



JIMU GROUP LIMITED

積木集團有限公司

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

**FURTHER ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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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 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.*

Reference is made to the announcement of Jimu Group Limited (the “**Company**”) dated 27 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 (the “**Unaudited Annual Results Announcement**”). Capitalized terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces, the Company has obtained the agreement from the Company’s auditor, Messrs. Deloitte Touche Tohmatsu, on the annual results for the year ended 31 December 2019 (the “**2019 Annual Results**”) (including the financial figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and the related notes thereto) as set out in the 2019 Results Announcement. The consolidated results of the Group for the year ended 31 December 2019 together with comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTES	2019 HK\$’000	2018 HK\$’000
Revenue from goods and services	3	110,173	219,353
Other income		8,695	4,494
Other gains and losses		(10,944)	(1,593)
Purchases and changes in inventories		(27,946)	(107,982)
Employee benefits expenses		(81,789)	(77,718)
Other operating expenses		(30,518)	(33,713)
Finance costs		(1,166)	(967)
(Loss) profit before tax		(33,495)	1,874
Income tax credit (expense)	5	150	(5,865)
Loss for the year	6	(33,345)	(3,991)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(110)	(335)
Total comprehensive expense for the year		(33,455)	(4,326)
Loss per share	8		
Basic (HK cents)		(6.95)	(0.83)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	<i>NOTES</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		731	3,732
Right-of-use assets		2,689	–
Rental deposits		152	1,163
Contract assets		247	–
		<u>3,819</u>	<u>4,895</u>
Current assets			
Trade and bills receivables	9	3	20,835
Other receivables, prepayment and deposits		10,898	10,184
Contract assets		10,162	35,473
Pledged bank deposits		–	120
Bank balances and cash		33,584	42,166
		<u>54,647</u>	<u>108,778</u>
Current liabilities			
Trade payables	10	953	8,677
Other payables and accruals		12,653	20,876
Amount due to a director		6,350	–
Bank borrowings		–	17,373
Lease liabilities		4,194	–
Contract liabilities		7,987	6,645
Refund liabilities		11,509	6,355
		<u>43,646</u>	<u>59,926</u>
Net current assets		<u>11,001</u>	<u>48,852</u>
Total assets less current liabilities		<u>14,820</u>	<u>53,747</u>
Non-current liabilities			
Lease liabilities		4,608	–
Contract liabilities		581	3,348
Refund liabilities		1,331	4,129
Deferred tax liabilities		5,451	5,726
		<u>11,971</u>	<u>13,203</u>
Net assets		<u>2,849</u>	<u>40,544</u>
Capital and reserves			
Share capital	11	4,800	4,800
Reserves and accumulated losses		(1,951)	35,744
Total equity		<u>2,849</u>	<u>40,544</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	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 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2018	4,800	46,917	268	(67)	(7,048)	44,870
Loss for the year	–	–	–	–	(3,991)	(3,991)
Exchange differences arising on translation of foreign operations	–	–	(335)	–	–	(335)
Total comprehensive expense for the year	–	–	(335)	–	(3,991)	(4,326)
At 31 December 2018	4,800	46,917	(67)	(67)	(11,039)	40,544
Adjustments (see Note 2)	–	–	–	–	(4,240)	(4,240)
At 1 January 2019 (restated)	4,800	46,917	(67)	(67)	(15,279)	36,304
Loss for the year	–	–	–	–	(33,345)	(33,345)
Exchange differences arising on translation of foreign operations	–	–	(110)	–	–	(110)
Total comprehensive expense for the year	–	–	(110)	–	(33,345)	(33,455)
At 31 December 2019	4,800	46,917	(177)	(67)	(48,624)	2,849

Note: Capital reserve represents i) an amount of HK\$77,000 representing the difference between the carrying amount of the non-controlling interests which exceeded the fair value of the consideration paid for the acquisition of additional 60% non-controlling interests in a subsidiary, Alliance International Sourcing Limited (“Alliance”) in previous years; 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.

NOTES:

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENT

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

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) is principally engaged in the footwear business and the provision of loan facilitation service.

The functional currency of the Company is United States dollars (“US\$”), while for the convenience of financial statements users, the consolidated financial statements are presented in Hong Kong dollars (“HK\$”).

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

2.1 HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office premises and branch premises in the People's Republic of China (the "PRC") was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities is 7.43%.

	At 1 January 2019 HK\$'000
Operating lease commitments disclosed as at 31 December 2018	16,868
Lease liabilities discounted at relevant incremental borrowing rates	14,872
Less: Recognition exemption – short-term leases	(775)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	<u>14,097</u>
Analysed as:	
Current	5,892
Non-current	<u>8,205</u>
	<u>14,097</u>

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets HK\$'000
<i>Notes</i>	
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	14,097
Adjustments on rental deposits at 1 January 2019	(a) 124
Less: Impairment loss recognised as at 1 January 2019	(b) <u>(4,240)</u>
	<u>9,981</u>

Notes:

- (a) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$124,000 was adjusted to refundable rental deposits paid and right-of-use assets.
- (b) The Group applied HKAS 36 Impairment of Assets to right-of-use assets by applying HKFRS 16.C8(c) transition and an impairment loss of HK\$4,240,000 to right-of-use assets is recognised at the date of the initial application of HKFRS 16 as the recoverable amount of the right-of-use assets is estimated to be less than its carrying amount.

The following table summarises the impact of transition to HKFRS 16 on accumulated losses at 1 January 2019.

	<i>Note</i>	Impact of adopting HKFRS 16 at 1 January 2019 HK\$'000
Accumulated losses		(11,039)
Impairment loss recognised as at 1 January 2019	<i>(b)</i>	<u>(4,240)</u>
Impact at 1 January 2019		<u><u>(15,279)</u></u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	<i>Notes</i>	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current assets				
Right-of-use assets		–	9,981	9,981
Rental deposits	<i>(a)</i>	1,163	(117)	1,046
Current asset				
Other receivables, prepayment and deposits	<i>(a)</i>	10,184	(7)	10,177
Current liability				
Lease liabilities		–	5,892	5,892
Non-current liability				
Lease liabilities		–	8,205	8,205
Capital and reserves				
Reserves	<i>(b)</i>	35,744	(4,240)	31,504

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

New and amendments to HKFRSs in issues but not yet effective

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;
- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. REVENUE FROM GOODS AND SERVICES

(i) Disaggregation of revenue from contracts with customers

Segments	For the year ended 31 December 2019		
	Footwear business <i>HK\$'000</i>	Loan facilitation service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or service			
Trading of footwear			
Men's footwear	12,133	–	12,133
Women's footwear	14,497	–	14,497
Children's footwear	4,395	–	4,395
	<u>31,025</u>	<u>–</u>	<u>31,025</u>
Provision of loan facilitation service			
Pre-loan facilitation service	–	63,917	63,917
Post-loan facilitation service	–	15,231	15,231
	<u>–</u>	<u>79,148</u>	<u>79,148</u>
Total	<u>31,025</u>	<u>79,148</u>	<u>110,173</u>
Geographical markets			
The PRC	392	79,148	79,540
Australia	11,251	–	11,251
United Arab Emirates	3,919	–	3,919
United Kingdom	3,147	–	3,147
New Zealand	2,507	–	2,507
Chile	1,832	–	1,832
Belgium	1,464	–	1,464
United States	260	–	260
Others	6,253	–	6,253
	<u>31,025</u>	<u>79,148</u>	<u>110,173</u>
Total	<u>31,025</u>	<u>79,148</u>	<u>110,173</u>
Timing of revenue recognition			
At a point in time	31,025	63,917	94,942
Over time	–	15,231	15,231
	<u>–</u>	<u>15,231</u>	<u>15,231</u>
Total	<u>31,025</u>	<u>79,148</u>	<u>110,173</u>

	For the year ended 31 December 2018		
	Footwear business	Loan facilitation service	Total
Segments	HK\$'000	HK\$'000	HK\$'000
Types of goods or service			
Trading of footwear			
Men's footwear	61,382	–	61,382
Women's footwear	37,977	–	37,977
Children's footwear	23,768	–	23,768
	<u>123,127</u>	<u>–</u>	<u>123,127</u>
Provision of loan facilitation service			
Pre-loan facilitation service	–	93,303	93,303
Post-loan facilitation service	–	2,923	2,923
	<u>–</u>	<u>96,226</u>	<u>96,226</u>
Total	<u>123,127</u>	<u>96,226</u>	<u>219,353</u>
Geographical markets			
The PRC	37	96,226	96,263
Australia	50,948	–	50,948
United Arab Emirates	6,049	–	6,049
United Kingdom	15,400	–	15,400
New Zealand	12,045	–	12,045
Chile	3,979	–	3,979
Belgium	7,843	–	7,843
United States	4,188	–	4,188
Others	22,638	–	22,638
	<u>123,127</u>	<u>96,226</u>	<u>219,353</u>
Total	<u>123,127</u>	<u>96,226</u>	<u>219,353</u>
Timing of revenue recognition			
At a point in time	123,127	93,303	216,430
Over time	–	2,923	2,923
	<u>123,127</u>	<u>96,226</u>	<u>219,353</u>
Total	<u>123,127</u>	<u>96,226</u>	<u>219,353</u>

4. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the Chief Operating Decision Maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

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

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

Segment revenue and results

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

For the year ended 31 December 2019

	Footwear business <i>HK\$’000</i>	Loan facilitation service <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment revenue	<u>31,025</u>	<u>79,148</u>	<u>110,173</u>
Segment results	<u>(13,916)</u>	<u>(10,425)</u>	<u>(24,341)</u>
Unallocated expenses			(9,302)
Unallocated income			<u>148</u>
Loss before taxation			<u><u>(33,495)</u></u>

For the year ended 31 December 2018

	Footwear business <i>HK\$'000</i>	Loan facilitation service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	123,127	96,226	219,353
Segment results	(10,135)	24,296	14,161
Unallocated expenses			(12,382)
Unallocated income			95
Profit before taxation			1,874

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit or loss before taxation of each segments without allocation of interest income, central administration costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Footwear business	1,359	36,322
Loan facilitation service	43,660	55,979
Total segment assets	45,019	92,301
Unallocated assets		
– Bank balances and cash	12,985	20,908
– Others	462	464
Consolidated assets	58,466	113,673

Segment liabilities

	2019 HK\$'000	2018 HK\$'000
Footwear business	11,147	31,346
Loan facilitation service	42,645	39,382
	<hr/>	<hr/>
Total segment liabilities	53,792	70,728
Unallocated liabilities		
– Others	1,825	2,401
	<hr/>	<hr/>
Consolidated liabilities	55,617	73,129
	<hr/> <hr/>	<hr/> <hr/>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets, including primarily certain bank balances and cash and other receivables and deposits.
- all liabilities are allocated to operating segments other than unallocated corporate liabilities, including certain other payables.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

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

	2019 HK\$'000	2018 HK\$'000
The PRC	79,540	96,263
Australia	11,251	50,948
United Arab Emirates	3,919	6,049
United Kingdom	3,147	15,400
New Zealand	2,507	12,045
Chile	1,832	3,979
Belgium	1,464	7,843
United States	260	4,188
Others*	6,253	22,638
	<hr/>	<hr/>
	110,173	219,353
	<hr/> <hr/>	<hr/> <hr/>

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

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

	2019 HK\$'000	2018 <i>HK\$'000</i>
Hong Kong	478	3,137
PRC	3,341	1,758
	<u>3,819</u>	<u>4,895</u>

Information about major customers

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

	2019 HK\$'000	2018 <i>HK\$'000</i>
Customer A ¹	11,945	51,839

¹ Revenue from trading of footwear.

5. INCOME TAX (CREDIT) EXPENSE

	2019 HK\$'000	2018 <i>HK\$'000</i>
PRC Enterprise Income Tax ("EIT")		
– Underprovision in respect of prior year	–	1
Deferred tax	<u>(150)</u>	<u>5,864</u>
	<u>(150)</u>	<u>5,865</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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.

For both years, no provision for PRC EIT has been made in the consolidated financial statements as the Group has no taxable income. Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

6. LOSS FOR THE YEAR

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' remuneration	2,773	4,685
Other staff costs (excluding directors' remuneration):		
– Salaries, allowances and benefits in kind	63,929	61,643
– Retirement benefit scheme contributions	15,087	11,390
	<u>81,789</u>	<u>77,718</u>
Total staff costs		
	<u>81,789</u>	<u>77,718</u>
Auditor's remuneration	2,932	2,729
Depreciation of property, plant and equipment	1,114	1,941
Depreciation of right-of-use assets	4,052	–
Expenses relating to short term leases	1,435	–
Operating lease rental expense in respect of rental premises	–	6,624
	<u>–</u>	<u>6,624</u>

7. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss:		
Loss for the year for the purpose of basic loss per share	<u>(33,345)</u>	<u>(3,991)</u>
	<u>2019</u>	<u>2018</u>
	<u>'000</u>	<u>'000</u>
Number of shares:		
Number of ordinary shares for the purpose of basic loss per share	<u>480,000</u>	<u>480,000</u>

No diluted loss per share for the years ended 31 December 2019 and 2018 is presented as there were no potential ordinary shares in issue for both years.

9. TRADE AND BILLS RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables from contracts with customers	1,450	17,401
Trade receivables discounted with recourse	–	3,615
Less: allowance for credit losses	(1,447)	(475)
	<hr/>	<hr/>
	3	20,541
Bills receivables	–	294
	<hr/>	<hr/>
	3	20,835
	<hr/> <hr/>	<hr/> <hr/>

As at 1 January 2018, trade receivables from contracts with customers amounted to HK\$45,246,000.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 to 30 days	–	9,723
31 to 60 days	–	8,113
61 to 90 days	–	1,597
Over 90 days	3	1,108
	<hr/>	<hr/>
	3	20,541
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2018, total bills received amounting to HK\$294,000 (2019: HK\$Nil) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period. The following was the aged analysis of bills receivables based on their time to maturity at the end of the reporting dates.

10. TRADE PAYABLES

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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 30 days	–	6,253
31 – 60 days	–	1,986
61 to 90 days	–	–
Over 90 days	953	438
	<hr/>	<hr/>
	953	8,677
	<hr/> <hr/>	<hr/> <hr/>

11. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK\$'000
Authorised ordinary shares at HK\$0.01 per share:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid shares at HK\$0.01 per share:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	<u>480,000,000</u>	<u>4,800</u>

12. EVENTS AFTER THE REPORTING PERIOD

An outbreak of respiratory illness caused by novel coronavirus (the “COVID-19”) has been expanded across the PRC and globally. Since then, major cities in the PRC have taken emergency public health measures and draconian measures including travel restrictions in an effort to contain the coronavirus outbreak.

The PRC entities of the Group have been directed by the local government to facilitate the prevention and control measures of the COVID-19, including expanding the Chinese New Year holidays, and adopted safety reparations for resuming operation under the guidance and approval of the local government.

Further, the Group has implemented prevention and control measures for the Epidemic, such as keep close track of the employees’ health situation and the development of the Epidemic, to ensure the Group’s continued capacity to operate its business.

Meanwhile, the COVID-19 had also significantly affected lenders and intermediary service platforms (collectively, the “Funding Sources”). These Funding Sources have become less willing to lend or may have even changed their business plans amid such economic condition. Given there are difficulties in obtaining the financing from existing funding sources, the Group is actively seeking other funding sources include but not limited to banks, asset management companies, trusts and small loan companies. In considering the above impacts, the loan facilitation service operations in the PRC are expected to be negatively affected.

The directors of the Company will continue to assess the impact of the COVID-19 on the Group’s operation and financial performance and closely monitor the Group’s exposure to the risks and uncertainties in connection with the COVID-19. In April 2020, a subsidiary of the ultimate holding company, Jimu Holdings Limited, has agreed to provide a 2-year loan facility of RMB40,000,000, which is unsecured, interest-free and fully repayable at the end of the loan facility in April 2022, for the purpose of providing financial support to the Group, and the whole amount of the loan facility has been deposited to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Please refer to pages 16 to 24 of the Unaudited Annual Results Announcement for the section “MANAGEMENT DISCUSSION AND ANALYSIS”, which includes the information in relation to “BUSINESS REVIEW AND OUTLOOK”, “FINANCIAL REVIEW”, “LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE”, etc.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting date are set out in note 12 above.

UPDATE OF ANNUAL RESULTS

Certain disclosures have been revised in this further announcement with no impact on the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the consolidated statement of changes in equity as disclosed in the Unaudited Annual Results Announcement.

ANNUAL GENERAL MEETING (“AGM”)

The forthcoming AGM will be held on 5 June 2020. 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, 29 May 2020 to Friday, 5 June 2020, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 28 May 2020.

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 Audit Committee currently consists of three members, namely Mr. Hon Ping Cho Terence (Chairman), Mr. Guo Zhongyong and Mr. Li Tixin, all being independent non-executive Directors.

Disclosure of financial information in this announcement complies with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements. The Company’s Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019.

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 2019 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, 24 April 2020

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 and Mr. Yan Taotao; the non-executive Directors are Mr. Wen Cyrus Jun-ming and Mr. Lau Kai Pong; and the independent non-executive Directors are Mr. Guo Zhongyong, Mr. Hon Ping Cho Terence, and Mr. Li Tixin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

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>.