



JIMU GROUP LIMITED
積木集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8187)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

CHARACTERISTICS OF THE 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 (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 (“**Directors**”) of Jimu Group Limited (the “**Company**”) is pleased to presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 30 September 2023, together with the comparative unaudited figures of the corresponding periods in 2022, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023

		Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
	NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from goods and services	4	5,319	8,524	18,820	23,987
Cost of inventories sold		(3,151)	(7,907)	(13,071)	(22,419)
Other income		–	–	6	1
Other gains and losses	5	(219)	(621)	104	(623)
Employee benefits expenses		(1,590)	(334)	(4,361)	(1,078)
Other operating expenses		(727)	(931)	(4,095)	(2,305)
Finance costs		(336)	(160)	(1,108)	(480)
Loss before taxation		(704)	(1,429)	(3,705)	(2,917)
Income tax credit	6	–	–	–	–
Loss for the period from continuing operation	7	(704)	(1,429)	(3,705)	(2,917)
Profit/(loss) for the period from discontinued operation		–	(539)	7,052	(896)

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period	(704)	(1,968)	3,347	(3,813)
Other comprehensive income/ (expenses):				
<i>Item that will not be reclassified to profit or loss:</i>				
Exchange differences on translation from functional currency to presentation currency	–	204	16	196
Released translation reserve upon disposal of subsidiaries	–	–	(176)	–
	<u>–</u>	<u>–</u>	<u>(176)</u>	<u>–</u>
Total comprehensive income/ (expenses) for the period	<u>(704)</u>	<u>(1,764)</u>	<u>3,187</u>	<u>(3,617)</u>
Loss per share from continuing operation				
Basic and diluted (<i>HK cents</i>)	<u>(1.18)</u>	<u>(4.75)</u>	<u>(8.41)</u>	<u>(9.79)</u>
Earnings/(loss) per share from continuing and discontinued operation				
Basic and diluted (<i>HK cents</i>)	<u>(1.18)</u>	<u>(6.54)</u>	<u>7.60</u>	<u>(12.79)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023 (Audited)	7,223	66,209	178	-	4,950	1,630	(78,955)	1,235
Profit for the period	-	-	-	-	-	-	3,347	3,347
Exchange differences on translation from functional currency to presentation currency	-	-	16	-	-	-	-	16
Release translation reserve upon disposal of subsidiaries	-	-	(176)	-	-	-	-	(176)
Total comprehensive income (expenses) for the period	-	-	(160)	-	-	-	3,347	3,187
Issue of new shares under rights issue (Note d)	14,446	-	-	-	-	-	-	14,446
Transaction costs attributable to issue of new shares under rights issues	-	(858)	-	-	-	-	-	(858)
Share-based payments (Note c)	-	-	-	204	-	-	-	204
At 30 September 2023 (Unaudited)	<u>21,669</u>	<u>65,351</u>	<u>18</u>	<u>204</u>	<u>4,950</u>	<u>1,630</u>	<u>(75,608)</u>	<u>18,214</u>
At 1 January 2022 (Audited)	5,016	55,784	218	-	4,950	1,630	(73,842)	(6,244)
Loss for the period	-	-	-	-	-	-	(3,813)	(3,813)
Exchange differences on translation from functional currency to presentation currency	-	-	196	-	-	-	-	196
Total comprehensive income (expense) for the period	-	-	196	-	-	-	(3,813)	(3,617)
Placing of new shares (Note b)	1,003	9,731	-	-	-	-	-	10,734
Transaction costs attributable to placing of new shares	-	(470)	-	-	-	-	-	(470)
At 30 September 2022 (Unaudited)	<u>6,019</u>	<u>65,045</u>	<u>414</u>	<u>-</u>	<u>4,950</u>	<u>1,630</u>	<u>(77,655)</u>	<u>403</u>

Notes:

- a. On 17 March 2023, the shareholders at the extraordinary general meeting 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.

- b. 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.
- c. 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.
- d. On 31 August 2023, 72,230,400 shares (the “**Rights Shares**”) of HK\$0.2 each were issued by way of rights issue on the basis of two Rights Shares for every one Existing share held by the qualifying shareholders at a subscription price of HK\$0.2 per share. The Rights Shares rank *pari passu* with the existing shares in all respects.

Among the 72,230,400 Rights Shares issued, as disclosed in the Company’s announcement dated 30 August 2023, 3 applications subscribed in aggregate 72,230,400 Right Shares at the subscription price of HK\$0.2 per Right Share, and the gross proceeds of the Rights issue was approximately of HK\$14,446,080.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

1. GENERAL

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 was Unit 06, 12th Floor, The Broadway, No. 54–62 Lockhart Road, Wan Chai, Hong Kong and changed to Suite 2105, 21/F, Central Plaza, 18 Harbour Road, Hong Kong on 4 October 2023.

The Company is an investment holding company. The Group is principally engaged in the trading of footwear and apparel businesses and the provision of loan facilitation and credit assessment services. However, an operating segment regarding the loan facilitation and credit assessment services were discontinued in the current period.

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 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 and unaudited condensed consolidated financial statements users, the consolidated financial statements and unaudited condensed consolidated financial statements are presented in HK\$.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of Jimu Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the nine months ended 30 September 2023 have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated 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 consolidated financial statements for the year ended 31 December 2022.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and the methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 30 September 2023 are the same as those followed in the Group's audited consolidated financial statements for the year ended 31 December 2022. The adoption of the new/amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

The Group has not early adopted the new/amendments to HKFRSs that have been issued but are not yet effective. The Directors do not anticipate that the adoption of the new/amendments to HKFRSs in future periods will have any material impact on the Group's condensed consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the Chief Operating Decision Maker ("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:

An operating segment regarding the loan facilitation and credit assessment services was discontinued in the current period. The segment information reported and comparatives do not include any amounts for these discontinued operations, which are described in more details in Note 9.

Since there is the only reportable and operating segment of the Group, no further analysis thereof is presented. All the revenue of the Group are generated from operation and management of footwear and apparel businesses for the nine months ended 30 September 2023 and 2022.

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

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of revenue is based on the location of external customers.

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operation				
Hong Kong	3,833	6,696	10,892	22,159
Canada	1,486	1,828	7,928	1,828
	<u>5,319</u>	<u>8,524</u>	<u>18,820</u>	<u>23,987</u>

5. OTHER GAINS AND LOSSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net foreign exchange gains/(losses)	<u>(219)</u>	<u>(621)</u>	<u>104</u>	<u>(623)</u>

6. INCOME TAX CREDIT

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operation				
Hong Kong – current tax	–	–	–	–

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profit for the nine months periods ended 30 September 2023 and 2022.

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%.

7. LOSS FOR THE PERIOD

	Three months ended 30 September		Nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Continuing operation				
Loss for the period has been arrived at after charging:				
Directors’ remuneration	210	210	630	554
Other staff costs (excluding directors’ remuneration)				
– Salaries, allowances and benefits in kind	1,329	119	3,597	505
– Retirement benefit scheme contributions	51	5	134	19
Total staff costs	1,590	334	4,361	1,078
Depreciation of plant and equipment	799	–	1,216	–
Depreciation of right-of-use assets	13	–	23	–
Total depreciation	812	–	1,239	–
Expenses relating to short-term leases	219	84	680	84

8. DIVIDENDS

No dividends were paid, declared or proposed during the nine months ended 30 September 2023 and 2022. The Directors of the Company do not recommend payment of dividend for the nine months ended 30 September 2023 (for the nine months ended 30 September 2022: Nil).

9. PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATION

On 20 April 2023, the Company entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire interest of the loan facilitation and credit assessment services business at a total consideration of HK\$1.

In view of the unsatisfactory financial performance of the loan facilitation and credit assessment services business, the Directors had considered that the disposal is expected to allow the Group focusing on the continuing business segments to the Group.

During the nine months ended 30 September 2023, the Group discontinued the loan facilitation and credit assessment services business in the PRC. The results of the discontinued operation for the periods ended 30 September 2023 and 2022 are presented below. The comparative figures in the unaudited consolidated statement of profit or loss and other comprehensive income have been restated to re-present the loan facilitation and credit assessment services business as a discontinued operation.

The profit/(loss) for the period from discontinued operation is analysed as follows:

		Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
	NOTE	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss arising from the loan facilitation and credit assessment services for the period		–	(539)	(214)	(896)
Gain on disposal of subsidiaries	10	–	–	7,266	–
		–	(539)	7,052	(896)

The results of the loan facilitation and credit assessment services for the period from 1 January 2023 to 20 April 2023 (date of the completion of the disposal) which have been included in the unaudited condensed consolidated statement of profit or loss, were as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	—	—	2	61
Other income and (losses)/gains, net	—	(1)	(50)	800
Employee benefit expenses	—	(328)	—	(1,069)
Other operating expenses	—	(205)	(164)	(725)
Finance costs	—	(4)	(2)	(15)
Loss before tax	—	(538)	(214)	(948)
Income tax credit	—	(1)	—	52
Loss for the period from discontinued operation	—	(539)	(214)	(896)

10. GAIN ON DISPOSAL OF SUBSIDIARIES

On 20 April 2023, the Group disposed of the loan facilitation and credit assessment businesses at a nominal consideration of HK\$1 to an independent third party. The net liabilities of the loan facilitation and credit assessment businesses at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	<i>HK\$'000</i> (Unaudited)
Non-current assets	359
Trade receivables	39
Contract assets	25
Other receivables prepayments and deposits	847
Bank balances and cash	307
Trade payables	(953)
Other payables and accruals	(7,267)
Lease liabilities	(424)
Contract liabilities	(23)
	<u>(7,090)</u>
Gain on disposal of subsidiaries	
Consideration received	–
Net liabilities disposed of	7,090
Release of exchange fluctuation reserve upon disposal of subsidiaries	176
	<u>7,266</u>
Gain on disposal	
Net cash outflow arising on disposal:	
Cash consideration	–
Less: bank balances and cash disposed of	(307)
	<u>(307)</u>

11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Earnings/(loss):				
Earnings/(loss) for the purpose of basic loss per share				
– From continuing operation	(704)	(1,429)	(3,705)	(2,917)
– From discontinued operation	–	(539)	7,052	(896)
	<u>(704)</u>	<u>(1,968)</u>	<u>3,347</u>	<u>(3,813)</u>
	Three months ended 30 September		Nine months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>59,669</u>	<u>30,096</u>	<u>44,053</u>	<u>29,802</u>

For the three months ended 30 September 2023 and nine months ended 30 September 2023, the weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share has been adjusted for the share consolidation on 17 March 2023 and the issue of 72,230,400 shares by way of Rights Issues on 31 August 2023.

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

The computation of diluted earnings/(loss) per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher the average market price for shares for the nine months ended 30 September 2023.

No diluted earnings/(loss) per share is presented for the nine months ended 30 September 2022 as there were no potential ordinary shares in issue for the nine months ended 30 September 2022.

12. SHARE OPTION SCHEMES

The Company adopted a share option scheme (the “**Share Options Scheme**”). The Share Option Scheme enables the Company to grant options (the “**Options**”) to eligible persons, which mean among others, any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of our Company or any of the subsidiaries (“**Eligible Person**”) as incentives or rewards for their contributions to our Group. The Share Option Scheme will be valid and effective for a period of ten years commencing on 11 May 2016, after which period no further Options may be granted but the provisions of the share option scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue. During the nine months ended 30 September 2023, no share option was cancelled or exercised. No share Options were granted during the nine months ended 30 September 2022.

The following share options were outstanding under the Share Option Scheme during the period:

	30 September 2023		31 December 2022	
	Exercise price HK\$ per share (<i>Note a</i>)	Number of Options (<i>Note a</i>)	Weighted average exercise price HK\$ per share	Number of Options
At the beginning of the period/year	–	–	–	–
Granted during the period (<i>Note a</i>)				
Director (Mr. Tsang Hing Bun)	0.46	326,073	–	–
General manager of a subsidiary of the Group (Grantee A)	0.46	326,073	–	–
At the end of the period/year (<i>Note a</i>)		652,146	–	–

Note:

- Prior to the completion of the Rights Issue, the Company had 720,000 outstanding Share Options (the “**Outstanding Options**”) granted by the Company exercisable into 720,000 Shares, at the exercise price of HK\$0.42 per Share under the Share Option Scheme. As a result of the Rights Issue, the Company has calculated the necessary adjustments (the “**Share Options Adjustments**”) to the exercise price and the number of Shares falling to be issued upon exercise of the outstanding share options in accordance with the terms and conditions of the Share Option Scheme, the GEM Listing Rules and the supplementary guidance on GEM Listing Rules and the Note Immediately After the Rule attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange.

The Share Options Adjustments as a result of the Rights Issue with effect from 31 August 2023, being the date on which the fully-paid Rights Shares are allotted and issued, are set out below:

Date of Grant	Immediately before the completion of the Rights Issue	Exercise price HK\$ per Share (Note b)	Immediately after the completion of the Rights Issue	Adjusted exercise price HK\$ per Share
	Number of Shares to be issued upon exercise of the Outstanding Options		Adjusted number of Shares to be issued upon exercise of the Outstanding Options	
6 January 2023	720,000	0.42	652,146*	0.46

Save for the above adjustments, all other terms and conditions of the Outstanding Options remain unchanged.

* The number of outstanding options has been scaled down 1 Share due to no decimal places of Shares being issued.

Note:

- b. On 6 January 2023, 14,400,000 share Options were granted to certain eligible participants to subscribe for shares of HK\$0.021 per share 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 and the validating period is from 6 January 2023 to 5 January 2033.

The fair value of the Options granted is estimated at the date of grant using Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. The fair values of options granted were estimated on the date of grant using the following assumptions:

	Share Option granted
Date of grant	6 January 2023
Fair value at measurement date	HK\$0.014
Share price at the date of grant	HK\$0.021
Exercise price at the date of grant	HK\$0.021
Expected volatility	133.51%
Option life	10 years
Expected dividends	0.00%
Risk-free interest rate	3.65%

The expected volatility is based on the historical volatility, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends.

The total fair value of the share options granted was HK\$204,000 at the date of grant on 6 January 2023.

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 has built a diverse global customer portfolio comprising mainly international wholesalers and retailers and offers formal and casual footwear and apparel to its customers since 2009. Also, the Group extended the apparel business since 2021 for the massive overseas market potential of the apparel business.

In early 2022, the Group diversified its footwear and apparel businesses by selling branded footwear and apparel products in Hong Kong and Canada. The Group has set up a new company and established its presence in Vancouver, Canada in 2022. At the end of 2022, the Group expanded its retail footprint and opened three physical shops engaged in the trading of footwear and apparel in Hong Kong. Following the consumption voucher scheme 2023 being distributed and the reopening of the border for mainlanders in 2023, it render support to consumption.

The improving global economic conditions and prospects should boost domestic demand, though tight financial conditions, inflation and high interest rates will remain a constraint in 2023. Therefore, the management will conservatively review the market conditions and adjust the strategies accordingly.

Looking forward, we will continue to maintain and solidify our position within the industry, allocate internal resources to develop our existing business in the trading of footwear and apparel, explore suitable business opportunities as well as seek cooperation with more local and overseas enterprises simultaneously.

Loan Facilitation and Credit Assessment Businesses

The Group commenced the provision of loan facilitation services to customers in the PRC in 2018 and set up a branch office network across different regions in the PRC to provide assistance to customers with financing needs in 3rd and 4th tier cities in the PRC. Since 2020, the management of the Group (the “**Management**”) were aware of the change in economic condition of the loan market and started to close the branches and layoff staffs of loan facilitation business to reduce costs.

The PRC business remained disappointing in 2022 and showed no sign of revival even though most of the counter-COVID-19 measures have been lifted in the PRC, the business had been accumulated considerable losses and suffered net liabilities. As a result, the management was of the opinion that it would no longer be in the interest of the Company and its shareholders as a whole to continue the business on 20 April 2023, the Company resolved to dispose of the prolonged loss-making business to an independent third party at a nominal consideration of HK\$1.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$18.8 million for the nine months ended 30 September 2023, a decrease of approximately 21.7% compared with that of approximately HK\$24.0 million for the nine months ended 30 September 2022. Revenue for the nine months ended 30 September 2023 solely derived from the footwear and apparel businesses.

Footwear and Apparel Businesses

The Group recorded revenue from the footwear and apparel businesses of approximately HK\$18.8 million for the nine months ended 30 September 2023 (2022: approximately HK\$24.0 million). The decrease is mainly due to the slowdown of trading sportswear after the World Cup 2022 and the Hong Kong's trade activities remain sluggish after the reopening of border.

Discontinued Operation of Loan Facilitation and Credit Assessment Businesses

Revenue from the loan facilitation segment decreased by 96.7% from approximately HK\$61,000 for the nine months ended 30 September 2022 to approximately HK\$2,000 for the nine months ended 30 September 2023. The revenue dropped significantly due to the closing down of branches and laying off staff since 2020. The Group had closed the branches and layoff staffs of loan facilitation business to reduce operating costs.

On 20 April 2023, the Company resolved to dispose the loan facilitation and credit assessment businesses, which had incurred a loss before taxation approximately HK\$214,000 for the nine months ended 30 September 2023 mainly due to the operating loss of HK\$164,000 (nine months ended 30 September 2022: loss before taxation approximately of HK\$948,000).

Cost of Inventories Sold

Cost of inventories sold of approximately HK\$13.1 million incurred during the nine months ended 30 September 2023 (2022: approximately HK\$22.4 million).

Employee Benefits Expenses

Employee benefits expenses increased to approximately HK\$4.4 million for the nine months ended 30 September 2023 from approximately HK\$1.1 million for the nine months ended 30 September 2022, which was mainly due to the increase in recruitment of the retail business from late 2022.

Other Operating Expenses

Other operating expenses increased to approximately HK\$4.1 million for the nine months ended 30 September 2023 from approximately HK\$2.3 million for the nine months ended 30 September 2022, which was mainly a result of the engaged in the retail business in Hong Kong from late 2022.

Finance Costs

The increase of finance costs by 129.2% to approximately HK\$1.1 million for the nine months ended 30 September 2023 from approximately HK\$480,000 for the nine months ended 30 September 2022, which was mainly due to the interest charged for the loan approximately HK\$16.5 million (bearing interest at 8%–9% per annum) obtained up to 31 July 2023 (interest-bearing borrowings as at 30 September 2022: approximately HK\$8.0 million).

Profit for the Period

An operating segment regarding the loan facilitation and credit assessment businesses was discontinued in the current period, therefore the footwear and apparel business is the only one reportable and operating segment during the nine months ended 30 September 2023.

Loss for the period from continuing operation increased to loss of approximately HK\$3.7 million for the nine months ended 30 September 2023 from approximately HK\$2.9 million for the nine months ended 30 September 2022. This was mainly due to the start up of retail business in Hong Kong from late 2022 and the finance costs from the loan obtained.

The Group's discontinued operation, being its loan facilitation and credit assessment segment, had incurred a profit approximately HK\$7.1 million for the nine months ended 30 September 2023 (nine months ended 30 September 2022: loss approximately HK\$896,000), which was mainly attributable to the gain on disposal of subsidiaries approximately HK\$7.3 million.

For the nine months ended 30 September 2023, the unaudited consolidated profit for the period increased to approximately HK\$3.3 million (nine months ended 30 September 2022: loss for the period approximately HK\$3.8 million). The Group's profit for the nine months ended 30 September 2023 was mainly attributable to the gain on disposal of subsidiaries from discontinued operation.

OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2023 (2022: HK\$Nil).

LIQUIDITY, FINANCIAL AND CAPITAL STRUCTURE

As at 30 September 2023, the total borrowings of the Group amounted to approximately HK\$7.3 million (31 December 2022: approximately HK\$14.5 million) which comprised interest-bearing borrowings and lease liabilities.

As at 30 September 2023, the gearing ratio of the Group was 20.7% (31 December 2022: 49.0%). Gearing ratio is calculated based on total borrowings divided by total assets at the end of the relevant period.

As at 30 September 2023, the Group's net current assets amounted to approximately HK\$20.9 million (31 December 2022: net current assets amounted to approximately HK\$11.0 million). The current ratio of the Group was approximately 2.8 times (31 December 2022: approximately 1.7 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.

PLEDGE OF ASSETS

As at 30 September 2023, the Group had no asset pledged (31 December 2022: HK\$Nil) to secure the Group's other 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 30 September 2023, the Group did not use any financial instrument for hedging the foreign exchange risk.

MATERIAL ACQUISITIONS OR DISPOSALS

On 20 April 2023, the Company entered into a share transfer agreement with an independent third party to dispose 100% equity interest in three wholly-owned subsidiaries namely, Leading Expert Holdings Limited, Stable Champ Limited and United Acme Limited for a cash consideration. The disposal was completed on 20 April 2023.

As the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Disposal are less than 5%, the disposal of subsidiaries is not subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Saved as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the nine months ended 30 September 2023.

SIGNIFICANT INVESTMENTS HELD

During the nine months ended 30 September 2023, there was no significant investment held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the nine months ended 30 September 2023, the Group currently has no other plan for material investments.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 December 2022: HK\$Nil).

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had no significant capital commitments (31 December 2022: HK\$Nil).

EMPLOYEES AND EMOLUMENT POLICIES

The Group had 16 employees as at 30 September 2023 (31 December 2022: 16). In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to our staff, including internal promotion opportunities, share options 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 recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Currently, the positions of Chairman and Chief Executive Officer have been 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.

On 12 May 2023, Ms. Wei Ju (“**Ms. Wei**”) retired by rotation as an executive Director at the conclusion of the annual general meeting (“**AGM**”), and upon to her retirement, she was ceased to be the member of the risk management committee of the Board and the compliance officer of the Company. Following the retirement of Ms. Wei at the AGM, the Board noted that the failure of the Company to comply with at all time, one of the executive directors assumes responsibility for acting as the Company's compliance officer pursuant to Rule 5.19 of the GEM Listing Rules.

In this connection, the Company will identify suitable candidate to fill the vacancies of the compliance officer as soon as possible. Further announcement will be made in relation to such appointment as and when appropriate.

The Company is committed to achieve high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the “**CG Code**”). During the nine months ended 30 September 2023, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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 period under review.

INTERESTS IN COMPETING BUSINESS

For the nine months ended 30 September 2023, 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 HK\$0.021 per share 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.

Particulars of the movement of options granted under the Share Option Scheme as at the date of this announcement are as follows (the Share price and number of Shares has been adjusted pursuant to the Share Consolidation and the Rights Issue):

Name	Capacity	Date of Grant	Vesting Period	Validity Period	Exercise Price (HK\$/per share)	Shares granted during the Reporting Period	Shares exercised during the Reporting Period	Shares outstanding as at the date of this announcement
Tsang Hing Bun	Director	6 January 2023	6 January 2024	6 January 2023 to 5 January 2033	0.46	360,000	–	326,073*
Grantee A	General manager of a subsidiary of the Group	6 January 2023	6 January 2024	6 January 2023 to 5 January 2033	0.46	360,000	–	326,073*

* The number of outstanding options has been scaled down 1 Share due to no decimal places of Shares being issued.

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

As at 30 September 2023, 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			Approximate percentage of interest in the Company
		Ordinary shares	Share options	Total	
Mr. Shum Tsz Yeung	Beneficial owner	6,750	–	6,750	0.006%

Long position in the shares

Name	Capacity/Nature of interests	Number of Shares held	Percentage of issued share capital of the Company
Sharp Ally International Limited	Beneficial owner	26,464,939	24.43%

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was 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.

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

As at 30 September 2023, 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 nine months ended 30 September 2023, 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.

USE OF PROCEEDS FROM THE PLACING

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

Set out below is the actual use of net proceeds during the nine months ended 30 September 2023.

Use of net proceeds	Net proceeds HK\$'000	Net proceeds		Unutilised net proceeds as at 30 September 2023 HK\$'000	Expected timeline on utilisation of unutilised net proceeds
		Unutilised net proceeds as at 31 December 2022 HK\$'000 (Note)	utilised during the nine months ended 30 September 2023 HK\$'000		
2022 Placing					
Business operation	494	494	(494)	–	N/A
General working capital	1,874	1,874	(1,874)	–	N/A
	<u>2,368</u>	<u>2,368</u>	<u>(2,368)</u>	<u>–</u>	

Note: 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 2022 Placing. As at 30 September 2023, the net proceeds had been fully utilised.

USE OF PROCEEDS FROM THE RIGHTS ISSUES IN 2023

On 31 August 2023, the Company completed a Rights Issue of 72,230,400 Rights Shares at a subscription price of HK\$0.2 per right share on the basis of two Rights Share for every one existing shares held by the qualifying shareholders on the record date (the “**2023 Rights Issue**”). The net proceeds from the 2023 Rights Issue amounted to approximately HK\$13.3 million.

Set out below is the actual use of net proceeds during the nine months ended 30 September 2023.

Use of net proceeds	Net proceeds <i>HK\$'000</i>	Net proceeds utilised during the nine months ended 30 September 2023 <i>HK\$'000</i>	Unutilised net proceeds as at 30 September 2023 <i>HK\$'000</i>	Expected timeline on utilisation of unutilised net proceeds
2023 Rights Issue				
Loan repayment	11,000	(11,000)	–	N/A
Business operations	<u>2,300</u>	<u>(172)</u>	<u>2,128</u>	December 2023
	<u>13,300</u>	<u>(11,172)</u>	<u>2,128</u>	

CHANGE OF DIRECTOR’S AND SUPERVISOR’S INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change of Director’s and Supervisor’s information is as follows:

Position Held with the Company

Ms. Wei retired by rotation as an executive Director at the conclusion of the AGM, and upon to her retirement, she was ceased to be the member of the risk management committee of the Board and the compliance officer of the Company.

AUDIT COMMITTEE

The Company established the Audit Committee on 11 May 2016 with written terms of reference in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors; review financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company. 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.

The Audit Committee has reviewed the Group's nine months ended results for the nine months ended 30 September 2023. The Audit Committee is of the view that the unaudited condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements.

The unaudited condensed consolidated financial results for the nine months ended 30 September 2023 have not been audited or reviewed by the Company's auditors.

EVENT AFTER REVIEW PERIOD

Save as to the event stated hereafter, there is no material subsequent event undertaken by the Company or by the Group after 30 September 2023 and up to the date of this announcement.

PUBLICATION OF QUARTERLY RESULTS AND QUARTERLY REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The unaudited quarterly results announcement of the Company for the nine months ended 30 September 2023 has been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jimugroup8187.com. This quarterly results announcement will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Jimu Group Limited
Tsang Hing Bun
Executive Director

Hong Kong, 8 November 2023

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

This announcement will remain on the “Latest Listed Company Announcements” page of the Stock Exchange’s website 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>.