



**JIMU GROUP LIMITED**

**積木集團有限公司**

*(Formerly known as Ever Smart International Holdings Limited 永駿國際控股有限公司)*

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

**(Stock Code: 8187)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “**Directors**”) of Jimu Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## RESULTS

The board (the “**Board**”) of directors (“**Directors**”) of Jimu Group Limited (the “**Company**”) presents the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2017, together with the comparative audited figures of the year ended 31 December 2016.

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

*For the year ended 31 December 2017*

|   | <i>NOTES</i> | <b>2017</b><br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>Revenue</b>  | <i>3</i>     | <b>236,732</b>                 | 241,389                 |
| Cost of sales   |              | <u>(211,260)</u>               | <u>(216,804)</u>        |
| Gross profit  |              | <b>25,472</b>                  | 24,585                  |
| Other income  |              | <b>3,017</b>                   | 6,658                   |
| Other expenses  |              | <b>(2,840)</b>                 | (4,438)                 |
| Other gains and losses  |              | <b>(1,359)</b>                 | (212)                   |
| Selling and distribution expenses                                   |              | <b>(11,025)</b>                | (10,237)                |
| Administrative expenses   |              | <b>(21,071)</b>                | (19,177)                |
| Listing expenses  |              | –                              | (9,263)                 |
| Finance costs   |              | <u><b>(1,018)</b></u>          | <u>(925)</u>            |
| <b>Loss before taxation</b>   |              | <b>(8,824)</b>                 | (13,009)                |
| Income tax expense  | <i>4</i>     | <u><b>(185)</b></u>            | <u>(662)</u>            |
| <b>Loss for the year</b>  | <i>5</i>     | <b>(9,009)</b>                 | (13,671)                |
| <b>Other comprehensive (expense) income</b>                         |              |                                |                         |
| <i>Item that may be reclassified subsequently to profit or loss</i> |              |                                |                         |
| Exchange differences arising on translation of foreign operations   |              | <u><b>(41)</b></u>             | <u>108</u>              |
| <b>Total comprehensive expense for the year</b>                     |              | <u><b>(9,050)</b></u>          | <u>(13,563)</u>         |
| <b>Loss per share</b>   |              |                                |                         |
| – basic ( <i>HK cents</i> )   | <i>7</i>     | <u><b>(1.88)</b></u>           | <u>(3.17)</u>           |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

|   | <i>NOTES</i> | <b>2017</b><br><i>HK\$'000</i> | 2016<br><i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>NON-CURRENT ASSETS</b>                             |              |                                |                         |
| Property, plant and equipment                         |              | <b>5,372</b>                   | 2,451                   |
| Rental deposits                                       |              | <b>561</b>                     | 113                     |
|   |              | <u><b>5,933</b></u>            | <u>2,564</u>            |
| <b>CURRENT ASSETS</b>                                 |              |                                |                         |
| Trade and other receivables, prepayments and deposits | 8            | <b>52,643</b>                  | 43,116                  |
| Tax recoverable                                       |              | –                              | 3,205                   |
| Pledged bank deposits                                 |              | <b>15,161</b>                  | 18,148                  |
| Bank balances and cash                                |              | <b>45,512</b>                  | 49,175                  |
|   |              | <u><b>113,316</b></u>          | <u>113,644</u>          |
| <b>CURRENT LIABILITIES</b>                            |              |                                |                         |
| Trade and other payables                              | 9            | <b>42,938</b>                  | 23,629                  |
| Tax payable   |              | <b>173</b>                     | 370                     |
| Bank borrowings – due within one year                 |              | <b>31,268</b>                  | 38,136                  |
|   |              | <u><b>74,379</b></u>           | <u>62,135</u>           |
| <b>NET CURRENT ASSETS</b>                             |              | <u><b>38,937</b></u>           | <u>51,509</u>           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |              | <u><b>44,870</b></u>           | <u>54,073</u>           |
| <b>NON-CURRENT LIABILITY</b>                          |              |                                |                         |
| Bank borrowings – due after one year                  |              | –                              | 153                     |
| <b>NET ASSETS</b>                                     |              | <u><b>44,870</b></u>           | <u>53,920</u>           |
| <b>CAPITAL AND RESERVES</b>                           |              |                                |                         |
| Share capital   | 10           | <b>4,800</b>                   | 4,800                   |
| Reserves  |              | <b>40,070</b>                  | 49,120                  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>   |              | <u><b>44,870</b></u>           | <u>53,920</u>           |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

|  | Attributable to owners of the Company |                              |                                    |                                |  | Total<br>HK\$'000 |
|--|---------------------------------------|------------------------------|------------------------------------|--------------------------------|--|-------------------|
|  | Share<br>capital<br>HK\$'000          | Share<br>premium<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Retained<br>profits<br>(accumulated<br>losses)<br>HK\$'000 |                   |
| At 1 January 2016  | –                                     | –                            | 201                                | (67)                           | 15,632   | 15,766            |
| Exchange differences arising on the<br>translation of foreign operations | –                                     | –                            | 108                                | –                              | –  | 108               |
| Loss for the year  | –                                     | –                            | –                                  | –                              | (13,671)   | (13,671)          |
| Total comprehensive income (expense)<br>for the year                     | –                                     | –                            | 108                                | –                              | (13,671)   | (13,563)          |
| Issue of new shares  | 1,200                                 | 58,800                       | –                                  | –                              | –  | 60,000            |
| Issue of shares by capitalisation of share<br>premium account            | 3,600                                 | (3,600)                      | –                                  | –                              | –  | –                 |
| Transaction costs attributable to issue of<br>new shares                 | –                                     | (8,283)                      | –                                  | –                              | –  | (8,283)           |
| At 31 December 2016  | 4,800                                 | 46,917                       | 309                                | (67)                           | 1,961  | 53,920            |
| Exchange differences arising on the<br>translation of foreign operations | –                                     | –                            | (41)                               | –                              | –  | (41)              |
| Loss for the year  | –                                     | –                            | –                                  | –                              | (9,009)  | (9,009)           |
| Total comprehensive expense for<br>the year                              | –                                     | –                            | (41)                               | –                              | (9,009)  | (9,050)           |
| At 31 December 2017  | 4,800                                 | 46,917                       | 268                                | (67)                           | (7,048)  | 44,870            |

## NOTES:

### 1. GROUP INFORMATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 February 2015. The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 May 2016. The parent holding company of the Company is Jimu Group Holdings Limited, which is incorporated in the British Virgin Islands. The ultimate holding and ultimate controlling shareholder is Jimu Holdings Limited (previously known as Pintec Holdings Limited), a company incorporated in the British Virgin Islands.

The Company changes its name from “Ever Smart International Holdings Limited” to “Jimu Group Limited” and adopted the Chinese name of “積木集團有限公司” as the secondary name to replace “永駿國際控股有限公司” which has been used for identification purpose only. The change of name was approved by the shareholders at the Extraordinary General Meeting held on 22 January 2018. The Certificate of Incorporation on Change of Name was issued by the Registry of Companies in the Cayman Islands on 26 January 2018. The Certificate of Registration of Alternation of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 February 2018.

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 Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the design, development, sourcing, marketing and sale of footwear.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is different from the functional currency of the Company, being United States dollars (“US\$”). The management of the Group considers that presenting the consolidated financial statements in HK\$ is preferable as the Company listed its shares on the GEM of the Stock Exchange and most of its investors are located in Hong Kong.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

|                        |  |
|------------------------|--|
| Amendments to HKAS 7   | Disclosure Initiative  |
| Amendments to HKAS 12  | Recognition of Deferred Tax Assets for Unrealised Losses       |
| Amendments to HKFRS 12 | As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle |

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

### Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing activities; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in notes to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in notes to the consolidated financial statements, the application of these amendments has had no impact on the Group’s consolidated financial statements.

### New and revised *HKFRSs in issue but not yet effective*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

|                                    |  |
|------------------------------------|--|
| HKFRS 9                            | Financial Instruments <sup>1</sup>   |
| HKFRS 15                           | Revenue from Contracts with Customers and the related Amendments <sup>1</sup>                      |
| HKFRS 16                           | Leases <sup>2</sup>  |
| HKFRS 17                           | Insurance Contracts <sup>3</sup>   |
| HK(IFRIC) – Int 22                 | Foreign Currency Transactions and Advance Consideration <sup>1</sup>                               |
| HK(IFRIC) – Int 23                 | Uncertainty over Income Tax Treatments <sup>2</sup>  |
| Amendments to HKFRS 2              | Classification and Measurement of Share-based Payment Transactions <sup>1</sup>                    |
| Amendments to HKFRS 4              | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>               |
| Amendments to HKFRS 9              | Prepayment Features with Negative Compensation <sup>2</sup>  |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup> |
| Amendments to HKAS 28              | Long-term Interests in Associates and Joint Ventures <sup>2</sup>                                  |
| Amendments to HKAS 28              | As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle <sup>1</sup>                        |
| Amendments to HKAS 40              | Transfers of Investment Property <sup>1</sup>  |
| Amendments to HKFRSs               | Annual Improvements to HKFRSs 2015 – 2017 Cycle <sup>2</sup>                                       |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on trading of footwear.

The Group's operating segment is determined based on information reported to the chief operating decision maker of the Group (the executive directors of the Company) for the purpose of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on their products, and has one operating segment: design, development, sourcing, marketing and sale of footwear. The chief operating decision maker would review the monthly sales reports and monitors the revenue, results, assets and liabilities of its business unit as a whole. The chief operating decision maker considers the segment assets and segment liabilities of the Group, which included all assets and all liabilities as stated in the consolidated statement of financial position, and considers the segment revenue same as total sales made to external parties as disclosed in the consolidated statement of profit and loss and other comprehensive income, and the segment results of the Group represented the Group's loss before taxation, without allocation of other gains and losses and listing expenses, as stated in the consolidated statement of profit or loss and other comprehensive income.

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

|  | <b>Design,<br/>development,<br/>sourcing,<br/>marketing<br/>and sale of<br/>footwear</b><br><i>HK\$'000</i> |
|--|---|
| <b>For the year ended 31 December 2017</b> |   |
| Segment revenue – external                 | <u>236,732</u>  |
| Segment loss                               | (7,465)   |
| Other gains and losses                     | <u>(1,359)</u>  |
| Loss before taxation                       | <u>(8,824)</u>  |
| <b>For the year ended 31 December 2016</b> |   |
| Segment revenue – external                 | <u>241,389</u>  |
| Segment loss                               | (3,534)   |
| Other gains and losses                     | (212)   |
| Listing expenses                           | <u>(9,263)</u>  |
| Loss before taxation                       | <u>(13,009)</u>   |

### 3. REVENUE AND SEGMENT INFORMATION – Continued

#### Segment assets

The following is an analysis of the Group's assets by operating and reportable segment:

|                      | As at 31 December |                |
|----------------------|-------------------|----------------|
|                      | 2017              | 2016           |
|                      | HK\$'000          | HK\$'000       |
| Total segment assets | <u>119,249</u>    | <u>116,208</u> |

#### Revenue from major products

The Group's revenue from its products were as follows:

|                     | Year ended 31 December |                |
|---------------------|------------------------|----------------|
|                     | 2017                   | 2016           |
|                     | HK\$'000               | HK\$'000       |
| Men's footwear      | 141,248                | 140,589        |
| Children's footwear | 56,548                 | 71,554         |
| Women's footwear    | <u>38,936</u>          | <u>29,246</u>  |
|                     | <u>236,732</u>         | <u>241,389</u> |

#### Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

Information about the Group's revenue from external customers presented based on the geographical locations of the shipment destinations, irrespective of the origin of the goods, is detailed below:

|                      | Year ended 31 December |                |
|----------------------|------------------------|----------------|
|                      | 2017                   | 2016           |
|                      | HK\$'000               | HK\$'000       |
| Australia            | 103,676                | 99,250         |
| United Kingdom       | 30,559                 | 58,134         |
| United States        | 22,246                 | 9,799          |
| Chile                | 11,263                 | 11,483         |
| New Zealand          | 11,487                 | 10,752         |
| Belgium              | 8,933                  | 8,900          |
| United Arab Emirates | 1,021                  | 5,890          |
| Others*              | <u>47,547</u>          | <u>37,181</u>  |
|                      | <u>236,732</u>         | <u>241,389</u> |

\* The revenue from individual country included in "Others" did not contribute over 10% of the total revenue of the Group for the relevant year.



### 3. REVENUE AND SEGMENT INFORMATION – Continued

#### Geographical information – Continued

Information about the Group's non-current assets is presented based on the geographical location of the assets:

|           | Year ended 31 December |                  |
|-----------|------------------------|------------------|
|           | 2017<br>HK\$'000       | 2016<br>HK\$'000 |
| Hong Kong | 4,091                  | 1,342            |
| PRC       | 1,842                  | 1,222            |
|           | <u>5,933</u>           | <u>2,564</u>     |

#### Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the Group's revenue are as follows:

|            | Year ended 31 December |                  |
|------------|------------------------|------------------|
|            | 2017<br>HK\$'000       | 2016<br>HK\$'000 |
| Customer A | 104,599                | 96,006           |
| Customer B | 27,903                 | 50,988           |
|            | <u>27,903</u>          | <u>50,988</u>    |

### 4. INCOME TAX EXPENSE

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2017<br>HK\$'000       | 2016<br>HK\$'000 |
| Hong Kong Profits Tax ( <i>note i</i> )              |                        |                  |
| – current year                                       | –                      | –                |
| – underprovision in prior years                      | –                      | 63               |
| PRC Enterprise Income Tax (“EIT”) ( <i>note ii</i> ) |                        |                  |
| – current year                                       | 185                    | 625              |
| Deferred tax   | –                      | (26)             |
|  | <u>185</u>             | <u>662</u>       |

Notes:

(i) **Hong Kong**

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit for the both years.

(ii) **PRC**

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit for the subsidiary established in the PRC for both years, as determined in accordance with the relevant income tax rules and regulations in the PRC.

## 5. LOSS FOR THE YEAR

|  | Year ended 31 December |                 |
|--|------------------------|-----------------|
|  | 2017                   | 2016            |
|  | <i>HK\$'000</i>        | <i>HK\$'000</i> |
| Loss for the year has been arrived at after charging:        |                        |                 |
| Directors' remuneration                                      | 4,378                  | 3,680           |
| Other staff costs (excluding directors' remuneration):       |                        |                 |
| – Salaries and other benefits                                | 15,059                 | 13,526          |
| – Retirement benefit scheme contributions                    | 1,500                  | 1,460           |
| Total staff costs  | <u>20,937</u>          | <u>18,666</u>   |
| Auditor's remuneration                                       | 2,360                  | 2,229           |
| Depreciation of property, plant and equipment                | 1,232                  | 1,003           |
| Cost of inventories recognised as an expense                 | 211,260                | 216,804         |
| Operating lease rental expense in respect of rented premises | <u>2,013</u>           | <u>1,269</u>    |

## 6. DIVIDEND

No dividend was paid or proposed for the shareholders of the Company during the years ended 31 December 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

## 7. LOSS PER SHARE

|  | Year ended 31 December |                 |
|--|------------------------|-----------------|
|  | 2017                   | 2016            |
|  | <i>HK\$'000</i>        | <i>HK\$'000</i> |
| Loss:  |                        |                 |
| Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company) | <u>(9,009)</u>         | <u>(13,671)</u> |

|  | Year ended 31 December |                |
|--|------------------------|----------------|
|  | 2017                   | 2016           |
|  | <i>'000</i>            | <i>'000</i>    |
| Number of shares:  |                        |                |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <u>480,000</u>         | <u>430,820</u> |

No diluted loss per share is presented for both years as there were no potential ordinary share in issue during both years.

## 8. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

|   | As at 31 December |                 |
|---|-------------------|-----------------|
|   | 2017              | 2016            |
|   | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| Trade receivables                           | 34,882            | 17,955          |
| Trade receivables discounted with recourse  | 10,626            | 16,740          |
| Less: allowance for doubtful debts          | (262)             | (262)           |
|   | <u>45,246</u>     | <u>34,433</u>   |
| Bills receivables                           | 1,042             | 1,150           |
| Other receivables, prepayments and deposits | 6,293             | 7,476           |
| Others                                      | 62                | 57              |
|   | <u>52,643</u>     | <u>43,116</u>   |

The Group allows credit period ranging from 7 days to 90 days to trade debtors. The following is an ageing analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period, which approximate the revenue recognition dates:

|               | As at 31 December |                 |
|---------------|-------------------|-----------------|
|               | 2017              | 2016            |
|               | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| 0 to 30 days  | 22,237            | 19,639          |
| 31 to 60 days | 20,920            | 13,652          |
| 61 to 90 days | 2,571             | 1,470           |
| Over 90 days  | 560               | 822             |
|               | <u>46,288</u>     | <u>35,583</u>   |

Before accepting any new customer, the Group assess the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

## 9. TRADE AND OTHER PAYABLES

|                                   | As at 31 December |                 |
|-----------------------------------|-------------------|-----------------|
|                                   | 2017              | 2016            |
|                                   | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| Trade payables                    | 30,207            | 15,249          |
| Receipt in advance from customers | 4,099             | 1,173           |
| Accrued staff salaries            | 3,470             | 3,251           |
| Accrued expenses                  | 3,608             | 2,824           |
| Other tax payables                | 81                | 58              |
| Others                            | 1,473             | 1,074           |
|                                   | <u>42,938</u>     | <u>23,629</u>   |

## 9. TRADE AND OTHER PAYABLES – Continued

The credit period on purchase of goods varies from 20 days to 45 days. The ageing analysis of the trade payables presented based on the invoice dates at the end of the reporting period is as follows:

|               | As at 31 December |                  |
|---------------|-------------------|------------------|
|               | 2017<br>HK\$'000  | 2016<br>HK\$'000 |
| 0 – 30 days   | 20,435            | 13,312           |
| 31 – 60 days  | 8,087             | 1,838            |
| 61 to 90 days | 253               | 98               |
| Over 90 days  | 1,432             | 1                |
|               | <u>30,207</u>     | <u>15,249</u>    |

## 10. SHARE CAPITAL

|  | Number of<br>shares         | Share<br>capital<br>HK\$'000 |
|--|-----------------------------|------------------------------|
| <b>Authorised:</b>                                   |                             |                              |
| At 1 January 2016 of HK\$0.01 each                   | 38,000,000                  | 380                          |
| Increase on 11 May 2016 ( <i>Note a</i> )            | 962,000,000                 | 9,620                        |
| <b>At 31 December 2016 and 2017</b>                  | <u><b>1,000,000,000</b></u> | <u><b>10,000</b></u>         |
| <b>Issued and fully paid:</b>                        |                             |                              |
| At 1 January 2016 of HK\$0.01 each                   | 1,000                       | –                            |
| Issue of new shares ( <i>Note b</i> )                | 479,999,000                 | 4,800                        |
| <b>At 31 December 2016 and 2017 of HK\$0.01 each</b> | <u><b>480,000,000</b></u>   | <u><b>4,800</b></u>          |

### Notes:

- (a) Pursuant to the resolutions passed by the shareholders of the Company on 11 May 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of additional of 962,000,000 shares of HK\$0.01 each.
- (b) On 30 May 2016, the Company issued a total of 120,000,000 shares of HK\$0.01 each at HK\$0.50 each for cash by way of placing. On 30 May 2016, the Company also allotted and issued a total of 359,999,000 shares of HK\$0.01 each credited as fully paid at par to the then shareholders by the capitalisation of approximately HK\$3,600,000 in the share premium account of the Company.

All the shares issued during the years ended 31 December 2017 and 2016 ranked pari passu in all respects with the then existing shares in issue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

Jimu Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is principally 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.

During the year ended 31 December 2017, almost all of the Group’s footwear was exported overseas with shipment destinations covering about 30 countries including Australia, United Kingdom, Chile, New Zealand and United States. Any change in economic conditions of our export countries, such as interest rates, currency exchange rates, inflation, deflation, political uncertainty, taxation, stock market performance and general consumer confidence, may affect the volume of purchase of our customers. Any change in the sales orders from our customers in our export countries resulting from any change in global or regional economic conditions may affect our business operations and financial performance.

The Group’s revenue decreased by approximately 1.9% from approximately HK\$241.4 million for the year ended 31 December 2016 to approximately HK\$236.7 million for the year ended 31 December 2017. The Group’s sales to customers with shipment destination to the United Kingdom (the “UK”) and other European countries decreased by approximately 42.1% from approximately HK\$71.5 million for the year ended 31 December 2016 to approximately HK\$41.4 million in 2017. Various uncertainties clouded the European economy during 2017, including the continuous impact of Brexit on the UK’s economy and political unrest in certain European countries, which have adversely affected customer sentiment in Europe. However, owing to the continuous effort of the Group in expanding our customer base and establishing solid business relationship with our customers, the sales to customers with shipment destination to Australia and United States (the “US”) increased by approximately 4.5% and 127.0%, respectively, for the year ended 31 December 2017 as compared to the previous year. Such increase in sales partially offset the decrease in sales to customers with shipment destination to the UK and other European countries.

In order to deal with the challenging market conditions and the rising operating costs, the Group streamlined the sales team structure during the late 2017 so as to enhance the Group’s sales capabilities after the leaving of certain senior sales personnel. The Group continues to maintain close working relationship with our customers by visiting them to understand their latest business development and product requirements and explore business opportunities by approaching potential customers through referrals by existing customers. The Group will also participate in major overseas trade fairs in the coming year to market the Group’s quality products and services to attract new international brand owners and licensees to grow its business.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2017, the Group recorded revenue of approximately HK\$236.7 million, a slight decrease of 1.9% compared with that of approximately HK\$241.4 million for the year ended 31 December 2016. Set out below is the revenue breakdown of the footwear during the years ended 31 December 2016 and 2017:

|                     | For the year ended 31 December |              |                 |          |
|---------------------|--------------------------------|--------------|-----------------|----------|
|                     | 2017                           |              | 2016            |          |
|                     | <i>HK\$'000</i>                | <i>%</i>     | <i>HK\$'000</i> | <i>%</i> |
| Men's footwear      | <b>141,248</b>                 | <b>59.7</b>  | 140,589         | 58.3     |
| Children's footwear | <b>56,548</b>                  | <b>23.9</b>  | 71,554          | 29.6     |
| Women's footwear    | <b>38,936</b>                  | <b>16.4</b>  | 29,246          | 12.1     |
| Total               | <b>236,732</b>                 | <b>100.0</b> | 241,389         | 100.0    |

The sales of men's footwear slightly increased by approximately 0.5% for the year ended 31 December 2017 as compared with that of the previous year. The sales of children's footwear decreased by approximately 21.0% for the year ended 31 December 2017 as compared with that of the previous year which was mainly attributable to the decrease in sales to customers with shipment destination to the UK and other European countries. The sales of women's footwear increased by approximately 33.1% for the year ended 31 December 2017 as compared with that of the previous year. We will continue to put in more effort to expand the sales of men's and women's footwear in order to enhance our revenue.

### Cost of sales and gross profit

During the year ended 31 December 2017, the Group's gross profit increased by approximately 3.6% from approximately HK\$24.6 million for the year ended 31 December 2016 to approximately HK\$25.5 million for the year ended 31 December 2017. The Group's cost of sales comprises purchase cost and other costs including mainly staff costs, sample and molding fees and other overhead. The purchase cost to sales ratio was at approximately 84% for the year ended 31 December 2017, broadly stable compared to that of approximately 85% for the year ended 31 December 2016. The improved purchase cost to sales ratio reflected the stringent control of supplier monitoring procedures of the Group. During the year ended 31 December 2017, sample and molding fees decreased slightly by approximately HK\$0.3 million as compared to the previous year which was attributable to the decreased number of samples for developments for brands that are new to the Group as requested by the Group's customers for potential orders. As a result, the Group's gross profit margin increased from approximately 10.2% for the year ended 31 December 2016 to approximately 10.8% for the year ended 31 December 2017.

### **Other income and other expense**

Other income decreased to approximately HK\$3.0 million for the year ended 31 December 2017 from approximately HK\$6.7 million for the year ended 31 December 2016, primarily attributable to decrease in samples and molding income and claims received of approximately HK\$1.7 million and HK\$2.1 million, respectively. Samples and molding income represented the income received from our customers for the making of samples and molds. Claims received mainly represented the compensation the Group received from its footwear suppliers primarily for product quality defects and incorrect packaging reworks. Other expenses decreased to approximately HK\$2.8 million for the year ended 31 December 2017 from approximately HK\$4.4 million in 2016, primarily attributable to decrease in claims paid of approximately HK\$1.8 million which represented the compensation paid to the Group's customers for product quality defects and incorrect packaging reworks.

### **Other gains and losses**

Other losses increased to approximately HK\$1.4 million for the year ended 31 December 2017 from approximately HK\$0.2 million for the year ended 31 December 2016. The increase was largely caused by the increase in impairment loss on other receivables of approximately HK\$1.5 million, while there was no such impairment loss in the previous year.

### **Selling and distribution expenses**

Selling and distribution expenses increased to approximately HK\$11.0 million for the year ended 31 December 2017 from approximately HK\$10.2 million for the previous year, which was principally due to an increase in salary for sales staff of approximately HK\$2.1 million as compared with the previous year as a result of the employment of additional sales staff during 2017 for increasing the Group's efforts in approaching potential and existing customers for business opportunities and broadening the Group's customer base and product offerings. Such increase in salary of sales staff was partially offset by (i) decrease in freight expense for the delivery of footwear to customers of approximately HK\$0.3 million which was mainly due to the decrease in sales to customers with shipment destination to the UK; (ii) an aggregate decrease in entertainment and overseas travelling of approximately HK\$0.4 million; (iii) decrease in commissions paid for business development of approximately HK\$0.3 million; and (iv) decrease in promotion expense of approximately HK\$0.4 million.

### **Administrative expenses**

Administrative expenses increased by HK\$1.9 million from approximately HK\$19.2 million for the year ended 31 December 2016 to approximately HK\$21.1 million for the year ended 31 December 2017, which was mainly due to (i) increase in rent and rates of approximately HK\$0.3 million as a result of leasing an additional office with showroom in the People's Republic of China (the "PRC") during 2017; (ii) increase in compliance-related printing expenses of approximately HK\$0.3 million; (iii) increase in computer handling fee of approximately HK\$0.3 million mainly for software development expenses related to 3-dimensional printing; and (iv) increase in depreciation charges on newly purchased motor vehicles of approximately HK\$0.2 million.

### **Loss for the year**

As a result of the foregoing, the loss for the year amounted to approximately HK\$9.0 million for the year ended 31 December 2017 as compared with the loss of approximately HK\$13.7 million for the year ended 31 December 2016.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 December 2017, total borrowings of the Group amounted to approximately HK\$31.3 million (2016: approximately HK\$38.3 million) which represented the trust receipt loans for trade finance purpose, trade receivables transferred to banks by discounting those receivables on a recourse basis and hire purchase loan. As at 31 December 2017, the cash and cash equivalents and pledged bank deposit of the Group amounted to approximately HK\$60.7 million (2016: approximately HK\$67.3 million). As at 31 December 2017, debt to equity ratio of the Group was nil (2016: nil). Debt to equity ratio is calculated by dividing the net debt, which is defined as bank borrowings and bank overdrafts net of pledged bank deposits and bank balances and cash, by total equity at the end of the respective years. Current ratio as at 31 December 2017 was approximately 1.5 times (2016: approximately 1.8 times).

The Group maintained sufficient working capital as at 31 December 2017 with bank balances and cash of approximately HK\$45.5 million (2016: approximately HK\$49.2million). The Board of Directors will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

As at 31 December 2017, the Group's net current assets amounted to approximately HK\$38.9 million (2016: approximately HK\$51.5 million). The Group's operations are financed principally by revenue generated from its business operation, available cash and bank balances and bank borrowings.

### **PLEDGE OF ASSETS**

As at 31 December 2017, pledged bank deposits of approximately HK\$15.2 million (2016: approximately HK\$18.1 million); trade receivables of approximately HK\$10.6 million (2016: approximately HK\$16.7 million) and motor vehicle with a carrying value of approximately HK\$0.5 million (2016: approximately HK\$1.0 million) of the Group were pledged to secure the Group's bank borrowings.

### **EXCHANGE RATE EXPOSURE**

The Group's revenue is denominated in United States dollars ("US\$") due to the export-oriented nature of the Group's business. The Group's expenses, comprising primarily its payment to its footwear suppliers, are also mainly in US\$, which is the functional currency of the Group. As HK\$ is pegged to US\$, the Group does not expect any significant fluctuation in the exchange rate of HK\$ against US\$. The Group's management considers that the Group has no significant foreign exchange exposures. Foreign exchange risk arising from the normal course of operations is considered to be minimal. As at 31 December 2017, the Group did not use any financial instrument for hedging the foreign exchange risk.

### **SIGNIFICANT INVESTMENTS HELD**

During the year ended 31 December 2017, there was no significant investment held by the Group.



## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

During the year ended 31 December 2017, the Group did not have other plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year ended 31 December 2017, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

## **CONTINGENT LIABILITIES**

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: nil).

## **CAPITAL COMMITMENTS**

As at 31 December 2017, the Group did not have any significant capital commitments (2016: nil).

## **EMPLOYEES AND EMOLUMENT POLICIES**

The Group had 67 employees (including Directors) as at 31 December 2017 (2016: 70 employees) in mainland China and Hong Kong. The Group places emphasis on work experience in the footwear industry in hiring its designers, merchandising staff and quality control staff. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to our staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with our staff which contain provisions on intellectual property rights and confidentiality.

The remuneration committee of the Company will make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group.

## **COMPARISON OF BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS**

The following is a comparison of the Group's business plan as set out in the prospectus of the Company dated 20 May 2016 (the "**Prospectus**") with actual business progress up to 31 December 2017.

## **Business plan as set out in Prospectus**

## **Progress up to 31 December 2017**

### ***Broadening customer base and product offerings***

- |   |   |
|---|---|
| – Approach potential customers for business opportunities through business referrals by existing customers and business network | The Group visited existing customers and approached potential customers overseas to explore business opportunities and strengthen the business relationship.                    |
| – Participate in global sales conferences of the major customers to explore business opportunities                              | The Group participated in global sales conferences of the major customers overseas to explore business opportunities.   |
| – Plan to lease a new office incorporating a showroom to promote the quality products and services of the Group                 | The Group leased an office with showroom in Dongguan City, Guangdong, the PRC in May 2017 to promote the quality products and services of the Group.                            |
| – Recruit additional sales representatives to broaden the customer base and product offerings                                   | The Group employed a sales staff experienced in footwear market in Australia in October 2016 for broadening its customer base. That sales staff left the Group in October 2017. |

### ***Enhancing design, development and production management capabilities***

- |  |   |
|--|---|
| – Employ advance technology such as 3-dimensional (“3D”) printing technology in footwear development to shorten the product development time | The Group purchased a 3D printer in February 2017 for employing 3D printing technology in footwear development.   |
| – Recruit a specialized footwear 3D technician   | The Group has employed a 3D technician in May 2017 to produce 3D modelling.   |
| – Recruit additional designers to expand the design and development team   | The Group has employed a footwear designer in May 2017 to enhance the product design and development capabilities.  |
| – Recruit an experienced shoe technician to enhance the knowledge on footwear technical requirements and standards of different customers    | The Group has employed two shoe technicians in August 2016 to assist our designers in product design and development. Currently the Group has employed one shoe technician. |
| – Recruit additional quality control and shipping staff to reinforce the quality management and logistics management services of the Group   | The Group has employed three quality control inspectors in July 2016 to enhance production management capabilities.   |

## Business plan as set out in Prospectus

## Progress up to 31 December 2017

### *Obtaining licences of multiple brands*

- Obtain licences of multiple footwear brands
- Engage professional parties to assist the Group in performing research, investigation and due diligence on brand licensing

The Group entered into International Merchandising License Agreement (“**License Agreement**”) with ENS Global Marketing Limited (the “**Licensing Agent**”) and SEMK Products Limited (the “**Licensor**”) in June 2017 for granting to the Group a non-exclusive right and licence to utilize the “**B. Duck**” brand for footwear. The Group terminated the License Agreement on 6 December 2017 after given the Licensor and Licensing Agent a 7 days’ notice in writing pursuant to the terms of the License Agreement.

### *Enhancing corporate image (note)*

- Participate in major footwear trade shows and fairs internationally to market the Group’s quality products and services to attract new international brand owners and licensees to grow its business
- Purchase of motor vehicles in Hong Kong to provide a comfortable and convenient transportation to our existing and potential customers when they visit the Group in Hong Kong and the PRC

The Group sourced footwear samples during 2017 for preparing the participation in footwear trade fairs in Italy and the US in early 2018.

The Group purchased two motor vehicles in Hong Kong in September 2017.

### *Improving information technology system*

- Enhance and upgrade the Group’s business management system for producing a more comprehensive information database of its customers, products, quality control, footwear suppliers and financial reporting

The Group has improved the information technology system by purchasing new computers and auxiliary products. The Group has contracted an outside party in June 2017 for the development of an “online shop” to promote our products. The Group seeks for the appropriate business management system and will utilize the fund as intended.

*Note:* According to the Company’s announcement dated 6 September 2017, the Group resolved to change the business objective of enhancing corporate image as disclosed in the section headed “Future plans and use of proceeds – Use of proceeds” in the Prospectus as to approximately HK\$3 million for the purchase of motor vehicles in Hong Kong and the remaining part for the participation in major footwear trade shows and fairs.

## USE OF PROCEEDS

The net proceeds from the issue of new shares of the Company through the placing of 120,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.50 per share (the “**Placing**”), after deduction of the related underwriting fees and issuance expenses paid by the Company in connection therewith, were approximately HK\$44.6 million. The utilization of net proceeds from the Placing is set out below:

| Use of net proceeds   | Total<br>planned<br>amount to<br>be used<br><i>HK\$' million</i> | Planned use<br>of proceed<br>up to<br>31 December<br>2017<br><i>HK\$' million</i> | Actual<br>amount<br>utilized<br>up to<br>31 December<br>2017<br><i>HK\$' million</i> | Actual<br>balance<br>as at<br>31 December<br>2017<br><i>HK\$' million</i> |
|---|--|---|--|---|
| Broadening customer base and product offerings ( <i>Note (a)</i> )    | 9.9  | 7.1   | 2.9  | 7.0   |
| Enhancing design, development and production management capabilities  | 5.9  | 4.8   | 1.3  | 4.6   |
| Obtaining licences of multiple brands                                 | 15.9   | 11.3  | 0.2  | 15.7  |
|   |  |   | <i>(Note (c))</i>  |   |
| Enhancing corporate image ( <i>Note (b)</i> )                         | 4.5  | 4.4   | 3.1  | 1.4   |
| Improving information technology system                               | 4.1  | 4.1   | 0.5  | 3.6   |
| General working capital and other general corporate uses of the Group | 4.3  | 2.9   | 2.9  | 1.4   |
|   | <hr/>  | <hr/>   | <hr/>  | <hr/>   |
| Total   | 44.6   | 34.6  | 10.9   | 33.7  |
|   | <hr/> <hr/>  | <hr/> <hr/>   | <hr/> <hr/>  | <hr/> <hr/>   |

### Notes:

- (a) In May 2017, the Group entered into a tenancy agreement with a landlord for leasing a property for office and showroom in Dongguan City, Guangdong, the PRC for a term of five years commencing from May 2017. The leasing of the property is for the purpose of implementing the Group’s business objective of broadening customer base and product offerings as disclosed in the section headed “Future plans and use of proceeds – Use of proceeds” in the Prospectus. As mentioned in the announcement dated 5 May 2017, the Directors consider that the leasing of the property for office and showroom in the PRC would allow the Group to deploy its financial resources more effectively as the rental expense for the PRC office will be lower than that of a comparable Hong Kong office. The Group intends to utilize the remaining balance of the proceeds to lease a new office incorporating a showroom in Hong Kong as originally planned when an appropriate property in Hong Kong is identified.

- (b) In September 2017, the Group applied approximately HK\$3 million from net proceeds from the Placing to purchase two motor vehicles in Hong Kong. As mentioned in the announcement dated 6 September 2017, the Directors consider that it is not cost-effective for the Group's long-term development to use the entire portion of the originally allocated net proceeds of approximately HK\$4.5 million ("**Allocated Net Proceeds**") for participating in footwear trade shows and fairs. The Group resolved to use part of the Allocated Net Proceeds of approximately HK\$3.0 million for the purchase of motor vehicles in Hong Kong. The Directors consider that the above change in use of the unutilized Allocated Net Proceeds will facilitate the efficient use of financial resources of the Group, and enhance corporate image of the Group by providing a comfortable and convenient transportation to our existing and potential customers when they visit the Group in Hong Kong and the PRC.
- (c) Included a refund of legal fee of approximately HK\$0.1 million due to the termination of the diligence on patent after the lapse of a memorandum of understanding on 1 February 2017.

The difference of approximately HK\$23.7 million between the planned use of proceed up to 31 December 2017 of approximately HK\$34.6 million and the actual amount utilized up to 31 December 2017 of approximately HK\$10.9 million was mainly due to (i) the Group leased the property for office and showroom in the PRC in May 2017 but the rental expense for the PRC office had been lower than that of a comparable Hong Kong office as originally planned; (ii) the Group has not yet recruited one designer and one shipping staff as the Group is in the course of seeking appropriate personnel; (iii) the Group is still in the process of identifying appropriate licences; and (iv) the Group has not yet engaged in enhancing and upgrading the business management system as the Group is in the course of seeking an appropriate system.

The Company has opened and maintained separate bank accounts in licensed banks in Hong Kong designated for proceeds from the Placing. All the unutilized balances have been placed in the designated bank accounts in the licensed banks in Hong Kong.

The Directors will constantly evaluate the Group's business objectives and will change or modify the plans against the changing market condition to suit the business growth of the Group.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("**GEM Listing Rules**").

During the year ended 31 December 2017, the Company has complied with all the applicable code provisions of the Code, except for the following deviations:

Pursuant to code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ho Kin Wai is the chairman and the chief executive officer of our Company prior to 11 December 2017. As Mr. Ho Kin Wai is one of the founders of our Group and has been operating and managing our Group since 2009, the Board believes that it is in the best interest of our Group to have Mr. Ho Kin Wai taking up both roles for effective and efficient management, strategic planning and business development for our Group, notwithstanding that it is a deviation from code provision A.2.1 of the Code.

From 11 December 2017, Mr. Ho Kin Wai has resigned as chairman of the Company and Mr. Dong Jun has been appointed as chairman of the Company. The Company is in compliance with Code Provision A.2.1 since 11 December 2017.

Pursuant to code provision A.6.7 of the Code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director was unable to attend the annual general meeting of the Company held on 18 May 2017 due to his business engagements. All the other independent non-executive Directors and executive Directors were present and available to answer any questions from shareholders of the Company.

Pursuant to code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The existing non-executive Directors and the independent non-executive Directors were not appointed for a specific term as required under code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the articles of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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 for the year ended 31 December 2017 and up to the date of this announcement.

## **INTEREST OF THE COMPLIANCE ADVISER**

As confirmed by the Company's compliance adviser, Orient Capital (Hong Kong) Limited (the "Compliance Adviser"), save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 30 October 2017, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **INTERESTS IN COMPETING BUSINESS**

For the year ended 31 December 2017, 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.

## **NON-COMPETITION UNDERTAKINGS**

Mr. Ho Kin Wai, Asia Matrix Investments Limited (“**Asia Matrix**”) and Mr. Ho Kwok Choi (the “**Controlling Shareholders**”), being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, have given a non-competition undertaking in favour of the Company (the “**Non-competition Undertaking**”). Each of the Controlling Shareholders has undertaken under the Non-Competition Undertaking that he or it shall provide to the Company from time to time with all information necessary for the annual review by the independent non-executive Directors with regard to compliance of the terms of the Non-Competition Undertaking by the Controlling Shareholders and the enforcement of the Non-Competition Undertaking. Details of the Non-Competition Undertakings have been disclosed in the section headed “Relationship with Controlling Shareholders” of the Prospectus.

Each of the Controlling Shareholders has confirmed his or its compliance with the terms of the Non-Competition Undertaking and the independent non-executive Directors were not aware of any non-compliance of the Non-Competition Undertaking given by the Controlling Shareholders during the year ended 31 December 2017 and up to the date of this announcement.

On 10 October 2017, the Asia Matrix as vendor entered into the sale and purchase agreement with Jimu Group Holdings Limited, in relation to the sale of 350,400,000 Shares, representing 73.00% equity interest in the Company. Mr. Ho Kin Wai, Asia Matrix and Mr. Ho Kwok Choi have ceased to be the Controlling Shareholders accordingly.

## **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 announcement, no share options have been granted pursuant to the Share Option Scheme.

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

As at 31 December 2017, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

### Long position in shares or underlying shares of the Company

| Name of Director      | Capacity   | Number of shares or underlying shares held |               |           | Approximate percentage of interest in such corporation |
|-----------------------|--|--|---------------|-----------|--|
|                       |  | Ordinary shares                            | Share options | Total     |  |
| Ho Kin Wai (“Mr. Ho”) | Interest of controlled corporation ( <i>Note</i> ) | 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 the 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<br>("Mr. Dong")          | Jimu Holdings Limited<br>(formerly known as<br>Pintec Holdings Limited)<br>("Jimu Holdings") (Note 1) | Interest of controlled<br>corporation | 23,722,804<br>(ordinary shares)             | 32.95%   |
| Mr. Wen Cyrus Jun-Ming<br>("Mr. Wen") | Jimu Holdings (Note 2)  | Interest of controlled<br>corporation | 2,366,957<br>(series C<br>preferred shares) | 5.54%  |
| Mr. Zhang Songyi<br>("Mr. Zhang")     | Jimu Holdings (Note 3)  | Interest of controlled<br>corporation | 3,359,553<br>(series C<br>preferred shares) | 7.86%  |

### Notes:

1. These 23,722,804 ordinary shares are held by Victory Bridge Capital Partners Limited. Mr. Dong beneficially owns 100% of the issued share capital of Victory Bridge Capital Partners Limited.
2. These 2,366,957 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. 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 Beansprout Limited, which in turn is owned as to 50% by Mr. Zhang. Mandra iBase Limited is wholly owned by Beansprout Limited.

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 2017, so far as known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) 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:

| <b>Name of Shareholder</b>  | <b>Capacity</b>                                      | <b>Number of shares or underlying shares held</b> | <b>Approximate percentage of interest in such corporation</b> |
|-----------------------------|--|---|---|
| Jimu Group Holdings Limited | Beneficiary owner                                    | 350,400,000                                       | 73%   |
| Jimu Times Limited          | Interest in a controlled corporation ( <i>Note</i> ) | 350,400,000                                       | 73%   |
| Jimu Holdings               | Interest in a controlled corporation ( <i>Note</i> ) | 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 December 2017, 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, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2017, 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.

## **EVENTS AFTER THE BALANCE SHEET DATE**

As from 31 December 2017 to the date of this announcement, no significant events have occurred.

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017. (2016: nil).

## **ANNUAL GENERAL MEETING (“AGM”)**

The forthcoming AGM will be held on Friday, 25 May 2018. A notice convening the AGM will be published in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 18 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of Shares will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 17 May 2018.

## **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 Code. 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.

Before 11 December 2017, the Audit Committee consists of three members, namely Mr. Yuen Poi Lam William (Chairman), Mr. Lu Tak Ming and Mr. Liu Chun Kit, being independent non-executive Directors (the “**Old Audit Committee**”). The Old Audit Committee had reviewed the first quarterly results of the Group for the three months ended 31 March 2017, the interim results of the Group for the six months ended 30 June 2017 and the third quarterly results of the Group for the nine months ended 30 September 2017. Since 11 December 2017, the Audit Committee consists of four members, namely Mr. Hon Ping Cho Terence (Chairman), Mr. Liu Jiangtao, Mr. Guo Zhongyong and Mr. Peng Chuang, being independent non-executive Directors (the “**New Audit Committee**”). The Group’s final results for the year ended 31 December 2017 had been reviewed by the New Audit Committee before submission to the Board for approval. The Audit Committee is of the view that the annual results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

### **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board  
**JIMU GROUP LIMITED**  
**Dong Jun**  
*Chairman*

Hong Kong, 21 March 2018

*As at the date of this announcement, 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company’s website at <http://www.jimugroup.hk>.*