JIMU GROUP LIMITED
積木集團有限公司

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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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.*

RESULTS

The board (the "**Board**") of directors ("**Directors**") of Jimu Group Limited (the "**Company**") presents the consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020, together with the comparative audited figures of the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTES	**2020** *HK$'000*	2019 *HK$'000*
Revenue from goods and services	*3*	**83,293**	110,173
Other income		**6,404**	8,695
Other gains and losses		**2,244**	(9,259)
Impairment losses under expected credit loss model, net of reversal		**578**	(1,685)
Purchases and changes in inventories		**(42,206)**	(27,946)
Employee benefits expenses		**(43,190)**	(81,789)
Other operating expenses	*5*	**(17,250)**	(30,518)
Finance costs		**(368)**	(1,166)
Loss before tax		**(10,495)**	(33,495)
Income tax credit	*6*	**1,790**	150
Loss for the year	*7*	**(8,705)**	(33,345)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**325**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**–**	(110)
Total comprehensive expense for the year		**(8,380)**	(33,455)
Loss per share	*9*		
Basic (HK cents)		**(1.80)**	(6.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	NOTES	**2020** **HK$'000**	2019 *HK$'000*
Non-current assets			
Property, plant and equipment		**306**	731
Right-of-use assets		**–**	2,689
Rental deposits		**76**	152
Contract assets		**91**	247
		473	3,819
Current assets			
Trade receivables	*10*	**877**	3
Other receivables, prepayments and deposits		**3,263**	10,898
Contract assets		**2,315**	10,162
Bank balances and cash		**26,831**	33,584
		33,286	54,647
Current liabilities			
Trade payables	*11*	**953**	953
Other payables and accruals		**8,506**	12,653
Amount due to a former director/director		**440**	6,350
Tax payable		**1,902**	–
Lease liabilities		**675**	4,194
Contract liabilities		**1,389**	7,987
Refund liabilities		**1,540**	11,509
		15,405	43,646
Net current assets		**17,881**	11,001
Total assets less current liabilities		**18,354**	14,820
Non-current liabilities			
Loan from a fellow subsidiary	*12*	**6,998**	–
Lease liabilities		**925**	4,608
Contract liabilities		**418**	581
Refund liabilities		**6**	1,331
Deferred tax liabilities		**1,438**	5,451
		9,785	11,971
Net assets		**8,569**	2,849
Capital and reserves			
Share capital	*13*	**5,016**	4,800
Reserves and accumulated losses		**3,553**	(1,951)
Total equity		**8,569**	2,849

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Capital reserve *HK$'000* *(Note a)*	Statutory reserve *HK$'000* *(Note b)*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2019	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
Loss for the year	–	–	–	–	–	(8,705)	(8,705)
Exchange differences on translation from functional currency to presentation currency	–	–	325	–	–	–	325
Total comprehensive income (expense) for the year	–	–	325	–	–	(8,705)	(8,380)
Transfer to statutory reserve	–	–	–	–	1,630	(1,630)	–
Deemed contribution from a former director/director	–	–	–	5,017	–	–	5,017
Placing of new shares *(Note 13)*	216	9,245	–	–	–	–	9,461
Transaction costs attributable to placing of new shares	–	(378)	–	–	–	–	(378)
At 31 December 2020	5,016	55,784	148	4,950	1,630	(58,959)	8,569

Notes:

(a) Capital reserve represents i) an amount of HK$77,000 representing the difference between the carrying amount of the non-controlling interests which exceeded the fair value of the consideration paid for the acquisition of additional 60% non-controlling interests in a subsidiary, Alliance International Sourcing Limited ("Alliance") in previous years; ii) an amount of HK$10,000 representing the sum of the share capital of certain group entities, including Ever Smart International Enterprise Limited, Dodge & Swerve Limited and Alliance, which have been transferred to capital reserve under the reorganisation in 2015; and (iii) an amount of HK$5,017,000 representing the waiver of amount due to a former director/director, pursuant to the deed of waiver agreement entered into between the former director/director and Ever Smart International Enterprise Limited, a wholly owned subsidiary of the Group, during the year ended 31 December 2020.

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

NOTES:

1. GENERAL INFORMATION

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 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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company was Suite 2207, 22/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong and changed to Room 20-01, 20/F, LKF Tower, 33 Wyndham Street, Central, Hong Kong on 26 February 2021.

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

In view of the Group's expansion of footwear and apparel business, continuous operations of loan facilitation service in the People's Republic of China (the "PRC") and suspension of the overseas markets of footwear business, the directors of the Company (the "Directors") reassessed the functional currency of the Company and determined that Renminbi ("RMB") better reflects the economic substance of the Company and its business activities as an investment holding company with subsidiaries mainly operating in the PRC. Accordingly, the functional currency of the Company was prospectively changed from United States dollars to RMB with effective from 1 January 2020. For the convenience of the financial statements users, the consolidated financial statements are presented in Hong Kong dollars ("HK$").

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendment to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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 Impacts on application of Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendment to HKFRS 3 *Definition of a Business*

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. 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.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

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 and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

Except for the new and amendments to HKFRSs mentioned below, the Directors 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 *HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

    (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

    (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

3. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020		
	Footwear and apparel businesses *HK$'000*	**Loan facilitation and credit assessment services** *HK$'000*	**Total** *HK$'000*
Types of goods or services			
Trading of footwear			
Men's footwear	**28,191**	**–**	**28,191**
Women's footwear	**21,961**	**–**	**21,961**
	50,152	**–**	**50,152**
Trading of apparel			
Men's apparel	**4,443**	**–**	**4,443**
Women's apparel	**3,227**	**–**	**3,227**
	7,670	**–**	**7,670**
Provision of loan facilitation services			
Pre-loan facilitation services	**–**	**9,678**	**9,678**
Post-loan facilitation services	**–**	**11,773**	**11,773**
	–	**21,451**	**21,451**
Provision of credit assessment service	**–**	**4,020**	**4,020**
Total	**57,822**	**25,471**	**83,293**
Geographical market			
The PRC	**57,822**	**25,471**	**83,293**
Timing of revenue recognition			
At a point in time	**57,822**	**13,517**	**71,339**
Over time	**–**	**11,954**	**11,954**
Total	**57,822**	**25,471**	**83,293**

	For the year ended 31 December 2019		
	Footwear and apparel businesses	Loan facilitation and credit assessment services	Total
	HK$'000	*HK$'000*	*HK$'000*
Types of goods or services			
Trading of footwear			
Men's footwear	12,133	–	12,133
Women's footwear	14,497	–	14,497
Children's footwear	4,395	–	4,395
	31,025	–	31,025
Provision of loan facilitation services			
Pre-loan facilitation services	–	63,917	63,917
Post-loan facilitation services	–	15,231	15,231
	–	79,148	79,148
Total	31,025	79,148	110,173
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
Total	31,025	79,148	110,173
Timing of revenue recognition			
At a point in time	31,025	63,917	94,942
Over time	–	15,231	15,231
Total	31,025	79,148	110,173

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 segment under HKFRS 8 *Operating Segments* are as follows:

- Footwear and apparel businesses – design, development, production management (including quality control) and logistics management services and trading of footwear and apparel (2019: footwear); and

- Loan facilitation and credit assessment services – provision of pre-loan facilitation service, post-loan facilitation service and credit assessment service (2019: 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 2020

	Footwear and apparel businesses *HK$'000*	**Loan facilitation and credit assessment services** *HK$'000*	**Total** *HK$'000*
Segment revenue	**57,822**	**25,471**	**83,293**
Segment results	**12,020**	**(13,408)**	**(1,388)**
Unallocated expenses			**(9,150)**
Unallocated income			**43**
Loss before tax			**(10,495)**

For the year ended 31 December 2019

	Footwear and apparel businesses *HK$'000*	Loan facilitation and credit assessment services *HK$'000*	Total *HK$'000*
Segment revenue	31,025	79,148	110,173
Segment results	(13,916)	(10,425)	(24,341)
Unallocated expenses			(9,302)
Unallocated income			148
Loss before tax			(33,495)

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

Segment results represent the profit or loss before tax of each segment without allocation of certain 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

	2020 ***HK$'000***	2019 *HK$'000*
Footwear and apparel businesses	**7,809**	1,359
Loan facilitation and credit assessment services	**10,376**	43,660
Total segment assets	**18,185**	45,019
Unallocated assets		
– Bank balances and cash	**15,368**	12,985
– Others	**206**	462
Consolidated assets	**33,759**	58,466

Segment liabilities

	2020	2019
	HK$'000	*HK$'000*
Footwear and apparel businesses	**5,510**	11,147
Loan facilitation and credit assessment services	**10,153**	42,645
Total segment liabilities	**15,663**	53,792
Unallocated liabilities		
– Others	**9,527**	1,825
Consolidated liabilities	**25,190**	55,617

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 and loan from a fellow subsidiary.

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 or credit assessed as detailed below:

	2020	2019
	HK$'000	*HK$'000*
The PRC	**83,293**	79,540
Australia	**–**	11,251
United Arab Emirates	**–**	3,919
United Kingdom	**–**	3,147
New Zealand	**–**	2,507
Chile	**–**	1,832
Belgium	**–**	1,464
United States	**–**	260
Others*	**–**	6,253
	83,293	110,173

* 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:

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**237**	478
PRC	**160**	3,341
	397	3,819

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**32,306**	–
Customer B[1]	**25,516**	–
Customer C[1]	**–**	11,945

[1] Revenue from trading of footwear and apparel.

5. OTHER OPERATING EXPENSES

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**2,139**	2,932
Bank charges	**40**	233
Claims charged in respect of faulty products	**–**	3,451
Depreciation of property, plant and equipment	**385**	1,114
Depreciation of right-of-use assets	**747**	4,052
Entertainment expenses	**116**	580
Expenses relating to short term leases	**1,566**	1,435
Marketing and promotion expenses	**1,270**	625
Other taxes	**339**	720
Outsourcing expenses	**1,330**	4,231
Professional fees	**6,624**	4,237
Travelling cost	**584**	1,239
Utilities	**491**	1,726
Others	**1,619**	3,943
	17,250	30,518

6. INCOME TAX CREDIT

	2020	2019
	HK$'000	*HK$'000*
PRC Enterprise Income Tax ("EIT")		
– Current tax	**2,518**	–
Deferred tax	**(4,308)**	(150)
	(1,790)	(150)

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%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. 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.

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%, except for certain PRC subsidiaries operating in the Ningxia Hui Autonomous Region during the year ended 31 December 2020 which are subject to a lower concessionary tax rate of 15%. No provision for PRC EIT has been made in the consolidated financial statements for the year ended 31 December 2019 as the Group has no taxable income.

The tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020	2019
	HK$'000	*HK$'000*
Loss before tax	**(10,495)**	(33,495)
Tax at the applicable domestic income tax rate *(Note)*	**(1,861)**	(6,507)
Tax effect of expenses not deductible for tax purposes	**1,377**	4,123
Tax effect of income not taxable for tax purposes	**(1,145)**	(437)
Tax effect of tax losses not recognised	**1,554**	2,840
Income tax at concessionary rate	**(1,679)**	–
Utilisation of deductible temporary differences previously not recognised	**(36)**	(169)
Income tax credit for the year	**(1,790)**	(150)

Note: The amounts represented the combined effect of the group entities basing on actual tax rates applicable for each jurisdiction where the relevant group entities operate.

7. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Directors' remuneration	**1,590**	2,773
Other staff costs (excluding directors' remuneration):		
– Salaries, allowances and benefits in kind	**34,587**	63,929
– Retirement benefit scheme contributions	**4,577**	15,087
– Termination benefits	**2,436**	–
Total staff costs *(Note)*	**43,190**	81,789
Auditor's remuneration	**2,150**	2,932
Depreciation of property, plant and equipment	**385**	1,114
Depreciation of right-of-use assets	**747**	4,052
Expenses relating to short term leases	**1,566**	1,435

Note: For the year ended 31 December 2020, Covid-19 related government grants/assistance amounted to HK$162,000 have been offset against employee benefits expense.

8. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss:		
Loss for the year for the purpose of basic loss per share	**(8,705)**	(33,345)

	2020	2019
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**483,718**	480,000

For the year ended 31 December 2020, the weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share placing in October 2020.

No diluted loss per share for the years ended 31 December 2020 and 2019 is presented as there were no potential ordinary shares in issue for both years.

10. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**883**	1,450
Less: allowance for credit losses	**(6)**	(1,447)
	877	3

As at 1 January 2019, trade receivables from contracts with customers amounted to HK$20,835,000.

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

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**877**	–
Over 90 days	**–**	3
	877	3

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$3,000 (2020: HK$Nil) which are past due as at the reporting date.

11. 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:

	2020	2019
	HK$'000	*HK$'000*
Over 90 days	**953**	953

12. LOAN FROM A FELLOW SUBSID IARY

In April 2020, 通泉財富（寧夏）科技有限公司 (''通泉財富''), a subsidiary of the ultimate holding company, has provided a loan of RMB40,000,000 (equivalent to approximately HK$44,224,000) which is unsecured, interest free and repayable on April 2022. The entire amount has been early settled during the current year.

In December 2020, 通泉財富 has provided a loan of RMB5,890,000 (equivalent to approximately HK$6,998,000). The amount was unsecured, interest bearing at 5% per annum and repayable at maturity of 36 months since the draw down date. The entire amount has been early settled in January 2021.

13. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital *HK$'000*
Authorised ordinary shares at HK$0.01 per share:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	1,000,000,000	10,000
Issued and fully paid shares at HK$0.01 per share:		
At 1 January 2019, 31 December 2019 and 1 January 2020	480,000,000	4,800
Placement of new shares on 30 October 2020 *(Note)*	21,600,000	216
At 31 December 2020	501,600,000	5,016

Note: On 14 October 2020, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 22,200,000 placing shares to independent investors at a price of HK$0.438 per share. The placing was completed on 30 October 2020 pursuant to which the Company has allotted and issued 21,600,000 placing shares. The net proceeds derived from the placing amounted to approximately HK$9,083,000 and resulted in the increase in share capital of HK$216,000 and share premium of approximately HK$9,245,000, net of transaction costs of approximately HK$378,000.

14. EVENT AFTER THE REPORTING PERIOD

In February 2021, the Company has entered into an agreement of engagement of strategic partner (the "Agreement") with 山東道之堂健康管理有限公司 ("Daozhitang"). Pursuant to the Agreement, the Group will leverage on its strengths in the mainland's layout and its credit rating experience to meet the needs of Daozhitang for the development of the big health industry, including but not limited to jointly developing scenario-based financial services for the big health industry, transactional projects such as mergers and acquisitions and restructuring of the big health industry, pursuing business development opportunities and seeking project financing solutions from Daozhitang. The Agreement (except for the confidentiality terms) is not legally binding and the specific terms of the project are subject to further negotiation, determination and formal contract between the Company and Daozhitang. Details of the above are set out in the announcement of the Company dated 10 February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Jimu Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") is engaged in the footwear and apparel businesses and the loan facilitation and credit assessment businesses.

Footwear and Apparel Businesses

The Group is engaged in the provision of footwear design and development, production management (including quality control) and logistics management service. The Group offers formal and casual footwear for men, women and children to its customers. Over the years of its operations since 2009, the Group has built a diverse global customer portfolio comprising mainly international wholesaler and retailers which are brand owners and/or licensees of formal and casual footwear. In 2020, the Group further expanded its customer portfolio to include branded wholesalers and retailers in the PRC. Also, the Group seized the opportunity for extending to apparel business in 2020 as the potential market for apparel business is massive in PRC. The Group also provide design and development, production management service and logistics management services for apparel products.

Various uncertainties keeping influence the global economy, which have adversely affected customer sentiment, as well as increasingly intense competition in the footwear industry (including competition from countries in South East Asia) which has led to increasingly depressing profit margins for overseas customer. The spread of Covid-19 in 2020 and the subsequent various lockdown imposed by the government of various countries had further worsen the overseas retail market.

On the other hand, PRC was one of the first major economy to emerge from the impact of Covid-19. The management seized the such opportunity and the Group had completed its first footwear order to renowned retailers in the PRC in 2020.

The footwear and apparel businesses segment recorded profit for the year ended 31 December 2020. The management believes that the footwear and apparel businesses are recovering and shall continue to seek further development opportunities in both overseas and PRC market.

Loan Facilitation and Credit Assessment Businesses

The Group commenced the provision of loan facilitation services to customers in China in 2018.

The Group has set up branch office network across different regions in China to provide assistance to customers with financing needs, with a particular focus on individual customers in 3rd and 4th tier cities in China, who in general, compared to individuals in first tier cities, have weaker knowledge or access of financing solutions available in the market. The Group has built a credit rating system which gives customers an internal credit score, taking into account the customer's financial condition, previous lending and repayment history and other behavior pattern. Our risk team periodically monitors and updates the algorithm to meet changing market conditions. Our branch network, together with our IT infrastructure, allows us to tap into these markets with relative ease. Our credit rating system helps to filter customers with relatively poor credit rating and allows us to focus on more credible customers. The on-site credit team then performs site visits and other due diligence procedures to verify the authenticity of information. Based on these credit scores and due diligence materials, our credit assessment team will consider whether to make a loan recommendation to appropriate funding sources (which may include bank and non-bank institutions). Our branch offices liaise between customers and the funding sources and arrange for contract signing upon agreement by both parties.

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

There is a significant downturn in the loan facilitation and credit assessment businesses for the year ended 31 December 2020. There are two main reasons for the significant decline. First, the loan facilitation and credit assessment businesses were significantly affected by Covid-19. The PRC Government imposed a number of policies in early 2020 with an effort to contain the spread of Covid-19, including extension of the Lunar New Year holiday and different level of lockdown and travel restrictions across the PRC. The Group also implemented special working arrangements in the PRC, including but not limited to work-from-home arrangements and reduced business meetings with clients. These measures, together with the impact of Covid-19 on the PRC economy, had caused the loan facilitation service to drop drastically. Second, Covid-19 had also significantly affected lenders and intermediary service platforms (collectively, the "**Funding Sources**"). These Funding Sources had become less willing to lend or may have even changed their business plans amid such economic condition.

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

Our revenues are measured based on actual data usage for credit assessment services.

The management expects the impact of Covid-19 to persist in 2021, and the management anticipates a tough time ahead. The management had already adopted plans to reduce costs and improve efficiency by closing down some of the branches and layoff under-performing staffs.

On the other hand, the Group is actively seeking other Funding Sources include but not limited to banks, asset management companies, trusts and small loan companies.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK$83.3 million in 2020, a decrease of 24.4% compared with that of approximately HK$110.2 million for 2019. Set out below is the revenue breakdown by segment for the years ended 31 December 2019 and 2020:

	For the year ended 31 December			
	2020		2019	
	HK$'000	*%*	*HK$'000*	*%*
Trading of footwear and apparel				
Men's Apparel	**4,443**	**5.3**	–	–
Women's Apparel	**3,227**	**3.9**	–	–
Men's footwear	**28,191**	**33.8**	12,133	11.0
Women's footwear	**21,961**	**26.4**	14,497	13.2
Children's footwear	**–**	**–**	4,395	4.0
	57,822	**69.4**	31,025	28.2
Provision of loan facilitation and credit assessment services				
Pre-loan facilitation services	**9,678**	**11.6**	63,917	58.0
Post-loan facilitation services	**11,773**	**14.1**	15,231	13.8
Provision of credit assessment service	**4,020**	**4.9**	–	–
	25,471	**30.6**	79,148	71.8
Total	**83,293**	**100.0**	110,173	100.0

Footwear and Apparel Businesses

Revenue from the footwear and apparel businesses segment increase significantly by 86.4% from approximately HK$31.0 million for 2019 to approximately HK$57.8 million for 2020. This is mainly due to the successful expansion of the Group's customer portfolio to include branded wholesalers and retailers in the PRC.

Loan Facilitation and Credit Assessment Businesses

Revenue from the loan facilitation and credit assessment segment decreased by 67.8% from approximately HK$79.1 million for 2019 to approximately HK$25.5 million for 2020. The revenue dropped significantly mainly due to the impact of Covid-19 during the year.

Purchases and changes in inventories

The Group's purchases and changes in inventories increased by approximately 51.0% from approximately HK$27.9 million for 2019 to approximately HK$42.2 million for 2020. Purchase cost to sales ratio was approximately 73.0% for 2020 comparing to approximately 90.1% for 2019.

Other income

Other income decreased from approximately HK$8.7 million for 2019 to approximately HK$6.4 million for 2020. The decrease is mainly due to the decrease in government grant received and commission income in 2020 comparing to 2019.

Other gains and losses

Other gains (net) amounted to approximately HK$2.2 million for 2020 as compared to other losses (net) approximately HK$9.2 million for 2019. The other losses (net) in 2019 was mainly due to impairment losses recognised on various assets of approximately HK$10.5 million and the other gains (net) in 2020 mainly represented the gain on termination of lease liabilities, net.

Finance costs

Finance costs decreased by approximately 68.4% to approximately HK$0.4 million for 2020 from approximately HK$1.2 million for 2019, which was mainly because the Group had repaid all bank borrowings in 2019. Finance cost in 2020 represented interests on lease liabilities.

Employee benefits expenses

Employee benefits expenses decreased from approximately HK$81.8 million for 2019 to approximately HK$43.2 million for 2020, which was mainly due to cost-cutting and restructuring plan implemented during the year.

Other operating expenses

Other operating expenses decreased from approximately HK$30.5 million for 2019 to approximately HK$17.3 million for 2020, which was mainly a result of the implementation of certain cost-cutting measures during the year.

Income tax credit

Income tax credit increased from approximately HK$0.2 million for 2019 to approximately HK$1.8 million for 2020, This was mainly due to the recognition of deferred tax credit of HK$4.3 million for the year, being partially offset by the current tax provision for the other subsidiaries.

Loss for the year

As a result of foregoing, loss for the year decreased from approximately HK$33.3 million for 2019 to approximately HK$8.7 million for 2020.

Profit before taxation for footwear and apparel businesses amounting to approximately HK$12.0 million for 2020 as compared to loss before taxation for the footwear and apparel businesses segment approximately HK$13.9 million for 2019, which was mainly due to the higher gross profit margin and lower operating costs for the domestic footwear sales business.

Loss before taxation for the loan facilitation and credit assessment services segment increased from approximately HK$10.4 million for 2019 to approximately HK$13.4 million for 2020. This is mainly due to the impact of Covid-19 and the resulting decrease in revenue as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020, the Group had no outstanding borrowings (2019: Nil). As at 31 December 2020, the cash and cash equivalents of the Group amounted to approximately HK$26.8 million (2019: approximately HK$33.6 million). As at 31 December 2020, debt to equity ratio of the Group was nil (2019: nil). (Debt to equity ratio is calculated by dividing the net debt, which is defined as bank borrowings and bank overdrafts net of bank balances and cash, by total equity at the end of the respective years.) Current ratio as at 31 December 2020 was approximately 2.2 times (2019: approximately 1.3 times).

On 14 October 2020, the Company entered into a placing agreement with Riche Bright Securities Limited ("**Riche Bright**") as placing agent where Riche Bright agreed to place on a best effort basis a maximum of 22,200,000 new shares of the Company ("**Placing Share**") of HK$0.01 each at HK$0.438 per Placing Share to at least six placees. The intended use of proceeds from the share placement was for corporate and administrative expenses for the coming twelve months. The placing transaction was completed on 30 October 2020 and a total of 21,600,000 shares were issued. The gross and net proceeds were approximately HK$9.5 million and HK$9.1 million respectively. The net price was approximately HK$0.42 per Placing Share. Details of the Placing Share were set out in the announcements of the Company dated 14 October 2020, 19 October 2020 and 30 October 2020. Out of the net proceeds of HK$9.1 million, approximately HK$0.8 million was used for the corporate and administrative expenses.

The Group maintained sufficient working capital as at 31 December 2020 with bank balances and cash of approximately HK$26.8 million (2019: approximately HK$33.6 million). The Board of Directors will continue to follow a prudent treasury policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

As at 31 December 2020, the Group's net current assets amounted to approximately HK$17.9 million (2019: approximately HK$11.0 million). The Group's operations are financed principally by revenue generated from its business operation, available cash and bank balances, share placing, advances from a former director/director, loan from a fellow subsidiary and loan facility from its ultimate holding company. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and maintains a conservative level of funding to finance its operations. In order to better manage the liquidity position, the Group has arranged an interest bearing loan from a fellow subsidiary of RMB5,890,000 (equivalent to approximately HK$6,998,000) in December 2020. While most of the outstanding trade receivable balances have been settled by the end of December 2020, the liquidity position of the Group has been improved. Upon assessing the level of liquidity position and cash flow forecast of the Group, the entire loan from a fellow subsidiary balance has been settled in January 2021.

PLEDGE OF ASSETS

As at 31 December 2020, the Group had no asset pledged (2019: nil) to secure the Group's bank borrowings.

EXCHANGE RATE EXPOSURE

Revenue, cost and expenses of the Group's loan facilitation service segment and footwear and apparel businesses 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 31 December 2020, the Group did not use any financial instrument for hedging the foreign exchange risk.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2020, there was no significant investment held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 December 2020, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: nil).

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have any significant capital commitments (2019: nil).

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2020, the total employees in mainland China and Hong Kong has decreased from approximately 630 in 2019 to approximately 180 in 2020, which was mainly a result of our cost-cutting measures. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to our staff, including internal promotion opportunities and performance based bonus. The Group enters into standard employment contracts with our staff which contain provisions on intellectual property rights and confidentiality.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As at 31 December 2020, approximately 100% and 99% of the total trade receivables were due from our five largest debtors (all being customers) and our largest debtor (being a customer) respectively. The Group will review and monitor the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, at the end of each reporting year, the Group performs impairment assessment under expected credit loss model so as to ensure that adequate impairment losses are made. The carrying amounts of trade receivables, other receivables and contract assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing financial liabilities, mainly the interest-bearing loan from a fellow subsidiary and lease liabilities. The Group monitors the interest rate exposure on a continuous basis.

Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows. For the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate to finance the Group's operations and mitigate the effect of fluctuations in cash flows. In addition, an unsecured loan facility has been granted from its ultimate holding company to Jimu Group Enterprises Limited, a wholly-owned subsidiary of the Company, of an aggregate maximum amount of HK$30,000,000 for a period of 36 months which remains unutilised as at 31 December 2020. The Group monitors current and expected liquidity requirements on a regular basis.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group was in compliance in all material respects with the relevant laws and regulations applicable to the business operations of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

According to our business nature and pursuant to the laws of Hong Kong, there are no specific environmental standards and/or requirements for conducting the Group's business in Hong Kong. The Group is aware of environmental protection and social responsibility as an enterprise citizen and promotes healthy work place. The Group's Environmental, Social and Governance Report for the year ended 31 December 2020 will be published on the respective websites of the Stock Exchange and the Company on or before 31 May 2021.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains good relationship with its customers. The sales personnel and merchandisers make regular phone calls to the customers and visit them overseas periodically. If there is any complaint from customers, it will be reported to the management and immediate remedial action will be taken.

The Group also maintains a good relationship with its suppliers. During the year ended 31 December 2020, no complaint was received from the suppliers and there was no disputed debts or unsettled debts and all the debts are settled on or before due dates or a latest date as mutually agreed.

During the year ended 31 December 2020, there was no dispute on salary payments and all accrued remunerations were settled on or before their respective due dates, as stipulated under individual employee's employment contract. The Group also ensures that all the employees are reasonably remunerated by regular review the policies on salary increment, promotion, bonus, allowances and all other related benefits.

In view of the above and as at the date of the annual report, there is no circumstance or any event which will have a significant impact on the Group's business and on which the Group's success depends.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the year ended 31 December 2020, the Company has complied with all the applicable code provisions of the Code, except for the following deviations:

Code Provision A.2.7 of the Code provides that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. For the year ended 31 December 2020, a formal meeting was not arranged between the Chairman and the non-executive Directors (including independent non-executive Directors) without the executive Directors present due to the tight schedules of the Chairman and the independent non-executive Directors. Although such meeting was not held during the year, the Chairman could be contacted by email or phone to discuss any potential concerns and/or questions that the non-executive Directors and the independent non-executive Directors might have and would arrange to set up follow-up meetings, whenever necessary.

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. Mr. Wen Cyrus Jun-ming and Mr. Lau Kai Pong being non-executive Directors and all 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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules, as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 December 2020.

INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2020, none of the Directors or any of their respective close associates (all as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

SHARE OPTION SCHEME

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

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

As at 31 December 2020, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares or underlying shares of the Company

Name of Director	Capacity	Number of shares or underlying shares held: Ordinary shares	Number of shares or underlying shares held: Share options	Total	Approximate percentage of interest in such corporation
Mr. Ni Zhixing	beneficial owner	200,000 ordinary shares	–	200,000	0.04%

Long position in shares or underlying shares of the associated corporation

Name of Director	Name of associated corporation	Capacity	No. share(s) held in each class	Approximate percentage of interest in the associated corporation in each class
Mr. Dong Jun ("**Mr. Dong**")	Jimu Holdings Limited (formerly known as Pintec Holdings Limited) ("**Jimu Holdings**") *(Note 1)*	Founder of discretionary trust	21,524,698 (ordinary shares)	29.90%
Mr. Wen Cyrus Jun-ming ("**Mr. Wen**")	Jimu Holdings *(Note 2)*	Interest of controlled corporation	2,210,630 (series C preferred shares)	5.17%
Mr. Wen	Jimu Holdings *(Note 3)*	Interest of controlled corporation	235,000 (ordinary shares)	0.33%

Notes:

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

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

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

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company had any interest or short position in shares, debentures or underlying shares of the Company and its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 2020, so far as known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of interest in the Company
Jimu Group Holdings Limited	Beneficiary owner	350,400,000	69.86%
Huawen Industry Group Limited (formerly Known as Jimu Times Limited)	Interest in a controlled corporation *(Note)*	350,400,000	69.86%
Jimu Holdings	Interest in a controlled corporation *(Note)*	350,400,000	69.86%

Note:

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

Save as disclosed above, as at 31 December 2020, 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, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2020, 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.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020. (2019: nil).

ANNUAL GENERAL MEETING ("AGM")

The forthcoming AGM will be held on 25 June 2021. A notice convening the AGM will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 18 June 2021 to Friday, 25 June 2021, 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, 17 June 2021.

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 Ms. Chen Xin, 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 2020.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in the 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, 26 March 2021

As at the date of this announcement, the executive Directors are Mr. Dong Jun, Mr. Huang Zexiong, Mr. Chan Zuze and Mr. Chen Chao; the non-executive Directors are Mr. Wen Cyrus Jun-ming, Mr. Lau Kai Pong and Chan Kwun Wah Derek; and the independent non-executive Directors are Mr. Guo Zhongyong, Mr. Hon Ping Cho Terence, Mr. Ni Zhixing and Ms. Chen Xin.

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. In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.