

# 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)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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\$10.56 million for the nine months ended 30 September 2023 as compared to approximately HK\$13.83 million for the corresponding period in 2022, representing a decrease of approximately 23.64% as compared to the corresponding period of last year.
- Loss attributable to owners of the Company for the nine months ended 30 September 2023 to approximately HK\$4.21 million as compared to loss attributable to owners of the Company of approximately HK\$2.83 million for the corresponding period in 2022.
- Loss attributable to owners of the Company for the three months ended 30 September 2023 amounted to approximately HK\$0.56 million which increased the overall loss attributable to owners of the Company of approximately HK\$4.21 million for the nine months ended 30 September 2023.
- The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2023.

### THIRD QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three and nine months ended 30 September 2023 together with the comparative unaudited figures for the corresponding periods in 2022, as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   | <i>Notes</i> | Three months ended<br>30 September |                                | Nine months ended<br>30 September |                                |
|---|--------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
|   |              | 2023                               | 2022                           | 2023                              | 2022                           |
|   |              | <i>HK\$'000</i><br>(unaudited)     | <i>HK\$'000</i><br>(unaudited) | <i>HK\$'000</i><br>(unaudited)    | <i>HK\$'000</i><br>(unaudited) |
| Revenue   | 2            | 4,342                              | 3,485                          | 10,564                            | 13,832                         |
| Operating expenses  |              | <u>(4,905)</u>                     | <u>(5,078)</u>                 | <u>(14,774)</u>                   | <u>(16,664)</u>                |
| Loss from operations and<br>before taxation   |              | (563)                              | (1,593)                        | (4,210)                           | (2,832)                        |
| Income tax  | 3            | <u>—</u>                           | <u>—</u>                       | <u>—</u>                          | <u>—</u>                       |
| Loss for the period and<br>attributable to owners of the<br>Company                 |              | <u>(563)</u>                       | <u>(1,593)</u>                 | <u>(4,210)</u>                    | <u>(2,832)</u>                 |
| Other comprehensive<br>(expense)/income for the<br>periods, net of income tax       |              | <u>93</u>                          | <u>24</u>                      | <u>(73)</u>                       | <u>(5)</u>                     |
| Total comprehensive loss for<br>the period attributable to<br>owners of the Company |              | <u>(470)</u>                       | <u>(1,569)</u>                 | <u>(4,283)</u>                    | <u>(2,837)</u>                 |
| Loss per share (expressed in<br>HK cents per share)                                 |              |                                    |                                |                                   |                                |
| — Basic and diluted   | 4            | <u>(0.7)</u>                       | <u>(2.5)</u>                   | <u>(6.1)</u>                      | <u>(4.4)</u>                   |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the nine months ended 30 September 2023*

|  | Attributable to owners of the Company |  |                                     |  | Total equity<br><i>HK\$'000</i> |
|--|---------------------------------------|--|-------------------------------------|--|---------------------------------|
|  | Share capital<br><i>HK\$'000</i>      | Share premium and reserve<br><i>HK\$'000</i> | Exchange reserve<br><i>HK\$'000</i> | (Accumulated losses)/ Retained earnings<br><i>HK\$'000</i> |                                 |
| <b>At 1 January 2022 (audited)</b>                               | 6,400                                 | 21,787                                       | —                                   | 3,252  | 31,439                          |
| Loss for the period  | —                                     | —  | —                                   | (2,832)  | (2,832)                         |
| Exchange differences arising on translation of foreign operation | —                                     | —  | (5)                                 | —  | (5)                             |
| Total comprehensive expense for the period                       | —                                     | —  | (5)                                 | (2,832)  | (2,837)                         |
| <b>At 30 September 2022 (unaudited)</b>                          | <u>6,400</u>                          | <u>21,787</u>                                | <u>(5)</u>                          | <u>420</u>   | <u>28,602</u>                   |
| <b>At 1 January 2023 (audited)</b>                               | 6,400                                 | 21,787                                       | 185                                 | (4,317)  | 24,055                          |
| Loss for the period  | —                                     | —  | —                                   | (4,210)  | (4,210)                         |
| Exchange differences arising on translation of foreign operation | —                                     | —  | (73)                                | —  | (73)                            |
| Total comprehensive expense for the period                       | —                                     | —  | (73)                                | (4,210)  | (4,283)                         |
| Issue of ordinary shares   | 1,280                                 | 1,280  | —                                   | —  | 2,560                           |
| Transaction costs attributable to issue of ordinary shares       | —                                     | (30)   | —                                   | —  | (30)                            |
| <b>At 30 September 2023 (unaudited)</b>                          | <u>7,680</u>                          | <u>23,037</u>                                | <u>112</u>                          | <u>(8,527)</u>   | <u>22,302</u>                   |

## **NOTES:**

### **1. BASIS OF PREPARATION**

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

Items included in the unaudited condensed consolidated third quarterly financial statements of each entity of the Group are measured using the currency of primary economic environment in which the entity operates (the "functional currency"). These 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. Revenue represents income from the provision of corporate financial advisory services and advising for securities and asset management for the nine months ended 30 September 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 nine months ended 30 September 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profit Tax rate regime. For this subsidiary, the first HK\$2 million 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 has been provided for in the financial statements as the Group had no estimated assessable profit for the nine months ended 30 September 2023.

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

#### 4. LOSS PER SHARE

##### a) Basic loss per share

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

|  | Three months ended<br>30 September<br>2023 |                   | Nine months ended<br>30 September<br>2023  |                   |
|--|--|-------------------|--|-------------------|
|  | 2022                                       | 2022              | 2023                                       | 2022              |
|  | HK\$'000                                   | HK\$'000          | HK\$'000                                   | HK\$'000          |
|  | (Unaudited)                                | (Unaudited)       | (Unaudited)                                | (Unaudited)       |
| <b>Loss</b>  |  |                   |  |                   |
| Loss for the period attributable to owners of the Company for the purposes of basic loss per share | <u>(563)</u>                               | <u>(1,593)</u>    | <u>(4,210)</u>                             | <u>(2,832)</u>    |
|  |  |                   |  |                   |
|  | Three months ended 30<br>September<br>2023 |                   | Three months ended 30<br>September<br>2023 |                   |
|  | 2022                                       | 2022              | 2023                                       | 2022              |
|  | (Unaudited)                                | (Unaudited)       | (Unaudited)                                | (Unaudited)       |
|  |  | (restated)        |  | (restated)        |
| <b>Number of shares</b>  |  |                   |  |                   |
| Weighted average number of ordinary shares for the purposes of basic loss per share                | <u>76,800,000</u>                          | <u>64,000,000</u> | <u>69,391,941</u>                          | <u>64,000,000</u> |

##### b) Diluted loss per share

There were no dilutive potential ordinary shares in issue for the nine months ended 30 September 2023 and 2022, and diluted loss per share is the same as basic loss per share.

#### 5. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2023 (2022: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the period under review, the Group is continuously engaged in provisional of financial related services in Hong Kong including but not limited to advisory, placing and underwriting as well as initial public offering related projects.

The Group has been granted with the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (“SFO”) in March 2022. Revenue was recorded in this segment from the second quarter of 2023. Through the operation of this segment, the Board believes that the Group could be benefits from receiving stable income which could enhance the financial performance of the Group in the long run.

Up to third quarter of 2023, Hong Kong’s IPO activities remained sluggish due to macroeconomic and geopolitical uncertainties. A total of 42 companies raised approximately US\$3.13 billion in the first nine months, a 65% year-on-year drop and the lowest since 2003, putting Hong Kong’s global IPO ranking dropped to eighth place following a historically slow third quarter. The stock market remained weak in third quarter 2023. The Hong Kong stock market have been under pressure and the Hang Seng Index slumped to year low on 24 October 2023. Many IPO candidates continue to wait-and-see for a turnaround in market valuations while preparing and planning their offerings.

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, the pace of recovery of China’s economy was slower than expected. The official purchasing managers’ index (PMI) fell to 49.5 in October 2023 from 50.2, dipping back below the 50-point level demarcating contraction from expansion, data from the National Bureau of Statistics announced at the end of October 2023. As such, some of the planned projects and marketing activities of the Group which were expected to be commenced and executed in the 2023 had been delayed or temporarily postponed. The performance of the Group had thus been temporarily impacted.

The Group has actively maintained frequent communication and meetings with existing customers and potential new customers in relation to potential corporate finance related opportunities. Although the business operations of the Group continued to experience severe competitions from competitors during the uncertain economic climate, the Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation and is confident that the Group’s performance would be improved gradually in the fourth quarter of 2023.

## **OUTLOOK**

With a flurry of economic policies kicking in, the management believes that the economy of China will be improved and step up its recovery pace in the fourth quarter of 2023 and 2024.

Recently, the Hong Kong government has established a task force to enhance the liquidity of the stock market and announced to reduce stamp duty on stock transfer from 0.13% to 0.1% to invigorate the stock market. In addition, the Stock Exchange published a consultation paper on the GEM reform, proposing measures to enhance the appeal of GEM for small and medium-sized enterprises with high-growth potential. The dynamic initiatives, coupled with Stock Exchange's continuous improvement of its listing regime, are crucial to facilitating Hong Kong's status to remain a key IPO destination for companies from mainland China. IPO activities in Hong Kong are expected to see a pickup in the fourth quarter of 2023 and 2024 which will benefit the Group's business performance.

## **FINANCIAL REVIEW**

For the nine months ended 30 September 2023, the Group recorded a turnover of approximately HK\$10.56 million (2022: approximately HK\$13.83 million), representing a decrease of approximately 23.64% as compared to the corresponding period of last year, of which approximately HK\$9.09 million (2022: approximately HK\$12.69 million) and approximately HK\$1.47 million (2022: HK\$1.14 million) was generated from the market in Hong Kong and Singapore respectively. The loss attributable to owners of the Company for the nine months ended 30 September 2023 was approximately HK\$4.21 million (2022: loss attributable to owners of the Company of approximately HK\$2.83 million). As compared to the last corresponding period, the increase in loss incurred for the period under review was mainly attributable to a decrease in revenue during the reporting period. The Group recorded a loss attributable to owners of the Company for the three months ended 30 September 2023 amounted to approximately HK\$0.56 million which increased the overall loss attributable to owners of the Company of approximately HK\$4.21 million for the nine months ended 30 September 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

On 27 October 2023, the Company announced to raise approximately HK\$1.83 million, after deducting all relevant expenses, by way of placing 12,800,000 new shares under general mandate at a price of HK\$0.15 per placing share. The net placing price was approximately HK\$0.143 per placing share. The Company intended to use the net proceeds from the placing for the purpose of its general working capital requirements. As at the date of this report, the placing has not yet been completed.



Save as disclosed above, 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.

## **CAPITAL STRUCTURE**

The capital of the Group comprises only ordinary shares. As at 30 September 2023, the total number of the ordinary shares of the Group was 76,800,000 shares.

## **CONTINGENT LIABILITIES**

As at 30 September 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 an interim dividend for the nine months ended 30 September 2023.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 September 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**

| <b>Name of Director</b> | <b>Nature of interest</b> | <b>Number of shares directly and beneficially held</b> | <b>Approximate percentage of shareholdings</b> |
|-------------------------|---------------------------|--|--|
| Mr. Lee Chun Wai        | Beneficial owner          | 13,879,000   | 18.07%   |

Save as disclosed herein, as at 30 September 2023, none of the Directors or chief executives of the Company nor their associates had any interests and short positions in any shares, underlying shares or debentures of the Company and its 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 has 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 30 September 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**

| <b>Name of shareholder</b>        | <b>Nature of interest</b> | <b>Number of ordinary Shares beneficially held</b> | <b>Approximate percentage of shareholdings</b> |
|-----------------------------------|---------------------------|--|--|
| Kerry Investment Services Limited | Beneficial owner          | 18,790,000   | 24.47%   |
| Mr. Lee Chun Wai                  | Beneficial owner          | 13,879,000   | 18.07%   |

Save as disclosed above, as at 30 September 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 nine months ended 30 September 2023, the Directors are not aware of any business or interest of the Directors, the management, shareholders of the Company and their 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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2023.

### **Coder provisions set out in the CG Code and Report**

### **Reason 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 Mr. Tsang Ho Yin.

#### **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 Mr. Tsang Ho Yin 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 Mr. Tsang Ho Yin.

The audit committee has reviewed the financial statements of the Group for the nine months ended 30 September 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, 13 November 2023

*As at the date of this announcement, the Board comprises Mr. Lee Chun Wai and Ms. Ji Yi being the executive Directors; Dr. Leung Kin Cheong Laurent being the non-executive Director; and Mr. Choi Tak Fai, Mr. Tsang Ho Yin and Ms. Lau Mei Suet being the independent non-executive Directors.*