK\$0.02 per share. The placing was completed on 14 December 2022 pursuant to which the Company has allotted and issued 120,384,000 placing shares. The net proceeds derived from the placing amounted to approximately HK\$2,368,000 and resulted in the increase in share capital of HK\$1,204,000 and share premium of approximately HK\$1,204,000, net of transaction costs of approximately HK\$40,000.

12. EVENT AFTER THE REPORTING PERIOD

1. Implementing share consolidation

On 17 March 2023, the shareholders at the EGM approved share consolidation (“**Share Consolidation**”) on the basis that every twenty (20) issued and unissued existing shares of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.20 each.

The consolidation was implemented on 21 March 2023. 722,304,000 Existing Shares of par value HK\$0.01 each successfully converted into 36,115,200 consolidated shares par value of HK\$0.20 each which are fully paid or credited as fully paid. The board lot size for trading in the consolidated shares remained unchanged at 5,000 consolidated shares per board lot.

2. Entering into tenancy agreement

On 12 January 2023, the Group entered into new tenancy agreement for the use of retail shop for selling sportswear, footwear and related sports equipment for two years and six months with monthly rent amounted of HK\$38,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is engaged in the footwear and apparel businesses and the loan facilitation and credit assessment businesses.

Footwear and Apparel Businesses

The Group is engaged in the trading of footwear and apparel business. The Group offers formal and casual footwear and apparel to its customers. Over the years of its operations since 2009, the Group has built a diverse global customer portfolio comprising mainly international wholesalers and retailers, which are brand owners or licensees of formal and casual footwear. Also, the Group seized the opportunity to extend the apparel business since 2021 as we see the massive market potential for the apparel business overseas. The management believes that the footwear and apparel business is recovering and will continue to seek further development opportunities in both local and overseas markets.

Since early 2022, the Group has diversified its footwear and apparel businesses by selling branded footwear and apparel products in Hong Kong and Canada. The Directors believe that the commencement of such new business in Hong Kong and North America allows the Group to develop a diversified range of customers in different geographical locations. The Group has set up a new company and established its presence in Vancouver, Canada in 2022. The Group will then maintain the scale of operations and retail network in 2023 and regularly review the market conditions in North American and adjust the strategies in due course.

As most of the countries' economies have started to recover from the COVID-19 pandemic since early 2022, together with the consumption voucher scheme implemented by the Hong Kong Government and the World Cup played in 2022, the Group achieved significant growth in revenue for the year ended 31 December 2022. Going forward, the Group plans to continue to widen the consumer reach by expanding its brand portfolio and product categories and the Group will explore business opportunities in various soft fashion trading networks and online platforms and seek operations with more local and overseas enterprises to expanding our retail business.

Loan Facilitation and Credit Assessment Businesses

The Group commenced the provision of loan facilitation services to customers in the PRC in 2018.

The Group has set up a branch office network across different regions in the PRC to provide assistance to customers with financing needs, with a particular focus on individual customers in 3rd and 4th tier cities in the PRC, who in general, compared to individuals in first tier cities, have weaker knowledge of or access to financing solutions available in the market. Our branch offices liaise between customers and funding sources and arrange for contract signing upon agreement by both parties.

Since 2021, the management of the Group (the “**Management**”) has been continuously assessing the change in economic condition of the loan market. The PRC business remained disappointing and shrank sharply. The restriction of social activities measures due to the COVID-19 pandemic and the cross-border epidemic control measures taken in response to the virus have negatively affected workforces, customers, consumer confidence, financial markets, consumer spending and credit markets, leading to significant economic and business disruption, volatility and financial uncertainty, and dragging down the PRC economy significantly, further reducing the need for borrowing and business growth, which in turn undermined the loan market where the Group operate. Although the pandemic seems to have died down in the PRC and people have started to resume normal lives, the Board expects that business will not be able to go back to where it was in the foreseeable future as it takes time for the public sector to take up the impetus needed to boost the economy. As a result, we will consider taking all possible and appropriate measures towards this business in due course.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$31.4 million for 2022, an increase of approximately 237.6% compared with that of approximately HK\$9.3 million for 2021. Revenue for 2022 mainly derived from the footwear and apparel businesses.

Footwear and Apparel Businesses

The Group recorded revenue from the footwear and apparel businesses of approximately HK\$30.3 million for 2022 (2021: approximately HK\$5.6 million) since the Group has also engaged in the footwear and apparel business in Hong Kong and Canada in 2022.

Loan Facilitation and Credit Assessment Businesses

Revenue from the loan facilitation segment decreased by 71.1% from approximately HK\$3.8 million for 2021 to approximately HK\$1.1 million for 2022. The revenue dropped significantly due to the closing down of branches and laying off staff since 2020. The Group had already closed the branches and layoff staffs of loan facilitation business to reduce operating costs.

Cost of inventories sold

Cost of inventories sold of approximately HK\$27.5 million mainly comprised the cost of inventories sold and consignment costs incurred for 2022 (2021: approximately HK\$5.2 million).

Other gains and losses

Other losses (net) amounted to approximately HK\$0.3 million for 2022 as compared to other gains (net) approximately HK\$0.4 million for 2021. This is mainly due to the exchange loss of HK\$0.3 million due to depreciation of Canadian dollars during 2022 (2021: HK\$57,000).

Employee benefits expenses

Employee benefits expenses decreased to approximately HK\$3.1 million for 2022 from approximately HK\$13.3 million for 2021, which was mainly due to the further cost-cutting and restructuring plan related to loan facilitation and credit assessment businesses implemented in 2021.

Other operating expenses

Other operating expenses decreased to approximately HK\$4.4 million for 2022 from approximately HK\$9.3 million for 2021, which was mainly attributable to the legal and professional fees amounted to HK\$1.2 million and audit fee amounted to HK\$0.8 million respectively, and the decrease is a result of the further cost-cutting and restructuring plan related to loan facilitation and credit assessment businesses implemented in 2021.

Finance costs

The increase of finance costs by 112.3% to approximately HK\$900,000 for 2022 from approximately HK\$424,000 for 2021, which was mainly due to the interest charged from the HK\$8 million loan obtained in 2021 and fully repaid in late 2022 and more loans were further obtained in November and December 2022 respectively which aggregated to HK\$11.5 million (bearing interest ranges from 8–9% per annum).

Income tax credit

Income tax credit decreased to approximately HK\$423,000 for 2022 from income tax credit approximately HK\$3.4 million for 2021, which was mainly representing the decrease in the timing differences between the revenue recognised and the collection of service fees from loan facilitation services.

Loss for the year

As a result of foregoing, loss for the year decreased to approximately HK\$5.3 million for 2022 from approximately HK\$14.9 million for 2021.

Loss before tax for the footwear and apparel businesses segment decreased to loss of approximately HK\$1.3 million for 2022 from loss of approximately HK\$4.9 million for 2021. This was mainly due to the start of the footwear and apparel businesses in Hong Kong and Canada since early 2022.

Loss before tax for the loan facilitation and credit assessment segment decreased to loss of approximately HK\$0.5 million for 2022 from loss of approximately HK\$7.7 million for 2021. This was mainly due to the downsize of the loan facilitation and credit assessment segment and continued the cost-cutting and restructuring plan implemented in 2022 (2021: HK\$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND LOAN CAPITAL STRUCTURE

As at 31 December 2022, the total borrowings of the Group amounted to approximately HK\$14.5 million (2021: approximately HK\$9.3 million) which comprised interest-bearing borrowings and lease liabilities.

As at 31 December 2022, the gearing ratio of the Group was 49.0% (2021: 42.5%). Gearing ratio is calculated based on total borrowings divided by total assets at the end of the relevant period.

The Group maintained sufficient working capital as at 31 December 2022 with bank balances and cash of approximately HK\$2.0 million (2021: approximately HK\$3.5 million). The Board of Directors will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

As at 31 December 2022, the Group's net current assets amounted to approximately HK\$11.0 million (31 December 2021: net current liabilities approximately HK\$6.2 million). The current ratio of the Group was approximately 1.7 times (31 December 2021: approximately 0.8 times). Current ratio is calculated based on total current assets divided by total current liabilities at the end of the relevant period.

The Group's operations are financed principally by revenue generated from its business operation, available bank balances and cash as well as interest-bearing borrowings. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity position to ensure that the Group is well positioned to achieve its business objectives and strategies.

On 31 December 2021, the Company has entered into a placing agreement (the “**2021 Placing Agreement**”) with a placing agent (the “**2021 Placing Agent**”), pursuant to which the Company has conditionally agreed to place through the 2021 Placing Agent, a maximum of 100,320,000 new shares (the “**Placing Shares of 2021 Placing**”) to not less than six independent places at the placing price of HK\$0.107 per Placing Share (the “**2021 Placing**”). The 2021 Placing was completed on 17 January 2022 (the “**Completion of 2021 Placing**”). The Company has fully placed an aggregate of 100,320,000 Placing Shares of 2021 Placing, representing (i) 20% of the issued share capital of the Company immediately prior to the Completion of 2021 Placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the 100,320,000 Placing Shares of 2021 Placing. The Company's issued share capital increased from 501,600,000 to 601,920,000 immediately after the Completion of 2021 Placing. The net proceeds from the issue of the Placing Shares of

2021 Placing after deduction of all relevant expenses amounted to approximately HK\$10.3 million. For details on the use of proceeds from the 2021 Placing refer to the section “Use of proceeds from the Placing” below.

On 24 November 2022, the Company has entered into a placing agreement (the “**2022 Placing Agreement**”) with a placing agent (the “**2022 Placing Agent**”), pursuant to which the Company has conditionally agreed to place through the 2022 Placing Agent, a maximum of 120,384,000 new shares (the “**Placing Shares of 2022 Placing**”) to not less than six independent placees at the placing price of HK\$0.0200 per Placing Share (the “**2022 Placing**”). The 2022 Placing was completed on 14 December 2022 (the “**Completion of 2022 Placing**”). The Company has fully placed an aggregate of 120,384,000 Placing Shares of 2022 Placing, representing (i) 20% of the issued share capital of the Company immediately prior to the Completion of 2022 Placing; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the 120,384,000 Placing Shares of 2022 Placing. The Company’s issued share capital increased from 601,920,000 to 722,304,000 immediately after the Completion of 2022 Placing. The net proceeds from the issue of the Placing Shares of 2022 Placing after deduction of all relevant expenses amounted to approximately HK\$2.3 million. For details on the use of proceeds from the 2022 Placing refer to the section “Use of proceeds from the Placing” below.

Further details of the above placing were set out in the announcements of the Company dated 31 December 2021, 17 January 2022, 24 November 2022 and 14 December 2022.

PLEDGE OF ASSETS

As at 31 December 2022, the Group had no asset pledged (2021: HK\$Nil) to secure the Group’s interest bearing borrowings.

EXCHANGE RATE EXPOSURE

Revenue, cost and expenses of the Group’s are denominated in Hong Kong dollars (“**HK\$**”), Renminbi (“**RMB**”) and Canadian dollars (“**CAD**”), as such the net exposure to fluctuation of HK\$ against RMB and CAD are not material. The Group’s management considers that the Group has no significant foreign exchange exposures. Foreign exchange risk arising from the normal course of operations is considered to be minimal. As at 31 December 2022, the Group did not use any financial instrument for hedging the foreign exchange risk.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2022, there was no significant investment held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 December 2022, the Group currently has no other plan for material investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Memorandum of understanding (the “MOU”) in relation to 67% interests in Stay Fresh Footwear Inc. (“Stay Fresh”)

As disclosed in the Company’s announcement dated 10 November 2021, the Company entered into the non-legally binding MOU with Mr. Li Kwok Ming and Mr. Dai Aleix (collectively the “**Vendors**”, and together with the Company, the “**Parties**”).

As disclosed in the Company’s announcement dated 19 January 2022 (the “**SSA Announcement**”), the Parties together with Ms. Ha April Yi Pui entered into the share subscription agreement (the “**SSA**”) in relation to the possible subscription of 7% equity interest in Stay Fresh at 17 January 2022.

As disclosed in the Company’s announcement dated 30 June 2022, as some conditions precedent to the SSA as disclosed in the SSA Announcement have not been fully satisfied (or waived) by the long stop date, following further negotiation and discussion, the Company and Stay Fresh decided not to proceed with the share subscription, and the SSA shall cease and determine and none of the parties thereto shall have any obligations and liabilities towards each other.

Saved as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2022.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (2021: HK\$Nil).

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any significant capital commitments (2021: HK\$Nil).

USE OF PROCEEDS FROM THE PLACING

The net proceed from the 2021 Placing and 2022 Placing, amounted to approximately HK\$10.3 million and HK\$2.3 million respectively.

Set out below is the actual use of net proceeds up to the date of this announcement.

Use of net proceeds	Net proceeds <i>HK\$'000</i>	Unutilised	Net proceeds	Net proceeds	Net proceeds	Unutilised	Expected timeline on utilisation of Unutilised net proceeds
		net proceeds as at 31 December 2021 <i>HK\$'000</i> <i>(Note 1)</i>	utilised during the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 1)</i>	utilised during the six months ended 30 June 2022 <i>HK\$'000</i> <i>(Note 2)</i>	utilised during the six months ended 31 December 2022 <i>HK\$'000</i>	net proceeds as at 31 December 2022 <i>HK\$'000</i>	
2021 Placing							
Business operation	9,216	-	-	9,216	-	-	N/A
General working capital	1,048	-	-	1,048	-	-	N/A
2022 Placing							
Business operation	494	N/A	N/A	N/A	494	-	N/A
General working capital	1,874	N/A	N/A	N/A	1,824	50	June 2023
	<u>12,632</u>	<u>-</u>	<u>-</u>	<u>10,264</u>	<u>2,318</u>	<u>50</u>	

Notes:

1. The 2021 Placing Agreement was executed on 31 December 2021, but the completion of 2021 Placing was on 17 January 2022.
2. The 2022 Placing Agreement was executed on 24 November 2022, but the completion of 2022 Placing was on 14 December 2022.

There is no material change between the intended use of the net proceeds of the 2021 Placing and 2022 Placing respectively, and the actual use of the net proceeds of the 2021 Placing and 2022 Placing.

EVENT AFTER THE REPORTING PERIOD

1. Implementing share consolidation

On 17 March 2023, the shareholders at the EGM approved share consolidation (“**Share Consolidation**”) on the basis that every twenty (20) issued and unissued existing shares of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.20 each.

The consolidation was implemented on 21 March 2023. 722,304,000 Existing Shares of par value HK\$0.01 each successfully converted into 36,115,200 consolidated shares par value of HK\$0.20 each which are fully paid or credited as fully paid. The board lot size for trading in the consolidated shares remained unchanged at 5,000 consolidated shares per board lot.

2. Entering into tenancy agreement

On 12 January 2023, the Group entered into new tenancy agreement for the use of retail shop for selling sportswear, footwear and related sports equipment for two year and six months with monthly rent amounted of HK\$38,000.

Save as to the above mentioned, here is no material subsequent event undertaken by the Company or by the Group after 31 December 2022 and up to the date of this announcement.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2022, the total employees in mainland China, Canada and Hong Kong has increased from 12 in 2021 to 16 in 2022, which was mainly a result of increase in recruitment of the retail business in 2022. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to our staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with our staff which contain provisions on intellectual property rights and confidentiality.

The remuneration committee of the Company will make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As at 31 December 2022, approximately 100% and 100% of the total trade receivables were due from our five largest debtors (all being customers) and our largest debtor (being a customer) respectively. The Group will review and monitor the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, at the end of each reporting year, the Group performs impairment assessment under expected credit loss model so as to ensure that adequate impairment losses are made. The carrying amounts of trade receivables, other receivables and contract assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Interest rate risk

The Group is exposed to minimal interest rate risk as if mainly in relation to variable-rate bank balances. The Group monitors the interest rate exposure on a continuous basis and will consider hedging significant interest rate exposure should the need arise.

Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows. For the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group was in compliance in all material respects with the relevant laws and regulations applicable to the business operations of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

According to our business nature and pursuant to the laws of Hong Kong, there are no specific environmental standards and/or requirements for conducting the Group's business in Hong Kong. The Group is aware of environmental protection and social responsibility as an enterprise citizen and promotes healthy work place. The Group's Environmental, Social and Governance Report for the year ended 31 December 2022 will be published on the respective websites of the Stock Exchange and the Company on 23 March 2023.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains good relationship with its customers. The sales personnel and merchandisers make regular phone calls to the customers and visit them overseas periodically. If there is any complaint from customers, it will be reported to the management and immediate remedial action will be taken.

The Group also maintains a good relationship with its suppliers. During the year ended 31 December 2022, no complaint was received from the suppliers and there was no disputed debts or unsettled debts and all the debts are settled on or before due dates or a latest date as mutually agreed.

During the year ended 31 December 2022, there was no dispute on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review the policies on salary increment, promotion, bonus, allowances and all other related benefits.

In view of the above and as at the date of the annual report, there is no circumstance or any event which will have a significant impact on the Group's business and on which the Group's success depends.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The corporate governance practices of Jimu Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") are based on the principles and the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the Rules ("**GEM Listing Rules**") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

During the year ended 31 December 2022, the Company has complied with all the applicable code provisions of the Code, except for the following deviations:

Code Provision D.2.1 of the CG Code provides that risk management committee should review the Group's effectiveness of the risk management and internal control systems at least annually. For the year ended 31 December 2022, a risk management committee meeting was not arranged between the risk management committee members due to the tight schedules of the risk management committee members. Although such meeting was not held during the reporting period, a risk management committee meeting was held on 9 February 2023 accordingly.

Subsequent to the resignation of Mr. Lam Wai Hung, the number and composition of independent non-executive directors failed to meet the requirements under (i) Rule 5.05(1) of the GEM Listing Rules which requires the board of directors must include at least 3 independent non-executive directors; (ii) Rule 5.05(A) of the GEM Listing Rules which requires the Company must appoint independent non-executive directors representing at least one-third of the board; (iii) Rule 5.05(2) of the GEM Listing Rules which requires at least one of the independent non-executive directors to have appropriate professional qualifications or accounting or related financial management expertise; and (iv) Rule 5.28 of the GEM Listing Rules which requires the audit committee to comprise a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, the majority of the audit committee members must be independent non-executive directors and the audit committee must be chaired by an independent non-executive director.

Following the appointment of Mr. Yiu Yu Hong John, the Company met all relevant requirements set out in Rule 5.05, Rule 5.05A and Rule 5.28 of the GEM Listing Rules.

Code Provision A.5.1 of the Code (which has been re-numbered as Rules 5.36A of the GEM Listing Rules since 1 January 2022) requires the Nomination Committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors. Following the resignation of Mr. Eric Todd and Mr. Lam Wai Hung on 12 February 2022 and 14 January 2022 respectively, the number of independent non-executive directors on the Board were less than three and the Audit Committee, Remuneration Committee and Nomination Committee were not comprised a majority of independent non-executive directors. The Company has identify a suitable candidate to fill the vacancy and appointed Mr. Choi Hoi Yan and Mr. Yiu Yu Hong John as an independent non-executive Director of the Company with effect from 12 February 2022 and 1 April 2022 respectively.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Currently, the positions of Chairman and Chief Executive Officer are vacant but the Executive Director performs similar function as Chief Executive Officer. Besides, the Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation by management. The Board monitors the Group's operating and financial performance and ensures that effective governance and corporate social responsibility and policies and sound internal control and risk management systems are in place. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest development.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules, as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 December 2022.

INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2022, none of the Directors or any of their respective close associates (all as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Share Option Scheme**”) on 11 May 2016. On 6 January 2023, 14,400,000 share options were granted to certain eligible participants to subscribe for shares of the Company under the Share Option Scheme. Please refer to the Company’s announcement dated 6 January 2023 for further details. Subsequent to the Company’s share consolidation implemented on 21 March 2023 and as at the date of this announcement, there are 720,000 outstanding share options granted under the Share Option Scheme entitling the holders thereof to subscribe for 720,000 shares of the Company at the exercise price of HK\$0.42 per share. As the Share Consolidation had taken effect on 21 March 2023, adjustments were made to the exercise prices and the number of shares of the Company falling to be issued in respect of the outstanding share options in accordance with the terms and conditions of the Share Option Scheme and the GEM Listing Rules. As at the date of this announcement, there are 1,680,000 share options available for future grant.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2022, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred

therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares or underlying shares of the Company

Name of Director	Capacity	Number of shares or underlying shares held			Total	Approximate percentage of interest in such corporation
		Ordinary shares	Share options			
Mr. Shum Tsz Yeung	Beneficial owner	135,000	–	135,000	0.02%	

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2022, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, no person (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

CONNECTED TRANSACTION

During the year ended 31 December 2022, the Company did not have any connected transaction which were subject to the reporting requirements under Chapter 20 of the GEM Listing Rules.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

AUDIT COMMITTEE

The Company established the audit committee of the Company (the "Audit Committee") on 11 May 2016 with written terms of reference in compliance with the code provisions of the Code. The Audit Committee currently consists of three members, namely Mr. Choi Ho Yan (Chairman), Mr. Hung Wai Che and Mr. Yiu Yu Hong John, all being independent non-executive Directors.

Disclosure of financial information in this announcement complies with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements. The Company's Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022.

SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED (“PRISM”)

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Prism, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Prism in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 12 May 2023. The notice of the annual general meeting of 2023 of the shareholders of the Company will be published and despatched to the shareholders of the Company in the manner as required by the GEM Listing Rules on 23 March 2023.

PUBLICATION OF THE ANNUAL RESULTS AND DESPATCH OF THE ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.com.hk and the Company at www.jimugroup8187.com. The annual report of the Company for the year ended 31 December 2022 containing all the information required by the GEM Listing Rules will be published on the websites of the Stock Exchange and the Company and despatch to the shareholders of the Company in due course.

By Order of the Board
JIMU GROUP LIMITED
Tsang Hing Bun
Executive Director

Hong Kong, 23 March 2023

As at the date of this announcement, the executive Directors of the Company are Ms. Wei Ju and Mr. Tsang Hing Bun; the non-executive Director of the Company is Mr. Shum Tsz Yeung; and the independent non-executive Directors of the Company are Mr. Hung Wai Che, Mr. Choi Ho Yan and Mr. Yiu Yu Hong John.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company’s website at <http://www.jimugroup8187.com>. In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.