

Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023

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.

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This announcement, for which the directors of Zijing International Financial Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) 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 (“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.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$2.91 million for the three months ended 31 March 2023 as compared to HK\$5.08 million for the corresponding period in 2022.
- Loss attributable to owners of the Company for the three months ended 31 March 2023 to approximately HK\$2.43 million as compared to profit attributable to owners of the Company of approximately HK\$0.12 million for the corresponding period in 2022.
- The Directors do not recommend the payment of a dividend for the three months ended 31 March 2023.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023 together with the comparative unaudited figures for the corresponding period in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended	
		31 March	
	<i>Notes</i>	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	2	2,913	5,080
Operating expenses		<u>(5,338)</u>	<u>(4,962)</u>
(Loss)/profit from operations and before taxation		(2,425)	118
Income tax expense	3	<u>—</u>	<u>—</u>
(Loss)/profit for the period and attributable to owners of the Company		<u>(2,425)</u>	<u>118</u>
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		<u>216</u>	<u>—</u>
Total comprehensive (loss)/income for the period attributable to owners of the Company		<u>(2,209)</u>	<u>118</u>
(Loss)/earnings per share (expressed in HK cents per share)			
—Basic and diluted	4	<u>(3.79)</u>	<u>0.18</u>

NOTES:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated first quarterly financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated first quarterly financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the unaudited condensed consolidated first quarterly financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), rounded to the nearest thousand except for per share data. HK\$ is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of the financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The condensed consolidated accounts have not been audited by the auditors of the Company but have been reviewed by the audit committee of the Company.

2. REVENUE

The principal activity of the Group is the provision of financial services in Hong Kong. Revenue represents income from the provision of corporate financial advisory services for the three months ended 31 March 2023 and 2022.

3. INCOME TAX

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the three months ended 31 March 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The Singapore Corporate Income Tax is determined by applying the Singapore tax rate of 17%.

No provision for Hong Kong Profits tax and Singapore Corporate Income tax have been provided for in the financial statements as the Group had no estimated assessable profit for the three months ended 31 March 2023 and 2022.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to income tax in these jurisdictions.

4. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK\$2,425,000 (2022: profit attributable to owners of the Company of approximately HK\$118,000) and the weighted average of 64,000,000 (2022: 64,000,000 (as adjusted by the share consolidation took effect on 4 November 2023)) ordinary shares in issue during the period.

b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in issue for the three months ended 31 March 2023 and 2022, and diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

5. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2023 (2022: Nil).

6. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Attributable to owners of the Company (Accumulated losses)/				Total equity HK\$'000
	Share Capital HK\$'000	Share premium and reserve HK\$'000	Exchange Reserve HK\$'000	Retained earnings HK\$'000	
At 1 January 2022 (audited)	6,400	21,787	—	3,252	31,439
Profit and total comprehensive income for the period	—	—	—	118	118
At 31 March 2022 (unaudited)	6,400	21,787	—	3,370	31,557
At 1 January 2023 (audited)	6,400	21,787	185	(4,317)	24,055
Loss for the period	—	—	—	(2,425)	(2,425)
Exchange differences arising on translation of foreign operation	—	—	216	—	216
Total comprehensive expense for the period	—	—	216	(2,425)	(2,209)
At 31 March 2023 (unaudited)	<u>6,400</u>	<u>21,787</u>	<u>401</u>	<u>(6,742)</u>	<u>21,846</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group is mainly engaged in provisional of corporate finance related services in Hong Kong including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offering related projects. By leveraging on the managements' connections and business network, the Group has actively maintained frequent communication with existing customers and potential new customers in relation to potential business opportunities.

During the COVID-19 pandemic in the previous three years, the continuous lockdowns and the cross border restrictions severely dented the Group's marketing activities and due diligence works as well as the business operations and the financial position of our clients in the PRC. Despite China ended its zero-COVID policy in December 2022 and the situation was improving, the pace of recovery has been uneven and the business operations and the financial position in the PRC of some of our clients have not yet returned to pre-pandemic levels. As such, some of the planned projects and marketing activities of the Group which were expected to be commenced and executed in the first quarter of 2023 had been delayed or temporarily postponed. The performance of the Group had thus been temporarily impacted.

Outlook

As at the time of compiling this report, the World Health Organisation had declared the end of the global emergency status for COVID-19 on 5 May 2023 more than three years after its original declaration. Looking ahead, the management believes that the prospects of the post-COVID recovery remain uncertain, apart from the stubbornly high inflation and spillovers from Russia's war in Ukraine, the failures of two U.S. regional banks and the forced merger of Credit Suisse recently added another uncertainty on the recovery of global economy.

Nevertheless, as Hong Kong is one of the leading financial centers in the world, the management remains optimistic about the prospects of the financial services industry in the mid to long run. With the Group's health pipeline of deals, good and well-established connection in the industry as well as the new listing regime for specialist technology companies, which came into effect on 31 March 2023, will generate more business opportunities, and abundant room to develop the Group's core business. The Group will take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future, as well as identifying and exploring other business opportunities to achieve stable return. Meanwhile, the Group will also explore other potential business opportunities in order to diversify the Group's business and create new source of revenue to the Group.

Financial Review

The Group recorded a turnover of approximately HK\$2.91 million for the three months ended 31 March 2023 (2022: approximately HK\$5.08 million), representing a decrease of 42.7% as compared to the corresponding period of last year, of which approximately HK\$2.42 million (2022: approximately HK\$5.08 million) and approximately HK\$0.49 million (2022: nil) was generated from the market in Hong Kong and Singapore respectively. The loss attributable to owners of the Company for the three months ended 31 March 2023 was approximately HK\$2.43 million (2022: profit attributable to owners of the Company of approximately HK\$0.12 million). As compared to the last corresponding period, the loss incurred for the period under review was mainly attributable to (a) a decrease in revenue; and (b) an increase in operating expenses which was mainly due to (i) the operating expenses incurred by the new representative office in Singapore which commenced operation in May 2022; (ii) increase in the depreciation of right-of-use assets as the result of the new office premise were leased by the Group in Singapore respectively; and (iii) increase in directors' remuneration and staff costs, including the staff of the new Singapore representative office.

Capital Structure

The capital of the Group comprises only ordinary shares. As at 31 March 2023, the total number of the ordinary shares of the Group was 64,000,000 shares.

Contingent Liabilities

As at 31 March 2023, the Group did not have any significant contingent liabilities.

ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

Dividends

The Board does not recommend the payment of any dividend for the three months ended 31 March 2023.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any associated corporation

As at 31 March 2023, the interests or short positions of the Directors and chief executives of the Company and their associates in the share ("Shares"), underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified 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 have taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Company

Name of Director	Nature of interest	Number of shares directly and beneficially held	Approximate percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	13,879,000	21.69%

Save as disclosed herein, as at 31 March 2023, none of the Directors or chief executive of the Company or their associates had any interests and 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 were required 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 each of them have taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2023, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares 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 directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Interests in the Company

Names	Nature of interest	Number of ordinary Shares beneficially held	Approximate percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	13,879,000	21.69%

Save as disclosed above, as at 31 March 2023, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares 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 directly or indirectly, to be interested in 5% 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 or options in respect of such share capital.

Directors' Interest in a Competing Business

For the three months ended 31 March 2023, the Directors are not aware of any business or interest of the Directors, the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete (directly or indirectly) with the business of the Company and any other conflicts of interests which any such person has or may have with the Company.

Share Option Scheme

No share options have been granted nor any existing share option scheme has been adopted by the Company during the period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 31 March 2023, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Code of Conduct regarding securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors 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. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the three months ended 31 March 2023.

Corporate Governance

Save and except the following deviation from the code provision set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 to the GEM Listing Rules (the "CG Code and Report"), the Company had complied with the code provision set out in CG Code and Report during the three months ended 31 March 2023.

Code provisions set out in the CG Code and Report

Reasons for deviations

A.2.1 The Chairman and Chief Executive Officer of the Company were performed by the same individual.

The Company's size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer.

The Group has in place internal control system to perform the check and balance function.

The Board has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the remuneration committee are to review and to make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises of one executive Director, namely Mr. Lee Chun Wai and two independent non-executive Directors, namely Ms. Lau Mei Suet (chairlady of the remuneration committee) and Ms. Lee Pui Ching.

Nomination committee

The Company established a nomination committee with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the nomination committee are to formulate nomination policy and to make recommendations to the Board on nomination and appointment of directors and board succession. The nomination committee comprises of one executive Director, namely Mr. Lee Chun Wai (chairman of the nomination committee) and two independent non-executive Directors, namely Ms. Lee Pui Ching and Ms. Lau Mei Suet.

Audit Committee

The Company has established an audit committee with written terms of reference on in compliance with the GEM Listing Rules. The principal duties of the audit committee are to review and to supervise the financial reporting process and internal control systems of the Group. The audit committee comprises of three independent non-executive Directors, namely Ms. Lau Mei Suet (chairlady of the audit committee), Mr. Choi Tak Fai and Ms. Lee Pui Ching.

The audit committee has reviewed the financial statements of the Group for the three months ended 31 March 2023 pursuant to the relevant provisions contained in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman

Hong Kong, 12 May 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Lee Chun Wai and Mr. Lee Chan Wah; the non-executive Director is Dr. Leung Kin Cheong Laurent; and the independent non-executive Directors are Mr. Choi Tak Fai, Ms. Lee Pui Ching and Ms. Lau Mei Suet.