JIMU GROUP LIMITED
積木集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8187)

FIRST QUARTERLY REPORT
2019

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, 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 report 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 report misleading.*

RESULTS

The board (the "**Board**") of directors ("**Directors**") of Jimu Group Limited (the "**Company**") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the three months ended 31 March 2019, together with the comparative unaudited figures of the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	Notes	**(Unaudited) Three months ended 31 March 2019 HK$'000**	2018 HK$'000
Revenue from goods and services	5	**32,378**	36,743
Other income		**3,037**	262
Other gains and losses		**(5)**	32
Purchases and changes in inventories		**(12,812)**	(31,654)
Employee benefits expenses		**(19,321)**	(5,002)
Other operating expenses		**(7,374)**	(4,935)
Finance costs		**(455)**	(281)
Loss before taxation		**(4,552)**	(4,835)
Income tax	6	**99**	–
Loss for the period	7	**(4,453)**	(4,835)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**57**	(35)
Total comprehensive expense for the period		**(4,396)**	(4,870)
Loss per share			
– Basic (HK cents)	9	**(0.93)**	(1.01)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the Company					
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 January 2018 (Audited)	4,800	46,917	268	(67)	(7,048)	44,870
Exchange differences arising on the translation of foreign operations	–	–	(35)	–	–	(35)
Loss for the period	–	–	–	–	(4,835)	(4,835)
Total comprehensive expense for the period	–	–	(35)	–	(4,835)	(4,870)
At 31 March 2018 (Unaudited)	4,800	46,917	233	(67)	(11,883)	40,000
At 1 January 2019 (Audited)	**4,800**	**46,917**	**(67)**	**(67)**	**(11,039)**	**40,544**
Adjustment on adoption of HKFRS 16	**–**	**–**	**–**	**–**	**(305)**	**(305)**
At 1 January 2019 (Restated)	**4,800**	**46,917**	**(67)**	**(67)**	**(11,344)**	**40,239**
Exchange differences arising on the translation of foreign operations	**–**	**–**	**57**	**–**	**–**	**57**
Loss for the period	**–**	**–**	**–**	**–**	**(4,453)**	**(4,453)**
Total comprehensive expense for the period	**–**	**–**	**57**	**–**	**(4,453)**	**(4,396)**
At 31 March 2019 (Unaudited)	**4,800**	**46,917**	**(10)**	**(67)**	**(15,797)**	**35,843**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1. GENERAL

Jimu Group Limited (the "**Company**") is a public listed company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The immediate holding company of the Company is Jimu Group Holdings Limited, a company incorporated in the British Virgin Islands. The ultimate holding company and ultimate controlling shareholder is Jimu Holdings Limited, a company incorporated in the British Virgin Islands. The registered office of the Company is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and principal place of business of the Company is Suite 2207, 22/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is different from the functional currency of the Company. The management of the Group considers that presenting the unaudited condensed consolidated financial statements in HK$ is preferable as the Company listed its shares on the Stock Exchange and most of its investors are located in Hong Kong.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM.

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and the methods of computation used in the unaudited condensed consolidated financial statements for the three months ended 31 March 2019 are the same as those followed in the Group's audited consolidated financial statements for the year ended 31 December 2018.

For the three months ended 31 March 2019, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the preparation of the Group's unaudited condensed consolidated financial statements.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associate and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

General impact of application of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to HKFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with HKAS 17 and HK(IFRIC) 4 will continue to be applied to those leases entered or modified before 1 January 2018.

The change in definition of a lease mainly relates to the concept of control. HKFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in HKFRS 16 to all lease contracts entered into or modified on or after 1 January 2018 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Former operating leases

HKFRS 16 changes how the Group accounts for leases previously classified as operating leases under HKAS 17, which were off-balance-sheet.

Applying HKFRS 16, for all leases (except as noted below), the Group:

a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Consolidated statement of profit or loss.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under HKAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under HKFRS 16, right-of-use assets are tested for impairment in accordance with HKAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by HKFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

The application of the other amendments to HKFRSs during the three months ended 31 March 2019 has had no material impact on the Group's financial performance and positions for the three months ended 31 March 2019 and 2018 and/or on the disclosure set out in these unaudited condensed consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the Chief Executive Officer 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. The Group is currently organised into two operating divisions. These operating divisions are the basis upon which the information that is regularly reviewed by the CODM is prepared and are analysed under HKFRS 8 as follows:

- Footwear business – design, development, sourcing, marketing and sale of footwear; and
- Loan facilitation service – provision of pre-loan facilitation service and post-loan facilitation service.

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

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

Three months ended 31 March 2019 (Unaudited)

	Footwear business HK$'000	Loan facilitation service HK$'000	Total HK$'000
Revenue	14,620	17,758	32,378
Segment results	(3,333)	36	(3,297)
Unallocated expenses			(1,715)
Unallocated income			460
Loss before taxation			(4,552)

Three months ended 31 March 2018 (Unaudited)

	Footwear business HK$'000	Loan facilitation service HK$'000	Total HK$'000
Revenue	36,743	–	36,743
Segment results	(2,523)	–	(2,523)
Unallocated expenses			(2,312)
Loss before taxation			(4,835)

Segment revenue reported above represents revenue generated from external customers.

5. REVENUE FROM GOODS AND SERVICES

An analysis of the Group's revenue from goods and services is as follows:

	(Unaudited) Three months ended 31 March	
	2019 HK'000	2018 HK'000
Trading of footwear	**14,620**	36,743
Provision of loan facilitation service	**17,758**	–
	32,378	36,743

6. INCOME TAX

	(Unaudited) Three months ended 31 March	
	2019 HK$'000	2018 HK$'000
PRC Enterprise Income Tax ("**EIT**")		
– Current tax	**–**	–
Deferred Tax	**99**	–
	99	–

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit for the three months ended 31 March 2019 and 2018.

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%.

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% for the three months ended 31 March 2019 and 2018.

7. LOSS FOR THE PERIOD

	(Unaudited) Three months ended 31 March	
	2019	2018
	HK$'000	HK$'000
Loss for the period has been arrived at after charging (crediting):		
Directors' remuneration	**891**	1,053
Other staff costs (excluding directors' remuneration)		
– Salaries, bonuses and other benefits	**13,979**	3,578
– Retirement benefit scheme contributions	**4,451**	371
Total staff costs	**19,321**	5,002
Depreciation of property, plant and equipment and right-of-use assets	**2,151**	438
Operating lease rental expense in respect of rental premises	**–**	801
Interest income	**(39)**	(21)

8. DIVIDEND

No dividends were paid, declared or proposed during the three months ended 31 March 2019 and 2018. The directors of the Company do not recommend payment of interim dividend for the three months ended 31 March 2019.

9. LOSS PER SHARE

	(Unaudited) Three months ended 31 March 2019 HK$'000	(Unaudited) Three months ended 31 March 2018 HK$'000
Loss:		
Loss for the purpose of calculating basic loss per share (Loss for the period attributable to the owners of the Company)	**(4,453)**	(4,835)

	(Unaudited) Three months ended 31 March 2019 '000	(Unaudited) Three months ended 31 March 2018 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**480,000**	480,000

No diluted loss per share is being presented for three months ended 31 March 2019 and 2018 as there is no potential ordinary share in issue during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is engaged in the footwear business and the loan facilitation business.

Footwear Business

The Group is engaged in the provision of footwear design and development, production management (including quality control) and logistics management service. The Group offers formal and casual footwear for men, women and children to its customers. Over the years of its operations since 2009, the Group has built a diverse global customer portfolio comprising mainly international wholesaler and retailers which are brand owners and/or licensees of formal and casual footwear.

Various uncertainties continue to cloud the global economy, in particular, the continuous impact of the Brexit, sluggish economic growth in the EU and the US-China Trade War, which have adversely affected customer sentiment, as well as increasingly intense competition in the footwear industry which has led to increasingly depressing profit margins and declining revenue. The Group also faced strong competition from South East Asian countries such as Vietnam where they have cost advantage over factories in China.

The management had already adopted certain cost-cutting measures and slowed down certain business plan for the footwear business. The footwear business segment recorded bigger loss for the three months ended March 2019 despite the management's continuous effort in improving business performance. The outlook for the footwear business is bleak. The management shall evaluate the current business model and long-term viability of the footwear business so as to create most value for the shareholders.

Loan Facilitation Business

The Group commenced the provision of loan facilitation services to customers in China in 2018. As at the end of March 2019, the Group has already set up over 40 branch offices across different regions in China to provide assistance to customers with financing needs, with a particular focus on individual customers in 3rd and 4th tier cities in China, who in general, compared to individuals in first tier cities, have weaker knowledge or access of financing solutions available in the market. The Group has built a credit rating system which gives customers an internal credit score, taking into account the customer's financial condition, previous lending and repayment history and other behavior pattern. Our risk team periodically monitors and updates the algorithm to meet changing market conditions.

Our branch network, together with our IT infrastructure, allows us to tap into these markets with relative ease. Our credit rating system helps to filter customers with relatively poor credit rating and allows us to focus on more credible customers. The on-site credit team then performs site visits and other due diligence procedures to verify the authenticity of information. Based on these credit scores and due diligence materials, our credit assessment team will consider whether to make a loan recommendation to appropriate funding sources (which may include bank and non-bank institutions). Our branch offices liaise between customers and the funding sources and arrange for contract signing upon agreement by both parties.

Our branch offices provide customer care services to these customers even after the relevant loans are disbursed. Such services include repayment reminders, and financial health check-ups.

The loan facilitation business achieved remarkable result for the year 2018. The business slowed down a bit for the three months ended March 2019 due to a number of factors. First, in view of China's softening economy, the Group has in general adopted a more cautious approach on making loan recommendation to appropriate funding sources and thus resulted in a decrease in revenue for the period. Second, the loan facilitation business is severely affected by long public holidays in China. In particular, customers are generally reluctant to make new borrowings during the Chinese New Year as they believe it may bring bad omen. Third, the government is putting more stringent control on money lending activities in China. The management welcomes the government's initiatives to regulate the market, which we believe would improve long term sustainability. However, such regulations also have impact on customer sentiment and thus demand for our services.

The management is optimistic about the future development of the loan facilitation business. The management intends to devote further resources into the loan facilitation business, including but not limited to increasing geographical coverage, expanding target customer group and other upstream/downstream expansion. The Group has identified Sichuan Province as our next focus and is actively expanding geographical coverage within Sichuan Province.

While our branch network remains one of our key strength, the Group is also looking at other methods to expand our geographical coverage. The Group is currently developing a mobile app based business model, whereby the Group can increase its reach to target customer through the concept of sharing economy.

We anticipate 2019 will be a challenging year mainly due to the continually softening economy, which may cause lenders to be more conservative. However, we believe China government's general direction of enhancing financial service support to rural areas will pose ample opportunities for the Group. With conscious cost control, robust management and close alignment with governmental directions in our development strategy, we believe we are able to withstand the challenges of 2019 and beyond.

Financial Review

The Group's revenue decreased by approximately 11.9% from approximately HK$36.7 million for the three months ended 31 March 2018 to approximately HK$32.4 million for the three months ended 31 March 2019. The decrease in revenue during the period under review as compared to the corresponding period in 2018 mainly resulted from a decrease in revenue from the footwear business segment being partially offset by revenue from the loan facilitation service segment.

The decrease in revenue for the footwear business segment is mainly due to various uncertainties clouding the global economy, in particular, the continuous impact of Brexit, as well as sluggish economic growth in the EU and the US-China Trade War, which have adversely affected customer sentiment.

The Group commenced its operation in provision of loan facilitation services in April 2018. The loan facilitation service segment contributed revenue of approximately HK$17.8 million for the three months ended 31 March 2019.

During the three months ended 31 March 2019, the Group's purchases and changes in inventories decreased by approximately 59.5% from approximately HK$31.7 million for the three months ended 31 March 2018 to approximately HK$12.8 million for the three months ended 31 March 2019. The Group's purchases and changes in inventories comprises purchase cost and other costs including mainly sample and molding fees and other overheads. During the three months ended 31 March 2019, sample and molding fees decreased by approximately HK$0.1 million as compared to the corresponding period in 2018 which was attributable to the decreased number of molds of samples for developments for brands that are new to the Group as requested by the Group's customers for potential orders. However, the purchase cost to sales ratio was approximately 85.0% for the three months ended 31 March 2019 comparing to approximately 84.2% for the three months ended 31 March 2018. The increase in purchase cost to sales ratio was mainly due to the decreasing ability of the Group to persuade our suppliers to absorb sample and molding fees due to intense competition in the market, and also the decreasing ability of the Group to pass on the sample and molding fees to customers due to the sluggish customer sentiment.

Other income increased by approximately 10 times to approximately HK$3.0 million for the three months ended 31 March 2019 from approximately HK$0.3 million for the corresponding period in 2018, primarily attributable to the receipt of commission income and government subsidies of HK$1.2 million and HK$1.1 million, respectively, for the three months ended 31 March 2019.

Employee benefits expenses increased by approximately 2.9 times to approximately HK$19.3 million for the three months ended 31 March 2019 from approximately HK$5.0 million for the corresponding period in 2018, which was mainly due to the increase in number of staff for the loan facilitation services.

Other operating expenses increased by approximately 49.4% to approximately HK$7.4 million for the three months ended 31 March 2019 from approximately HK$4.9 million for the corresponding period in 2018, which was mainly due to the increase in general operating expenses in relation to the running of the new loan facilitation services.

Finance costs increased by approximately 61.9% to approximately HK$0.5 million for the three months ended 31 March 2019 from approximately HK$0.3 million for the corresponding period in 2018, which was mainly due to the adoption of HKFRS 16 where interest on lease liabilities is recognised as finance costs.

As a result of foregoing, loss for the period decreased to approximately HK$4.5 million for the three months ended 31 March 2019 from approximately HK$4.8 million for the corresponding period in 2018.

Loss for the footwear business segment increased by approximately 32.1% to approximately HK$3.3 million for the three months ended 31 March 2019 from approximately HK$2.5 million for the corresponding period in 2018, which was mainly due to the decrease in revenue during the period.

The loan facilitation service segment recorded minor profit for the three months ended 31 March 2019. There is a sharp decrease in profit as compared to the last quarter of 2018 as the loan facilitation industry is severely affected by long public holidays in China.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2019, 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 Ordinary shares	Share options	Total	Approximate percentage of interest in such corporation
Mr. Ho Kin Wai ("**Mr. Ho**")	Interest of controlled corporation *(Note)*	9,600,000 ordinary shares	–	9,600,000	2%

Note: These 9,600,000 shares are held by Asia Matrix Investments Limited ("Asia Matrix"). Mr. Ho beneficially owns 100% of the issued share capital of Asia Matrix.

Long position in shares or underlying shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature	No. share(s) held	Approximate percentage of interest in such corporation
Mr. Dong Jun ("**Mr. Dong**")	Jimu Holdings Limited (formerly known as Pintec Holdings Limited) ("**Jimu Holdings**") *(Note1)*	Interest of controlled corporation	23,722,804 (ordinary shares)	32.95%
Mr. Wen Cyrus Jun-ming ("**Mr. Wen**")	Jimu Holdings *(Note 2)*	Interest of controlled corporation	2,210,630 (series C preferred shares)	5.17%
Mr. Wen	Jimu Holdings *(Note 3)*	Interest of controlled corporation	235,000 (ordinary shares)	0.33%
Mr. Zhang Songyi ("**Mr. Zhang**")	Jimu Holdings *(Note 4)*	Interest of controlled corporation	3,359,553 (series C preferred shares)	7.86%

Notes:

1. Mr. Dong is the founder of a discretionary trust. Mr. Dong is deemed to be interested in the shares of Jimu Holdings in which the discretionary trust is interested has.

2. These 2,210,630 series C preferred shares are held by Delight Treasure Holdings Limited. Mr. Wen beneficially owns 100% of the issued share capital of Delight Treasure Holdings Limited.

3. These 235,000 ordinary shares are held by Delight Treasure Holdings Limited. Mr. Wen beneficially owns 100% of the issued share capital of Delight Treasure Holdings Limited.

4. Out of these 3,359,553 series C preferred shares, 1,908,837 shares are held by Woo Foong Hong Limited and 1,450,716 shares are held by Mandra iBase Limited. Woo Foong Hong Limited is owned as to 51% by Beansprouts Limited, which in turn is owned as to 50% by Mr. Zhang. Mandra iBase Limited is wholly owned by Beansprouts Limited.

Save as disclosed above, as at 31 March 2019, 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.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2019, so far as known to any Director or chief executive of the Company, the following persons had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under Section 336 of the SFO:

Long position in shares or underlying shares of the Company

Name of shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of interest In such corporation
Jimu Group Holdings Limited	Beneficiary owner	350,400,000	73%
Jimu Times Limited	Interest in a controlled corporation *(Note)*	350,400,000	73%
Jimu Holdings	Interest in a controlled corporation *(Note)*	350,400,000	73%

Note: Jimu Group Holdings Limited is a registered owner holding 73% shareholding interest in the Company. Jimu Group Holdings Limited is owned as to 85% by Jimu Times Limited and Jimu Times Limited is wholly-owned by Jimu Holdings. Under the SFO, Jimu Holdings and Jimu Times Limited are deemed to be interested in 350,400,000 Shares.

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any other persons who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under Section 336 of the SFO.

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

During the period ended 31 March 2019, 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.

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 three months ended 31 March 2019, 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.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the "**Audit Committee**") on 11 May 2016 with written terms of reference in compliance with the code provisions of the 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 four members, namely Mr. Hon Ping Cho Terence (Chairman), Mr. Liu Jiangtao, Mr. Guo Zhongyong and Mr. Peng Chuang, all being independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2019 and this report, and is of the view that the financial statements and report have complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

EVENT AFTER THE REVIEW PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2019 and up to the date of this report.

By order of the Board
Jimu Group Limited
Dong Jun
Chairman

Hong Kong, 10 May 2019

As at the date of this report, the executive Directors are Mr. Dong Jun (Chairman), Mr. Ho Kin Wai (Chief Executive Officer), Mr. Peng Shaoxin, Mr. Yan Taotao and Ms. Long Jingjie; the non-executive Directors are Mr. Wen Cyrus Jun-ming and Mr. Zhang Songyi; and the independent non-executive Directors are Mr. Liu Jiangtao, Mr. Guo Zhongyong, Mr. Peng Chuang and Mr. Hon Ping Cho Terence