



**JIMU GROUP LIMITED**

**積木集團有限公司**

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

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies in which companies a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

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

## RESULTS

The board (the “**Board**”) of directors (“**Directors**”) of Jimu Group Limited (the “**Company**”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months and three months ended 30 June 2018, together with the comparative unaudited figures of the corresponding periods in 2017. The interim results of the Group have been reviewed by the audit committee (the “**Audit Committee**”) of the Company, comprising four independent non-executive Directors and reviewed by Messrs. Deloitte Touche Tohmatsu, the auditor (the “**Auditor**”) of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

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

		Three months ended 30 June		Six months ended 30 June	
	NOTES	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue from goods and services	4	37,229	51,700	73,972	91,011
Other income	5	579	690	841	1,307
Other losses	6	(847)	(9)	(815)	(1)
Purchases and changes in inventories		(22,749)	(44,048)	(54,403)	(78,645)
Employee benefits expenses		(17,334)	(5,658)	(22,336)	(10,928)
Other operating expenses		(6,764)	(4,162)	(11,699)	(8,305)
Interest on bank borrowings		(263)	(204)	(544)	(501)
<b>Loss before taxation</b>		<b>(10,149)</b>	<b>(1,691)</b>	<b>(14,984)</b>	<b>(6,062)</b>
Income tax expense	7	(1)	–	(1)	–
<b>Loss for the period</b>	8	<b>(10,150)</b>	<b>(1,691)</b>	<b>(14,985)</b>	<b>(6,062)</b>
<b>Other comprehensive income (expense):</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of financial statements of foreign operations		61	(13)	26	(24)
<b>Total comprehensive expense for the period</b>		<b>(10,089)</b>	<b>(1,704)</b>	<b>(14,959)</b>	<b>(6,086)</b>
<b>Loss per share</b>	10				
Basic (HK cents)		(2.11)	(0.35)	(3.12)	(1.26)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	<b>30 June 2018 HK\$'000 (Unaudited)</b>	<b>31 December 2017 HK\$'000 (Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>4,208</b>	5,372
Rental deposits		<b>561</b>	561
		<b>4,769</b>	5,933
<b>Current assets</b>			
Trade and bills receivables	<i>11</i>	<b>14,184</b>	46,288
Other receivables, prepayment and deposits	<i>12</i>	<b>9,701</b>	6,355
Pledged bank deposits		<b>10,144</b>	15,161
Bank balances and cash		<b>38,233</b>	45,512
		<b>72,262</b>	113,316
<b>Current liabilities</b>			
Trade payables	<i>14</i>	<b>11,041</b>	30,207
Other payables and accruals	<i>15</i>	<b>15,182</b>	12,731
Tax payables		–	173
Bank borrowings	<i>16</i>	<b>15,076</b>	31,268
Contract liabilities	<i>17</i>	<b>2,610</b>	–
Refund liabilities		<b>1,331</b>	–
		<b>45,240</b>	74,379
<b>Net current assets</b>		<b>27,022</b>	38,937
<b>Total assets less current liabilities</b>		<b>31,791</b>	44,870
<b>Non-current liabilities</b>			
Contract liabilities	<i>17</i>	<b>884</b>	–
Refund liabilities		<b>996</b>	–
		<b>1,880</b>	–
<b>Net assets</b>		<b>29,911</b>	44,870
<b>Capital and reserves</b>			
Share capital	<i>18</i>	<b>4,800</b>	4,800
Reserves		<b>25,111</b>	40,070
<b>Total equity</b>		<b>29,911</b>	44,870

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i> <i>(Note)</i>	(Accumulated losses) retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2018 (Audited)	4,800	46,917	268	(67)	(7,048)	44,870
Loss for the period	–	–	–	–	(14,985)	(14,985)
Exchange differences on translation of financial statements of foreign operations	–	–	26	–	–	26
Total comprehensive income (expense) for the period	–	–	26	–	(14,985)	(14,959)
At 30 June 2018 (Unaudited)	<u>4,800</u>	<u>46,917</u>	<u>294</u>	<u>(67)</u>	<u>(22,033)</u>	<u>29,911</u>
At 1 January 2017 (Audited)	4,800	46,917	309	(67)	1,961	53,920
Loss for the period	–	–	–	–	(6,062)	(6,062)
Exchange differences on translation of financial statements of foreign operations	–	–	(24)	–	–	(24)
Total comprehensive expense for the period	–	–	(24)	–	(6,062)	(6,086)
At 30 June 2017 (Unaudited)	<u>4,800</u>	<u>46,917</u>	<u>285</u>	<u>(67)</u>	<u>(4,101)</u>	<u>47,834</u>

*Note:* Capital reserve represents i) the difference between the carrying amount of the non-controlling interests and 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; and 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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Net cash used in operating activities</b>	<b>(22,941)</b>	<b>(33,023)</b>
<b>Investing activities</b>		
Withdrawal of pledged bank deposits	11,105	12,000
Placement of pledged bank deposits	(6,088)	(12,030)
Purchase of property, plant and equipment	(561)	(586)
Other investing cash flows	44	56
<b>Net cash from (used in) investing activities</b>	<b>4,500</b>	<b>(560)</b>
<b>Financing activities</b>		
Proceeds from bank borrowings raised	58,410	72,567
Repayment of bank borrowings	(46,741)	(41,446)
Other financing cash flows	(544)	(501)
<b>Net cash from financing activities</b>	<b>11,125</b>	<b>30,620</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7,316)</b>	<b>(2,963)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>45,512</b>	<b>49,175</b>
Effect of foreign exchange rate changes	37	(64)
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>38,233</b>	<b>46,148</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2018

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of Jimu Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting 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 of the Stock Exchange of Hong Kong Limited (the “**GEM Rules**”).

Pursuant to an Extraordinary General Meeting held on 22 January 2018, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Cayman Island on 26 January 2018 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 12 February 2018, the Company changed its name to Jimu Group Limited (formerly known as Ever Smart International Holdings 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.

During the six months ended 30 June 2018, the Group entered into a new business and established two wholly-owned subsidiaries, namely 立鼎萊博(北京)科技有限公司 and 積木時代(天津)商務信息諮詢有限公司, in the People’s Republic of China (the “**PRC**”) for the provision of loan facilitation service which assists qualified borrowers to obtain financing from various financial institutions or investors who have registered on online information intermediary service platforms. The Group facilitates the loan origination process and provides on-going loan servicing to the borrowers over the loan period. In order to provide a more comprehensive and informative presentation of the results of the Group to the financial statements users, the management of the Company has reconsidered the presentation in the condensed consolidated statement of profit or loss and other comprehensive income. All the cost of sales and expenses have been disclosed as separate line items according to their nature on the face of the condensed consolidated statement of profit or loss and other comprehensive income. As a result, the relevant amounts of cost of sales, other expenses, selling and distribution expenses and administrative expenses have been reclassified and disclosed as separate line items as “Purchases and changes in inventories”, “Employee benefits expenses” and “Other operating expenses” on the face of the condensed consolidated statement of profit or loss and other comprehensive income. Accordingly, the relevant comparative amounts of cost of sales, other expenses, selling and distribution expenses, administrative expenses have been reclassified to conform with the current period’s presentation.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than new accounting policies in connection with the new business of loan facilitation service and changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as set out in the condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

## 3. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the Chief Operating Decision Maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is currently organised into two operating divisions. These operating divisions are the basis upon which the information that is regularly reviewed by the CODM is prepared and are analysed under HKFRS 8 as follows:

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

The Group entered into a new business of loan facilitation service during the six months end 30 June 2018. 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:

**Six months ended 30 June 2018 (Unaudited)**

	<b>Footwear business <i>HK\$'000</i></b>	<b>Loan facilitation service <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Revenue	<u>62,163</u>	<u>11,809</u>	<u>73,972</u>
Segment results	<u>(6,506)</u>	<u>(3,682)</u>	<u>(10,188)</u>
Unallocated expenses			(4,834)
Unallocated income			<u>38</u>
Loss before taxation			<u><u>(14,984)</u></u>

**Six months ended 30 June 2017 (Unaudited)**

	<b>Footwear business <i>HK\$'000</i></b>	<b>Loan facilitation service <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Revenue	<u>91,011</u>	<u>–</u>	<u>91,011</u>
Segment results	<u>(2,732)</u>	<u>–</u>	<u>(2,732)</u>
Unallocated expenses			(3,462)
Unallocated income			<u>132</u>
Loss before taxation			<u><u>(6,062)</u></u>

Segment revenue reported above represents revenue generated from external customers.



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

#### Segment assets

	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)
Footwear business	41,040	85,178
Loan facilitation service	10,910	–
	<hr/>	<hr/>
Total segment assets	51,950	85,178
Unallocated assets		
– Bank balances and cash	24,722	33,972
– Others	359	99
	<hr/>	<hr/>
Consolidated assets	<u>77,031</u>	<u>119,249</u>

#### Segment liabilities

	30 June 2018 <i>HK\$'000</i> (Unaudited)	31 December 2017 <i>HK\$'000</i> (Audited)
Footwear business	32,204	72,045
Loan facilitation service	14,609	–
	<hr/>	<hr/>
Total segment liabilities	46,813	72,045
Unallocated liabilities		
– Others	307	2,334
	<hr/>	<hr/>
Consolidated liabilities	<u>47,120</u>	<u>74,379</u>

#### 4. REVENUE FROM GOODS AND SERVICES

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

	Three months ended 30 June 2018			Six months ended 30 June 2018		
	Footwear business HK\$'000	Loan facilitation service HK\$'000	Total HK\$'000	Footwear business HK\$'000	Loan facilitation service HK\$'000	Total HK\$'000
<b>Types of goods or service</b>						
Trading of footwear						
Men's footwear	14,914	–	14,914	40,022	–	40,022
Women's footwear	8,072	–	8,072	14,563	–	14,563
Children's footwear	2,434	–	2,434	7,578	–	7,578
	<u>25,420</u>	<u>–</u>	<u>25,420</u>	<u>62,163</u>	<u>–</u>	<u>62,163</u>
Provision of loan facilitation service						
Pre-loan facilitation service	–	11,728	11,728	–	11,728	11,728
Post-loan facilitation service	–	81	81	–	81	81
	<u>–</u>	<u>11,809</u>	<u>11,809</u>	<u>–</u>	<u>11,809</u>	<u>11,809</u>
<b>Total</b>	<u>25,420</u>	<u>11,809</u>	<u>37,229</u>	<u>62,163</u>	<u>11,809</u>	<u>73,972</u>
<b>Geographical markets</b>						
Australia	10,944	–	10,944	21,398	–	21,398
The PRC	37	11,809	11,846	37	11,809	11,846
United Kingdom	1,945	–	1,945	7,785	–	7,785
New Zealand	2,334	–	2,334	5,787	–	5,787
United States	230	–	230	3,756	–	3,756
Others	9,930	–	9,930	23,400	–	23,400
	<u>25,420</u>	<u>11,809</u>	<u>37,229</u>	<u>62,163</u>	<u>11,809</u>	<u>73,972</u>
<b>Total</b>	<u>25,420</u>	<u>11,809</u>	<u>37,229</u>	<u>62,163</u>	<u>11,809</u>	<u>73,972</u>
<b>Timing of revenue recognition</b>						
At a point in time	25,420	11,728	37,148	62,163	11,728	73,891
Over time	–	81	81	–	81	81
	<u>25,420</u>	<u>11,809</u>	<u>37,229</u>	<u>62,163</u>	<u>11,809</u>	<u>73,972</u>
<b>Total</b>	<u>25,420</u>	<u>11,809</u>	<u>37,229</u>	<u>62,163</u>	<u>11,809</u>	<u>73,972</u>

## 5. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sample income	483	242	609	695
Accessory procurement income	–	–	61	–
Interest income	24	26	44	56
Claims received ( <i>Note</i> )	24	272	41	387
Miscellaneous income	48	150	86	169
	<u>579</u>	<u>690</u>	<u>841</u>	<u>1,307</u>

*Note:* Claims received represent compensations from suppliers for sub-quality products.

## 6. OTHER LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Written-off of property, plant and equipment	(777)	–	(777)	–
Net foreign exchange losses	(70)	(9)	(38)	(1)
	<u>(847)</u>	<u>(9)</u>	<u>(815)</u>	<u>(1)</u>

## 7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax (“EIT”)				
Under provision in respect of prior year	<u>1</u>	<u>–</u>	<u>1</u>	<u>–</u>

No provision of Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profit for the six months period ended 30 June 2018 and 2017.

PRC EIT is calculated based on the statutory tax rate of 25% of the assessable profit for the subsidiaries established in the PRC for the six months period ended 30 June 2018, as determined in accordance with the relevant income tax rules and regulations in the PRC.

No provision for PRC EIT has been made in the condensed consolidated financial statements as the subsidiary established in the PRC has no assessable profit for the six months period ended 30 June 2017.

## 8. LOSS FOR THE PERIOD

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging				
Directors' remuneration	1,052	1,073	2,105	2,142
Other staff cost (excluding directors' remuneration)				
– Salaries, bonuses and other benefits	13,665	4,251	17,243	8,115
– Retirement benefit scheme contributions	2,617	334	2,988	671
Total staff costs	17,334	5,658	22,336	10,928
Depreciation of property, plant and equipment	500	257	938	524
Operating lease rental in respect of rental premises	1,437	374	2,237	633

## 9. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior interim periods. The directors of the Company do not recommend payment of interim dividend for the current interim period.

## 10. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss				
Loss for the period for the purposes of calculation of basic loss per share	(10,150)	(1,691)	(14,985)	(6,062)

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Number of shares</b>				
Number of ordinary shares for the purpose of calculation of basic loss per share	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>

No diluted loss per share has been presented for both periods as there were no potential ordinary share in issue for both periods.

## 11. TRADE AND BILLS RECEIVABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade receivables	9,096	34,882
Trade receivables discounted with recourse	4,963	10,626
Less: allowance for doubtful debts	<u>(262)</u>	<u>(262)</u>
	13,797	45,246
Bills receivables	<u>387</u>	<u>1,042</u>
	<u>14,184</u>	<u>46,288</u>

The Group allows credit period ranging from 7 days to 120 days (2017: 7 days to 90 days) to its trade debtors in relation to trading of footwear. 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:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 – 30 days	8,148	22,237
31 – 60 days	5,470	20,920
61 – 90 days	79	2,571
Over 90 days	<u>487</u>	<u>560</u>
	<u>14,184</u>	<u>46,288</u>

Details of the impairment assessment are set out in Note 13.

## 12. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Prepayments	7,046	6,060
Deposits	685	124
Other receivables	1,970	171
	<u>9,701</u>	<u>6,355</u>

## 13. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9 for trade receivables, which permits the use of the lifetime expected loss provision for these trade receivables.

Management assessed the expected loss on trade receivables with significant balances individually. For the remaining trade receivables with insignificant balances, management assessed the expected loss collectively using a provision matrix with appropriate groupings and the expected loss rate is assessed to be less than 1% due to the long term/on-going relationship with and good repayment record from these customers. As at 30 June 2018, the additional loss allowance for provision for trade receivables was not material.

### Movements in the allowance for doubtful debts

	2018 HK\$'000
At 1 January (audited)	262
Impairment losses recognised on receivables	<u>–</u>
At 30 June (unaudited)	<u>262</u>

## 14. TRADE PAYABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade payables	<u>11,041</u>	<u>30,207</u>

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:

	<b>30 June 2018 <i>HK\$'000</i> (Unaudited)</b>	31 December 2017 <i>HK\$'000</i> (Audited)
0 – 30 days	7,444	20,435
31 – 60 days	3,062	8,087
61 – 90 days	–	253
Over 90 days	535	1,432
	<u>11,041</u>	<u>30,207</u>

#### 15. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2018 <i>HK\$'000</i> (Unaudited)</b>	31 December 2017 <i>HK\$'000</i> (Audited)
Accrued staff salaries	10,782	3,470
Accrued expenses	2,146	3,608
Other tax payables	622	81
Receipt in advance from customers	–	4,099
Others	1,632	1,473
	<u>15,182</u>	<u>12,731</u>

#### 16. BANK BORROWINGS

	<b>30 June 2018 <i>HK\$'000</i> (Unaudited)</b>	31 December 2017 <i>HK\$'000</i> (Audited)
Secured bank borrowings		
– Variable rate	15,076	24,585
– Fixed rate	–	6,683
	<u>15,076</u>	<u>31,268</u>

During the six months period ended 30 June 2018, the Group raised new bank borrowings amounting to approximately HK\$58,410,000 (six months ended 30 June 2017: HK\$72,567,000) and settled bank borrowings amounting to approximately HK\$74,602,000 (six months ended 30 June 2017: HK\$82,403,000), of which approximately HK\$27,861,000 (six months ended 30 June 2017: HK\$40,957,000) were settled with the bank upon settlement of the discounted trade receivables from the Group's debtors.

The variable rate bank borrowings as at 30 June 2018 and 31 December 2017 carry interests at a premium over Hong Kong Interbank Offered Rate. The effective interest rates on variable rate bank borrowings are ranging from 4.09% to 4.59% (30 June 2017: 2.30% to 3.67%) per annum. The fixed rate bank borrowings as at 30 June 2017 carry interest at 3.5% per annum (30 June 2018: Nil).

The secured bank borrowings and repayable within one year with a repayment on demand clause, therefore, the amounts are classified as current liabilities.

## 17. CONTRACT LIABILITIES

The following is an analysis of the Group's contract liabilities:

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	<b>31 December 2017 HK\$'000 (Audited)</b>
Trading of footwear	1,413	–
Loan facilitation service	2,081	–
	<u>3,494</u>	<u>–</u>

## 18. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK'000</b>
<b>Authorised ordinary shares at HK\$0.01 per share:</b>		
At 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	<u>1,000,000,000</u>	<u>10,000</u>
<b>Issued and fully paid ordinary shares at HK\$0.01 per share:</b>		
At 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	<u>480,000,000</u>	<u>4,800</u>

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The Directors consider that the carrying amounts of these financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.



## 20. RELATED PARTY DISCLOSURES

As stated in Note 1, during the current period, the Group commenced its operation in loan facilitation business by providing pre-loan facilitation service and post-loan facilitation service to external individual customers (“**Ultimate Customers**”) to obtain financing from various financial institution or investors through the online information intermediary service platform. Substantially all of this business is deriving from Ultimate Customers obtaining the financing from the investors who have registered on the online information intermediary service platform operated by a related party of the Company.

### Compensation of the Directors and key management personnel

The remuneration of the Directors and other members of key management during the periods was as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other allowances	997	1,537	2,104	3,067
Incentive performance bonus	–	732	–	945
Retirement benefit scheme contributions	8	23	25	45
	<u>1,005</u>	<u>2,292</u>	<u>2,129</u>	<u>4,057</u>

The remuneration of the Directors and key management personnel are determined having regard to the performance of individuals.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group's revenue decreased by approximately 18.7% from approximately HK\$91.0 million for the six months ended 30 June 2017 to approximately HK\$74.0 million for the six months ended 30 June 2018. The decrease in revenue during the period under review as compared to the corresponding period in 2017 mainly resulted from a decrease in revenue from the footwear business segment being partially offset by revenue from the newly formed loan facilitation service segment.

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

The Group commenced its operation in provision of loan facilitation services in April 2018. The loan facilitation service segment contributed revenue of approximately HK\$11.8 million for the six months ended 30 June 2018.

During the six months ended 30 June 2018, the Group's purchases and changes in inventories decreased by approximately 30.8% from approximately HK\$78.6 million for the six months ended 30 June 2017 to approximately HK\$54.4 million for the six months ended 30 June 2018. The Group's purchases and changes in inventories comprises purchase cost and other costs including mainly sample and molding fees and other overheads. During the six months ended 30 June 2018, sample and molding fees decreased by approximately HK\$0.5 million as compared to the corresponding period in 2017 which was attributable to the decreased number of molds of samples for developments for brands that are new to the Group as requested by the Group's customers for potential orders. However, the purchase cost to sales ratio was approximately 84.1% for the six months ended 30 June 2018 comparing to approximately 83.3% for the six months ended 30 June 2017. The increase in purchase cost to sales ratio was mainly due to the decreasing ability of the Group to persuade our suppliers to absorb sample and molding fees due to intense competition in the market, and also the decreasing ability of the Group to pass on the sample and molding fees to customers due to the sluggish customer sentiment.

Other income decreased to approximately HK\$0.8 million for the six months ended 30 June 2018 from approximately HK\$1.3 million for the corresponding period in 2017, primarily attributable to a decrease in claims received of approximately HK\$0.3 million.

Employee benefits expenses increased to approximately HK\$22.3 million for the six months ended 30 June 2018 from approximately HK\$10.9 million for the corresponding period in 2017, which was mainly due to the increase in number of staff for the loan facilitation services.

Other operating expenses increased to approximately HK\$11.7 million for the six months ended 30 June 2018 from approximately HK\$8.3 million for the corresponding period in 2017, which was mainly due to the increase in general operating expenses of approximately HK\$2.7 million in relation to the running of the new loan facilitation services and an increase in legal and professional fees by approximately HK\$0.9 million for engaging professional parties to further strengthen the governance of the Group.

As a result of foregoing, loss for the period increased to approximately HK\$15.0 million for the six months ended 30 June 2018 from approximately HK\$6.1 million for the corresponding period in 2017.

Loss for the footwear business segment increased to approximately HK\$6.5 million for the six months ended 30 June 2018 from approximately HK\$2.7 million for the corresponding period in 2017, which was mainly due to the decrease in revenue during the period.

Loss for the loan facilitation service segment amounted to approximately HK\$3.7 million for the six months ended 30 June 2018. The loss was mainly due to overhead and staff costs during the setup phase of these branch offices.

## **Business Review and Outlook**

The Group is principally engaged in the provision of footwear design and development, production management (including quality control) and logistics management service since 2009. The Group offers formal and casual footwear for men, women and children to its customers. Over the years of its operations, 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.

The Group embarked on other significant new development in 2017. Asia Matrix Investments Limited (“**Asia Matrix**”) has successfully completed the transfer of equity interest of the Group to Jimu Group Holdings Limited on 11 October 2017. Name change of the Company has also been approved in the extraordinary general meeting dated 22 January 2018. In view of the various uncertainties clouding the global economy, in particular, the continuous impact of Brexit and the resulting depreciation on the British pound as well as sluggish economic growth in the EU, which have adversely affected customer sentiment, as well as increasingly intense competition in the footwear industry which has led to increasingly depressing profit margins, the new management team has actively explored and studied business diversification plans for mitigating risks and achieving long term sustainability.

In April 2018, the Group commenced the provision of loan facilitation services to customers in China through two newly setup subsidiaries. As at the end of June 2018, the Group has already set up over 40 branch offices across different regions in China to provide assistance to customers with financing needs, with a particular focus on individual customers in third and fourth tier cities in China, who in general, compared to individuals in first tier cities, have weaker knowledge or access of financing solutions available in the market. Through personal outreach to customers, continuous education on financing solutions, data collection and analysis and consultation, the Group aims to assist the customers to obtain appropriate financing solutions from third parties

such as financial institutions and/or other financing platforms, and also provide continuous customer support. The Board is of the view that the newly commenced business is consistent with China's overall policy of broad financial inclusion and will be scalable.

The loan facilitation services represent a prime opportunity for the Group to diversify its business scope, broaden the Group's sources of income and achieve better return to the shareholders of the Company. The management will continue to develop the loan facilitation services as well as to explore other business opportunities so as to create value for the shareholders of the Company.

## **INTERIM DIVIDEND**

The Directors do not recommend payment of interim dividend for the six months ended 30 June 2018.

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

As at 30 June 2018, total borrowings of the Group amounted to approximately HK\$15.1 million (31 December 2017: approximately HK\$31.3 million) which represented the trust receipt loans for trade finance purpose and trade receivables transferred to banks by discounting those receivables on a recourse basis. As at 30 June 2018, the cash and cash equivalents and pledged bank deposit of the Group amounted to approximately HK\$48.4 million (31 December 2017: approximately HK\$60.7 million). As at 30 June 2018, debt to equity ratio of the Group was nil (31 December 2017: nil). Debt to equity ratio is calculated by dividing the net debt, which is defined to include 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 30 June 2018 was approximately 1.6 times (31 December 2017: approximately 1.5 times).

The Group maintained sufficient working capital as at 30 June 2018 with bank balances and cash of approximately HK\$38.2 million (31 December 2017: approximately HK\$45.5 million). The Board 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 30 June 2018, the Group's net current assets amounted to approximately HK\$27.0 million (31 December 2017: approximately HK\$38.9 million). The Group's operations are financed principally by revenue generated from its business operation, available cash and bank balances and bank borrowings.

## **CAPITAL STRUCTURE**

As at 30 June 2018, the share capital and equity attributable to owners of the Company amounted to HK\$4.8 million and approximately HK\$29.9 million, respectively (31 December 2017: HK\$4.8 million and approximately HK\$44.9 million, respectively).

## **PLEDGE OF ASSETS**

As at 30 June 2018, pledged bank deposits of approximately HK\$10.1 million (31 December 2017: approximately HK\$15.2 million), trade receivables of approximately HK\$5.0 million (31 December 2017: approximately HK\$10.6 million) and motor vehicle with a carrying value of nil (31 December 2017: approximately HK\$0.5 million) of the Group were pledged to secure the Group's bank borrowings.

## **EXCHANGE RATE EXPOSURE**

The Group's footwear business segment revenue is denominated in United States Dollars ("US\$") due to the export-oriented nature of the Group's business. The Group's footwear business segment expenses, comprising primarily its payment to its footwear suppliers, are also mainly in US\$. As HK\$ is pegged to US\$, the Group does not expect any significant fluctuation in the exchange rate of HK\$ against US\$. Revenue, cost and expenses of the Group's loan facilitation service segment are all denominated in Renminbi ("RMB"), as such the net exposure to fluctuation of HK\$ against RMB is not material. The Group's management considers that the Group has no significant foreign exchange exposures. Foreign exchange risk arising from the normal course of operations is considered to be minimal. As at 30 June 2018, the Group did not use any financial instrument for hedging the foreign exchange risk.

## **SIGNIFICANT INVESTMENTS HELD**

During the six months ended 30 June 2018, there was no significant investment held by the Group.

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

During the six months ended 30 June 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

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

During the six months ended 30 June 2018, the Group currently has no other plan for material investments.

## **CONTINGENT LIABILITIES**

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: nil).

## **CAPITAL COMMITMENTS**

As at 30 June 2018, the Group had no significant capital commitments (31 December 2017: nil).

## EMPLOYEES AND EMOLUMENT POLICIES

The Group had 1,029 employees (including Directors) as at 30 June 2018 (31 December 2017: 67 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 recommendations 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 30 June 2018.

<b>Business plan as set out in Prospectus</b>	<b>Progress up to 30 June 2018</b>
<b><i>Broadening customer base and product offerings</i></b>	
– 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 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 and showroom in Dongguan City, Guangdong, the PRC from May 2017 to June 2017 promote the quality products and services of the Group.  The Group leased an office incorporating with a showroom in Hong Kong.
– Recruit additional sales representatives to broaden the customer base and product offerings	The Group has 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.

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

## **Progress up to 30 June 2018**

### ***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
- Recruit a specialized footwear 3D technician
- Recruit additional designers to expand the design and development team
- Recruit an experienced shoe technician to enhance the knowledge on footwear technical requirements and standards of different customers
- Recruit additional quality control and shipping staff to reinforce the quality management and logistics management services of the Group

The Group purchased a 3D printer in February 2017 for employing the 3D printing technology in footwear development.

The Group has employed a 3D technician in May 2017 to produce 3D modelling.

The Group has employed a footwear designer in May 2017 to enhance the product design and development capabilities.

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.

The Group has employed three quality control inspectors in July 2016 to enhance production management capabilities.

### ***Obtaining licences of multiple brands (note 1)***

- 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 “**Licensors**”) 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 Licensors and Licensing Agent a 7 days’ notice in writing pursuant to the terms of the License Agreement.



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

## **Progress up to 30 June 2018**

### ***Enhancing corporate image (note 2)***

- 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 and participated 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 1:* According to the Company's announcement dated 27 June 2018, the Group resolved to change the allocation of net proceed of HK\$8 million from "Obtaining licences of multiple brands" to "General working capital and other general corporate uses" as disclosed in the section headed "Future plans and use of proceeds – Use of proceeds" in the Prospectus.

*Note 2:* 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, as compared to the estimated net proceeds of approximately HK\$45.0 million as disclosed in the Prospectus. Accordingly, the Group has adjusted the use of proceeds on a pro-rata basis. The utilization of net proceeds from the Placing is set out below:

	Total planned amount to be used (as adjusted on 27 June 2018) <i>HK\$'million</i>	Planned use of proceed up to 30 June 2018 (as adjusted on 27 June 2018) <i>HK\$'million</i>	Actual amount utilized up to 30 June 2018 <i>HK\$'million</i>	Actual balance as at 30 June 2018 <i>HK\$'million</i>
<b>Use of net proceeds</b>				
Broadening customer base and product offerings ( <i>Note (a)</i> )	9.9	8.8	3.4	6.5
Enhancing design, development and production management capabilities	5.9	5.5	1.7	4.2
Obtaining licences of multiple brands ( <i>Note (d)</i> )	7.9	7.9	0.2 ( <i>Note (c)</i> )	7.7
Enhancing corporate image ( <i>Note (b)</i> )	1.5	1.4	0.4	1.1
Purchasing motor vehicles in Hong Kong ( <i>Note (b)</i> )	3.0	3.0	3.0	–
Improving information technology system	4.1	4.1	0.7	3.4
General working capital and other general corporate uses of the Group ( <i>Note (d)</i> )	12.3	4.8	3.8	8.5
Total	44.6	35.5	13.2	31.4

*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.
- (d) On 27 June 2018, the Group resolved to change the allocation of net proceed of HK\$8 million from "Obtaining licences of multiple brands" to "General working capital and other general corporate uses" as disclosed in the section headed "Future plans and use of proceeds – Use of proceeds" in the Prospectus.

The difference of approximately HK\$22.3 million between the planned use of proceed up to 30 June 2018 of approximately HK\$35.5 million and the actual amount utilized up to 30 June 2018 of approximately HK\$13.2 million was mainly due to (i) the Group did not lease an office incorporating a showroom in Hong Kong but leased an office incorporating a showroom in the PRC from May 2017 to June 2018 in view of the current uncertain global economic environment; (ii) the Group is still in the process of identifying other appropriate licenses, apart from the License Agreement signed in June 2017; and (iii) 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.

## **CORPORATE GOVERNANCE CODE**

The Company had complied with all applicable code provisions set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 15 to the GEM Listing Rules, except for the deviation from code provision A.6.7 and A.4.1 of the Code as described below.

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. Two non-executive Directors and three independent non-executive Directors were unable to attend the extraordinary general meeting of the Company held on 22 January 2018 due to conflicting business schedules. One non-executive Director and one independent non-executive Director were unable to attend the annual general meeting of the Company held on 25 May 2018 due to conflicting business schedules. All the other independent non-executive Directors, 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.

## **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.

## **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 six months ended 30 June 2018, 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.

## 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.

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.

## DIRECTORS’ INTERESTS IN SECURITIES

As at 30 June 2018, 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		Total	Approximate percentage of interest in the Company
		Ordinary shares	Share options		
Mr. Ho Kin Wai (“ <b>Mr. Ho</b> ”)	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. Mr. Ho beneficially owns 100% of the issued share capital of Asia Matrix.

## Long position in shares or underlying shares of associated corporation

Name of Director	Name of associated corporation	Capacity	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)	Interest of controlled corporation	23,722,804 (ordinary shares)	32.95%
Mr. Wen Cyrus Jun-Ming ("Mr. Wen")	Jimu Holdings (Note 2)	Interest of controlled corporation	2,210,630 (series C preferred shares)	5.17%
Mr. Wen	Jimu Holdings (Note 3)	Interest of controlled corporation	235,000 (ordinary shares)	0.33%
Mr. Zhang Songyi ("Mr. Zhang")	Jimu Holdings (Note 4)	Interest of controlled corporation	3,359,553 (series C preferred shares)	7.86%

### Notes:

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

Save as disclosed above, as at 30 June 2018, 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 DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, so far as known to any Director or chief executive of the Company, the following persons had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under Section 336 of the SFO:

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

Name of shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of interest in the Company
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 30 June 2018, 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 six months ended 30 June 2018, 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.

## AUDIT COMMITTEE

The Company established the Audit Committee on 11 May 2016 with written terms of reference in compliance with the code provisions of the 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. The Audit Committee currently consists of four members, namely Mr. Hon Ping Cho Terence (Chairman), Mr. Liu Jiangtao, Mr. Guo Zhongyong and Mr. Peng Chuang, all being independent non-executive Directors.

The Group's interim results for the six months ended 30 June 2018 were unaudited. However, the Company has engaged the Auditor to assist the Audit Committee to review the 2018 unaudited interim results of the Group. A meeting of the Audit Committee was held with the Auditor and the management of the Company for, amongst other things, reviewing the interim results of the Group for the six months ended 30 June 2018.

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

Hong Kong, 10 August 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>.*