



**JIMU GROUP LIMITED**

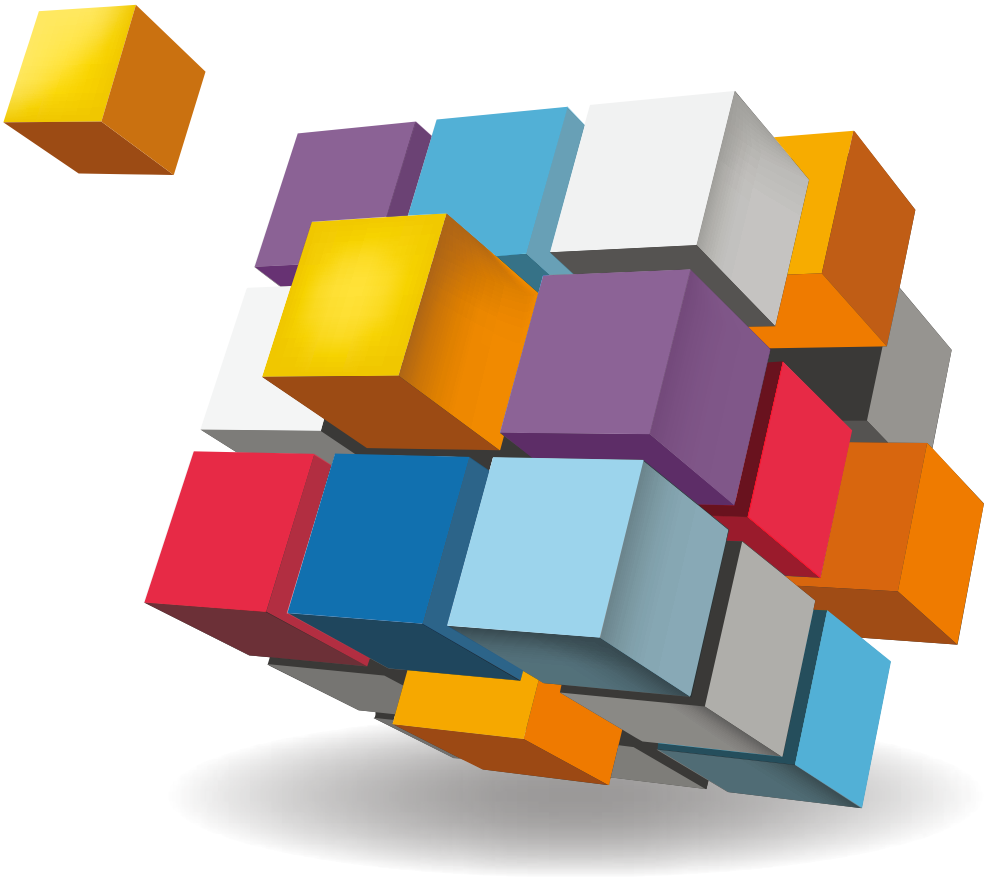
**積木集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8187)**

THIRD QUARTERLY REPORT

**2021**



## CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 and nine months ended 30 September 2021, together with the comparative unaudited figures of the corresponding periods in 2020.

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

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021

	NOTES	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from goods and services	5	4,585	18,796	9,879	53,977
Other income		461	157	631	6,048
Other gains and losses		(50)	21	282	1,246
Purchases and changes in inventories		(3,929)	(9,821)	(5,486)	(24,674)
Employee benefits expenses		(1,664)	(10,001)	(11,912)	(35,865)
Other operating expenses		(833)	(4,159)	(6,561)	(11,576)
Finance costs		–	(50)	(71)	(337)
<b>Loss before taxation</b>		<b>(1,430)</b>	<b>(5,057)</b>	<b>(13,238)</b>	<b>(11,181)</b>
Income tax credit	6	398	219	2,220	1,457
<b>Loss for the period</b>	7	<b>(1,032)</b>	<b>(4,838)</b>	<b>(11,018)</b>	<b>(9,724)</b>
<b>Other comprehensive (expense) income:</b>					
<i>Item that will not be reclassified to profit or loss:</i>					
Exchange differences on translation from functional currency to presentation currency		(3)	196	44	72
<b>Total comprehensive expense for the period</b>		<b>(1,035)</b>	<b>(4,642)</b>	<b>(10,974)</b>	<b>(9,652)</b>
<b>Loss per share</b>	9				
Basic (HK cents)		(0.21)	(1.01)	(2.20)	(2.03)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Capital reserve HK\$'000 (Note 2)	Statutory reserve HK\$'000 (Note 3)	Accumulated losses HK\$'000	
At 1 January 2021 (Audited)	5,016	55,784	148	4,950	1,630	(58,959)	8,569
Loss for the period	-	-	-	-	-	(11,018)	(11,018)
Exchange differences on translation from functional currency to presentation currency	-	-	44	-	-	-	44
Total comprehensive expense for the period	-	-	44	-	-	(11,018)	(10,974)
At 30 September 2021 (Unaudited)	5,016	55,784	192	4,950	1,630	(69,977)	(2,405)
At 1 January 2020 (Audited)	4,800	46,917	(177)	(67)	-	(48,624)	2,849
Loss for the period	-	-	-	-	-	(9,724)	(9,724)
Exchange differences on translation from functional currency to presentation currency	-	-	72	-	-	-	72
Total comprehensive expense for the period	-	-	72	-	-	(9,724)	(9,652)
Deemed contribution from a former director/director (Note 1)	-	-	-	4,360	-	-	4,360
At 30 September 2020 (Unaudited)	4,800	46,917	(105)	4,293	-	(58,348)	(2,443)

Note 1: An amount of HK\$4,360,000 representing the waiver of amount due to a former director/director, who was resigned on 18 September 2020 and is also one of the major shareholders of the Company, pursuant to the deed of waiver agreement entered into between the director and Ever Smart International Enterprise Limited, a wholly owned subsidiary of the Group, during the nine months ended 30 September 2020.

Note 2: Capital reserve represents i) an amount of HK\$77,000 representing the difference between the carrying amount of the non-controlling interests which exceeded the fair value of the consideration paid for the acquisition of additional 60% non-controlling interests in a subsidiary, Alliance International Sourcing Limited ("**Alliance**") in previous years; ii) an amount of HK\$10,000 representing the sum of the share capital of certain group entities, including Ever Smart International Enterprise Limited, Dodge & Swerve Limited and Alliance, which have been transferred to capital reserve under the reorganisation in 2015; and iii) an amount of HK\$5,017,000 representing the waiver of amount due to a former director/director, pursuant to the deed of waiver agreement entered into between the former director/director and Ever Smart International Enterprise Limited, a wholly owned subsidiary of the Group.

Note 3: According to the relevant rules and regulations in the People's Republic of China (the "**PRC**"), each of the Company's PRC subsidiaries shall transfer 10% of their net income after taxation, based on the subsidiary's PRC statutory accounts, as statutory reserves, until the balance reaches 50% of the respective subsidiary's registered capital. Further appropriations can be made at the directors' discretion. The statutory reserves can be used to offset any accumulated losses or convert into paid-up capital of the respective subsidiary.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

## 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 Windwar 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Room 20-01, 20/F, LKF Tower, 33 Wyndham Street, Central, Hong Kong and changed to Unit 06, 12th Floor, The Broadway, No. 54-62 Lockhart Road, Hong Kong on 8 October 2021.

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 nine months ended 30 September 2021 are the same as those followed in the Group’s audited consolidated financial statements for the year ended 31 December 2020.

For the nine months ended 30 September 2021, 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:

Amendment to HKFRS 16

Covid-19 – Related Rent Concessions

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

The application of these amendments to HKFRSs during the nine months ended 30 September 2021 has had no material impact on the Group's financial performance and positions for the nine months ended 30 September 2021 and 2020 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 *Operating Segments* as follows:

- Loan facilitation and credit assessment services – provision of pre-loan facilitation services and post-loan facilitation services and credit assessment service (2020: pre-loan facilitation services and post-loan facilitation services); and
- Footwear and apparel businesses – design, development, production management (including quality control) and logistics management services and trading of footwear and apparel (2020: footwear business).

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:

**Nine months ended 30 September 2021 (Unaudited)**

	<b>Footwear and apparel businesses HK\$'000</b>	<b>Loan facilitation and credit assessment services HK\$'000</b>	<b>Total HK\$'000</b>
Revenue	5,904	3,975	9,879
Segment results	(3,841)	(6,797)	(10,638)
Unallocated expenses			(2,600)
Loss before taxation			(13,238)

Nine months ended 30 September 2020 (Unaudited)

	Footwear and apparel businesses HK\$'000	Loan facilitation and credit assessment services HK\$'000	Total HK\$'000
Revenue	34,096	19,881	53,977
Segment results	9,174	(13,784)	(4,610)
Unallocated expenses			(6,571)
Loss before taxation			(11,181)

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

## 5. REVENUE FROM GOODS AND SERVICES

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Trading of footwear and apparel businesses	4,264	12,550	5,904	34,096
Provision of loan facilitation services	247	6,246	2,858	19,881
Provision of credit assessment services	74	–	1,117	–
	<b>4,585</b>	18,796	<b>9,879</b>	53,977

## 6. INCOME TAX (CREDIT) EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
PRC Enterprise Income Tax ("EIT")				
– Current Tax	–	269	–	2,042
Deferred tax	(398)	(488)	(2,220)	(3,499)
	<b>(398)</b>	(219)	<b>(2,220)</b>	(1,457)

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 2021 and 2020.

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 nine months ended 30 September 2021 and 2020.



## 7. LOSS FOR THE PERIOD

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging (crediting):				
Directors' remuneration	488	309	1,351	1,193
Other staff costs (excluding directors' remuneration)				
– Salaries, allowances and benefits in kind	1,039	10,344	8,520	31,284
– Retirement benefit scheme contributions	137	(652)	2,041	3,388
<b>Total staff costs</b>	<b>1,664</b>	<b>10,001</b>	<b>11,912</b>	<b>35,865</b>
Depreciation of property, plant and equipment	55	133	182	268
Depreciation of right-of-use assets	–	–	–	589
Expenses relating to short-term leases	206	355	750	1,124
Interest income	–	(97)	(71)	(221)

## 8. DIVIDENDS

No dividends were paid, declared or proposed during the nine months ended 30 September 2021 and 2020. The Directors of the Company do not recommend payment of dividend for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: Nil).

## 9. LOSS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Loss:</b>				
Loss for the period for the purpose of basic loss per share	(1,032)	(4,838)	(11,018)	(9,724)

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)	'000 (Unaudited)
<b>Number of shares:</b>				
Number of ordinary shares for the purpose of basic loss per share	501,600	480,000	501,600	480,000

No diluted loss per share is being presented for three months and nine months periods ended 30 September 2021 and 2020 as there is no potential ordinary share in issue during both periods.

## 10. EVENTS AFTER THE REPORTING PERIOD

### The Possible Acquisition of certain equity interest in the Target Company

On 10 November 2021, the Group as a buyer entered into the memorandum of understanding (the "MOU") with Mr. Li Kwok Ming and Mr. Dai Alex (collectively the "Vendors", and together with the Company, the "Parties") in relation to the possible acquisition by the Group (the "Possible Acquisition") of approximately 67% interests in Stay Fresh Footwear Inc., (the "Target Company"). The principal activities of the Target Company are mainly engaged in specializing in premium and collector sneakers, streetwear, and accessories in Canada, which has the good reputation in the footwear industry and assists the Group beneficially to explore the market in oversea.

The amount of the equity interest under the Possible Acquisition, the consideration of the Possible Acquisition and the payment terms of the consideration will be subject to further negotiation between the parties to the MOU.

For details, please refer to the Company's announcement dated 10 November 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review and Outlook

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

### *Loan Facilitation and Credit Assessment Businesses*

The Group commenced the provision of loan facilitation services to customers in the PRC in 2018. The Group has set up branch office network across different regions in the PRC to provide assistance to customers with financing needs, with a particular focus on individual customers in 3<sup>rd</sup> and 4<sup>th</sup> tier cities in the PRC, 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.

There is a significant downturn in the loan facilitation business for the nine months ended 30 September 2021. There are two main reasons for the significant decline.

First, the loan facilitation and credit assessment businesses were still significantly affected by Covid-19. The PRC Government imposed a number of policies across the PRC. The Group also, implemented special working arrangements in the PRC, including but not limited to work-from home arrangements and reduced business meetings with clients. These measures had caused the loan facilitation service to drop drastically. Second, Covid-19 had also significantly affected lenders and intermediary service platforms (collectively, the "**Funding Sources**"). These Funding Sources had become less willing to lend or may have even changed their business plans amid such economic condition.

The Group provides credit assessment services by granting an automobile sales service shop the rights to access a system for credit assessment services for its customers since 2020. The Group has tailored-made a credit assessment system for the shop and facilitated the shop to assess credit rating of the client. The Group would explore more business opportunities by cooperating with different kind of business sector in the third quarter of 2021.

The management expects the impact of Covid-19 to persist in 2021 and the management anticipates a hard time ahead. The management had reviewed plans to reduce costs related to closure of the branches and layoff under-performing staffs.

On the other hand, given there are difficulties in obtaining financing from existing Funding Sources, the Group is actively seeking other Funding Sources include but not limited to banks, asset management companies, trusts and small loan companies.

### **Footwear and Apparel Businesses**

The Group offers formal and casual footwear and apparel 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. In 2020, the Group further expanded its customer portfolio to include branded wholesalers and retailers in the PRC. Also, the Group seized the opportunity for extending to apparel business in 2020 as the potential market for apparel business is massive in the PRC.

The management believes that the footwear and apparel businesses are recovering and shall continue to seek further development opportunities in both overseas and the PRC market.

## **Financial Review**

### **Revenue**

The Group recorded revenue of approximately HK\$9.9 million for the nine months ended 30 September 2021, a decrease of 81.7% compared with that of approximately HK\$54.0 million for the nine months ended 30 September 2020. Set out below is the revenue breakdown by segment for the nine months ended 30 September 2020 and 2021:

	For the nine months ended 30 September			
	2021		2020	
	HK\$'000	%	HK\$'000	%
<b>Trading of footwear</b>	<b>2,693</b>	<b>27.3</b>	34,096	63.2
<b>Trading of apparel</b>				
Women's apparel	2,884	29.2	–	–
Surgical mask	327	3.3	–	–
	<b>3,211</b>	<b>32.5</b>	–	–
<b>Provision of loan facilitation services</b>				
Pre-loan facilitation services	1,323	13.4	9,873	18.3
Post-loan facilitation services	1,535	15.5	10,008	18.5
	<b>2,858</b>	<b>28.9</b>	19,881	36.8
<b>Provision of credit assessment services</b>	<b>1,117</b>	<b>11.3</b>	–	–
<b>Total</b>	<b>9,879</b>	<b>100.0</b>	53,977	100.0

### ***Footwear and Apparel Businesses***

Revenue from the footwear and apparel businesses segment decreased by approximately 82.7% from approximately HK\$34.1 million for the nine months ended 30 September 2020 to approximately HK\$5.9 million for the nine months ended 30 September 2021. This is mainly due to the decrease in sales to oversea customers amid various uncertainties clouding the global economy and the impact of Covid-19.

### ***Loan Facilitation and Credit Assessment Businesses***

Revenue from the loan facilitation segment decreased by approximately 80.0% from approximately HK\$19.9 million for the nine months ended 30 September 2020 to approximately HK\$4.0 million for the nine months ended 30 September 2021. The revenue dropped significantly mainly due to the impact of Covid-19 during the period.

### ***Purchases and changes in inventories***

The Group's purchases and changes in inventories decreased by approximately 77.8% from approximately HK\$24.7 million for the nine months ended 30 September 2020 to approximately HK\$5.5 million for the nine months ended 30 September 2021. Purchase cost to sales ratio was approximately 92.9% for the nine months ended 30 September 2021 comparing to approximately 72.4% for the nine months ended 30 September 2020.

### ***Other income***

Other income decreased to approximately HK\$0.6 million for the nine months ended 30 September 2021 from approximately HK\$6.0 million for the nine months ended 30 September 2020. The decrease is mainly due to the decrease in business activities amid Covid-19 for the nine months ended 30 September 2021, primarily attributable to decrease in consultancy income for the provision of consultancy service in related to loan facilitation business.

### ***Other gains and losses***

Other gains (net) amounted to approximately HK\$0.3 million for the nine months ended 30 September 2021 as compared to approximately HK\$1.2 million for the nine months ended 30 September 2020. This is mainly due to the decrease in the gain on derecognition of certain right-of-use assets.

### ***Employee benefits expenses***

Employee benefits expenses decreased to approximately HK\$11.9 million for the nine months ended 30 September 2021 from approximately HK\$35.9 million for the nine months ended 30 September 2020, which was mainly due to cost-cutting and restructuring plan implemented during the period.

### ***Other operating expenses***

Other operating expenses decreased to approximately HK\$6.6 million for the nine months ended 30 September 2021 from approximately HK\$11.6 million for the nine months ended 30 September 2020, which was mainly due to the decrease in business activities amid Covid-19 and the cost-cutting and restructuring plan implemented for the nine months ended 30 September 2021.

### ***Finance costs***

Finance costs decreased by approximately 78.9% to approximately HK\$0.07 million for the nine months ended 30 September 2021 from approximately HK\$0.3 million for the nine months ended 30 September 2020. Finance cost for the period represented interest on lease liabilities.

### ***Income tax credit***

Income tax credit increased from approximately HK\$1.5 million for the nine months ended 30 September 2020 to approximately HK\$2.2 million for the nine months ended 30 September 2021, which was representing the recognition of deferred tax credit for the period.

### ***Loss for the period***

As a result of foregoing, loss for the period amounted to approximately HK\$11.0 million for the nine months ended 30 September 2021 as compared to loss for the period of approximately HK\$9.7 million for the nine months ended 30 September 2020.

Loss before taxation for the footwear and apparel businesses segment amounted to approximately HK\$3.8 million for the nine months ended 30 September 2021 as compared to profit before taxation of approximately HK\$9.2 million for the nine months ended 30 September 2020, which was mainly due to the deterioration of footwear and apparel businesses due to the impact of Covid-19.

Loss before taxation for the loan facilitation and credit assessment services segment amounted to approximately HK\$6.8 million for the nine months ended 30 September 2021 as compared to loss before taxation of approximately HK\$13.8 million for the nine months ended 30 September 2020. This is mainly due to the further cost-cutting and restructuring plan implemented in 2021.



## MEMORANDUM OF UNDERSTANDING WITH STAY FRESH FOOTWEAR INC.

As disclosed in the Company's announcement dated 10 November 2021, the Company entered into the non-legally binding memorandum of understanding (the "MOU") with Mr. Li Kwok Ming and Mr. Dai Alex (collectively the "Vendors", and together with the Company, the "Parties") in relation to the possible acquisition by the Group of approximately 67% interests in Stay Fresh Footwear Inc., (the "Target Company"). The principal activities of the Target Company are mainly engaged in specializing in premium and collector sneakers, streetwear, and accessories in Canada, which has the good reputation in the footwear industry and assists the Group beneficially to explore the market in oversea.

As at the date of this report, no formal agreement has been entered into among the Parties. Further announcement(s) will be made by the Company in respect of the MOU with Stay Fresh Footwear Inc. as and when appropriate.

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

As at 30 September 2021, 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:

### (A) 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. Ni Zhixing	beneficial owner	200,000 ordinary shares	-	200,000	0.04%

## (B) Long position in shares or underlying shares of associated corporation

Name of Director	Name of associated corporation	Capacity	No. share(s) held in each class	Approximate percentage of interest in the associated corporation in each class
Mr. Dong Jun ("Mr. Dong")	Jimu Holdings Limited (formerly known as Pintec Holdings Limited) ("Jimu Holdings") (Note 1)	Founder of discretionary trust	21,524,698 (ordinary shares)	29.90%
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%

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.

Save as disclosed above, as at 30 September 2021, 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 AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2021, so far as known to any Director or chief executive of the Company, the following persons/entities 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 the Company
Jimu Group Holdings Limited	Beneficiary owner	350,400,000	69.86%
Huawen Industry Group Limited (formerly known as Jimu Times Limited)	Interest in a controlled corporation (Note)	350,400,000	69.86%
Jimu Holdings	Interest in a controlled corporation (Note)	350,400,000	69.86%

Note: Jimu Group Holdings Limited is a registered owner holding 69.86% shareholding interest in the Company. Jimu Group Holdings Limited is owned as to 85% by Huawen Industry Group Limited and Huawen Industry Group Limited is wholly-owned by Jimu Holdings. Under the SFO, Jimu Holdings and Huawen Industry Group Limited are deemed to be interested in 350,400,000 Shares.

On 28 June 2021, the Board was informed by Jimu Group Holdings Limited (the “**Vendor**”), the controlling shareholder (as defined in the GEM Listing Rules) of the Company, that it has entered into a placing agreement with Kingston Securities Limited (the “**Placing Agent**”) pursuant to which the Placing Agent has agreed to procure investor(s) (the “**Placee(s)**”) on a best efforts basis to purchase up to 350,400,000 existing shares of the Company (the “**Placing Shares**”) held by the Vendor at a price of HK\$0.157 each. The completion of the placing will take place on 15 November 2021. Details of the above are set out in the Company’s announcements dated 28 June 2021, 8 July 2021, 15 July 2021, 13 August 2021, 13 September 2021, 15 October 2021 and 11 November 2021.

Save as disclosed above, as at 30 September 2021, 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.

## SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Share Option Scheme**”) on 11 May 2016. Since the adoption of the Share Option Scheme and up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

The Share Option Scheme enables the Company to grant 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 as incentives or rewards for their contributions to our Group.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the period ended 30 September 2021, 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 nine months ended 30 September 2021, none of the Directors, controlling shareholders or substantial shareholders of the Company 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 three members, namely Mr. Lam Wai Hung (Chairman), Mr. Eric Todd and Mr. Ni Zhixing, all being independent non-executive Directors.

The Group’s quarterly results for the nine months ended 30 September 2021 were unaudited. Disclosure of financial information in this report complies with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements. The Company’s Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021.

## EVENT AFTER THE REVIEW PERIOD

Details of significant events occurring after the reporting date are set out in note 10 to the unaudited condensed consolidated financial statement.

By order of the Board  
**Jimu Group Limited**  
**Dong Jun**  
*Chairman*

Hong Kong, 12 November 2021

*As at the date of this report, the executive Directors are Mr. Dong Jun, Mr. Huang Zexiong, Mr. Chen Zuze and Mr. Sheung Kwong Cho; the non-executive Director is Mr. Wen Cyrus Jun-ming, and the independent non-executive Directors are Mr. Ni Zhixing, Mr. Eric Todd, and Mr. Lam Wai Hung.*