JIMU GROUP LIMITED
積 木 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8187)

ANNUAL REPORT 2024

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

CONTENT

CORPORATE INFORMATION

Board of Directors

Executive Directors
Dr. Tsang Hing Bun (resigned on 17 January 2025)
Dr. Dong Bin (appointed on 8 November 2024)
Mr. Chan Ting Leuk Arthur
(appointed on 17 January 2025)

Non-Executive Director
Mr. Shum Tsz Yeung

Independent Non-Executive Directors
Mr. Hung Wai Che
Mr. Choi Ho Yan
Mr. Yiu Yu Hong John

Company Secretary
Mr. Ngai Tsz Hin Michael

Authorised Representatives
Mr. Shum Tsz Yeung
Mr. Ngai Tsz Hin Michael

Audit Committee
Mr. Choi Ho Yan *(Chairman)*
Mr. Hung Wai Che
Mr. Yiu Yu Hong John

Remuneration Committee
Mr. Hung Wai Che *(Chairman)*
Mr. Choi Ho Yan
Mr. Yiu Yu Hong John
Dr. Dong Bin

Nomination Committee
Mr. Yiu Yu Hong John *(Chairman)*
Mr. Hung Wai Che
Mr. Choi Ho Yan
Dr. Dong Bin

Risk Management Committee
Mr. Yiu Yu Hong John *(Chairman)*
Mr. Shum Tsz Yeung
Mr. Hung Wai Che
Mr. Choi Ho Yan
Dr. Dong Bin

Stock Code
8187

Registered Office
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
Suite 3902, 39/F, Central Plaza
18 Harbour Road
Hong Kong

Principal Share Registrar and Transfer Office
Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bankers
Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

Auditor
Prism Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Units 1903A–1905, 19/F., 8 Observatory Road
Tsim Sha Tsui, Kowloon, Hong Kong

Legal Adviser
Khoo & Co.

Company's Website
www.jimugroup8187.com

MESSAGE FROM THE BOARD

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jimu Group Limited (the "**Company**") and its subsidiaries (the "**Group**"), we are pleased to present the annual results of the Group for the year ended 31 December 2024.

The revenue from the footwear and apparel businesses decreased by approximately 60.6% from approximately HK$28.7 million in 2023 to approximately HK$11.3 million in 2024. The loss for the year from continuing operations increased from approximately HK$5.3 million in 2023 to approximately HK10.5 million in 2024. The decrease in revenue was mainly dragged by falling global market sentiments on demand for goods amid heightened geopolitical tensions and tight financial conditions. Besides, Hong Kong consumers has temporarily changed their consumer habit, visiting Mainland China or overseas to spend in the post-pandemic era. Such a change placed pressure on the Group's retail business during the year ended 31 December 2024.

Since the business of loan facilitation and credit assessment was disposed on 20 April 2023, no revenue generated from the loan facilitation and credit assessment segment for the year ended 31 December 2024, compared to approximately HK$2,000 for the year ended 31 December 2023. The Group recorded neither profit nor loss from this discontinued operation for the year ended 31 December 2024, compared to a loss of approximately HK$0.2 million for the year ended 31 December 2023.

With the Government's support to promote mega events, more local people are expected to stay in Hong Kong to spend, and the number of visitors is projected to continue increasing. While Hong Kong's economic outlook is expected to improve, the Group remains cautiously optimistic about its business prospects in 2025.

To strengthen our market presence and adapt to evolving consumer behaviour, the Group benefiting from the decline in rental costs has proactively expanded its retail footprint and launched one more retail store in Hong Kong in the early 2025. Moving forward, we will continue to identify suitable locations to establish additional stores and allocate more resources to utilise social media platform, leveraging this flexible retail format and the significant of e-commerce trading habit to extend our sales reach and enhance brand visibility in both physical and digital sales channels.

To drive further business growth, we are also actively exploring strategic partnerships with well-established sales partners. These collaborations are expected to provide the Group with valuable industry resources, including expanded distribution channels, commercial retail networks, and access to leading e-commerce platforms, thereby reinforcing our competitive position in the market.

Looking ahead, we will remain adaptable and responsive to market conditions while pursuing sustainable growth and long-term value creation for our stakeholders. The Board is confident that through continued expansion, innovation, and strategic partnerships, the Group will be well-positioned to seize new opportunities and enhance its position within the industry.

Finally, we wish to extend our sincere appreciation to all of our staff for their tireless efforts, diligence and contribution during 2024 and express our utmost gratitude to all shareholders, investors, customers, suppliers and business partners for their continued and valuable support and trust in the Group.

On behalf of the Board
Dong Bin
Executive Director

Hong Kong, 21 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is engaged in the footwear, apparel and sports-related peripheral products businesses.

Footwear, apparel and sports-related peripheral products businesses

The Group is engaged in the trading of footwear, apparel and sports-related peripheral products business. Since 2009, the Group has built a diverse global customer portfolio, primarily comprising international wholesalers and retailers. It offers both formal and casual footwear and apparel to its customers. In 2021, the Group expanded its apparel business for the massive overseas market potential.

Additionally, the Group has diversified its footwear and apparel businesses by selling branded footwear and apparel products in Hong Kong and Canada. The Group has established its presence in Canada and physical shops dedicated to footwear and apparel trading and trading of sports-related peripheral products in Hong Kong.

Heightened geopolitical tensions complicated the economic environment, while domestic demand remained low due to tight financial conditions. Additionally, interest rates were not cut as expected, which continued to pose constraints in 2024. Therefore, the management will conservatively review the market conditions and adjust the strategies accordingly.

Looking forward, we will continue to maintain and solidify our position within the industry, and allocate internal resources to develop our existing business in the trading of footwear, apparel, and sports-related peripheral products and explore suitable business opportunities as well as seek cooperation with more local and overseas enterprises simultaneously.

Memorandums of understanding

On 9 February 2024, the Company entered into a non-legally binding memorandum of understanding (the "**First MOU**") with Hong Kong Easy Charge Limited (the "**Potential Partner 1**"), in relation to the potential cooperation for the development of a new business in providing shared in-vehicle charging services for licensed taxis in Hong Kong and Macau. As at the date of this report, no formal agreement was entered into with the Potential Partner 1. For details of the First MOU, please refer to the Company's announcement dated 9 February 2024.

On 18 April 2024, the Company entered into a non-legally binding memorandum of understanding (the "**Second MOU**") with Guangzhou Huaxing Media Co., Ltd.* (廣州市華星傳媒有限公司) (the "**Potential Partner 2**"), in relation to the possible subscription of increased registered capital of the Potential Partner 2. As at the date of this report, no formal agreement was entered into with the Potential Partner 2. For details of the Second MOU, please refer to the Company's announcement dated 18 April 2024.

On 3 December 2024, the Company entered into a non-legally binding memorandum of understanding (the "**Third MOU**") with Aolaitong (Beijing) Electronic Commerce Co., Ltd.* (奧萊通(北京)電子商務有限公司) (the "**Potential Partner 3**"), in relation to strategic cooperation in retail and e-commerce business. Pursuant to the Third MOU, the Group and Potential Partner 3 have agreed to establish a retail and e-commerce expansion partnership to leverage their respective strengths in the footwear, apparel, and luggage sectors. As at the date of this report, no formal agreement was entered into with the Potential Partner 3. For details of the Third MOU, please refer to the Company's announcement dated 3 December 2024.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK$11.3 million for 2024, a decrease of approximately 60.6% compared with that of approximately HK$28.7 million for 2023 from the footwear, apparel and sports-related peripheral products businesses.

The decrease in revenue was mainly dragged by falling global market sentiments on demand for goods amid heightened geopolitical tensions and tight financial conditions. Besides, Hong Kong consumers has temporarily changed their consumer habit, visiting Mainland China or overseas to spend in the post-pandemic era. Such a change placed pressure on the Group's retail business during the year ended 31 December 2024.

Discontinued operation of loan facilitation and credit assessment businesses

On 20 April 2023, the Company entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire interest of the loan facilitation and credit assessment services business at a total consideration of HK$1.

In view of the unsatisfactory financial performance of the loan facilitation and credit assessment services business, the Directors had considered that the disposal was expected to allow the Group focusing on the continuing business segments to the Group.

During the year ended 31 December 2023, the Group discontinued the loan facilitation and credit assessment services business in the PRC.

Revenue from the loan facilitation segment decreased by 100% from approximately HK$2,000 for the year ended 31 December 2023 to HK$Nil for the year ended 31 December 2024. The revenue dropped significantly due to the Company resolved to dispose the loan facilitation and credit assessment businesses on 20 April 2023, which had incurred a loss before taxation approximately HK$214,000 for the year ended 31 December 2023 mainly due to operating expenses of approximately HK$164,000, and there was no more loan facilitation and credit assessment business during the year of 2024.

Cost of inventories sold

Cost of inventories sold of approximately HK$7.7 million (2023: approximately HK$21.2 million) mainly comprised the cost of inventories sold and written-down of inventories of approximately HK$1.3 million incurred for 2024 (2023: HK$Nil).

Other gains and losses

Other losses (net) amounted to approximately HK$0.3 million for 2024 as compared to other gains (net) approximately HK$0.3 million for 2023. The exchange losses of approximately HK$0.3 million are due to depreciation of Canadian dollars during 2024.

Employee benefits expenses

Employee benefits expenses decreased to approximately HK$5.4 million for 2024 from approximately HK$6.0 million for 2023, which was mainly due to the constraint on recruitment of the retail business in Canada and Hong Kong during the year of 2024.

Other operating expenses

Other operating expenses increased to approximately HK$8.4 million for 2024 from approximately HK$5.6 million for 2023, which was mainly attributable to the legal and professional fees amounted to approximately HK$2.5 million, depreciation of right-of-use assets of approximately HK$2.0 million respectively.

Finance costs

The decrease of finance costs by 70.7% to approximately HK$370,000 for 2024 from approximately HK$1,261,000 for 2023, which was mainly due to loans were fully repaid during the year ended 31 December 2024 compared to approximately HK$5.4 million of loan remained in year 2023 (bearing interest ranges from 8–10% per annum) (2023: 8% per annum).

Income tax credit

Income tax credit increased to approximately HK$42,000 for 2024 (2023: tax expense HK$32,000), which was mainly due to over-provision of Hong Kong Profits Tax in the footwear, apparel and sports-related peripheral products businesses.

Loss for the Year

An operating segment regarding the loan facilitation and credit assessment businesses was discontinued in 2023, therefore the footwear, apparel and sports-related peripheral products business was the only one reportable and operating segment during the years ended 31 December 2024 and 2023.

The loss for the year from continuing operations increased to approximately HK$10.5 million for the year ended 31 December 2024 from loss of approximately HK$5.3 million for the year 31 December 2023 which mainly due to the decrease in revenue from HK$28.7 million for 2023 to HK$11.3 million for 2024. The decrease in revenue was mainly dragged by falling global market sentiments on demand for goods and heightened geopolitical tensions and tight financial conditions, while Hong Kong consumers has temporarily changed their consumer habit, and a temporary decline in Hong Kong market consumption observed during the year ended 31 December 2024. On the other hand, the increase in loss for the year was also attributable to the increase in the operating cost, primarily resulting from (i) increase in the legal and professional fees; and (ii) depreciation of right-of-use assets recorded during the year ended 31 December 2024, driving by reopening of a shop in Hong Kong.

The Group's discontinued operation, being its loan facilitation and credit assessment segment, had generated profit approximately HK$6.9 million for the year 2023, which was mainly attributable to the gain on disposal of subsidiaries approximately HK$7.1 million and there was no profit was generated for the year ended 31 December 2024 as no such disposal in 2024.

For the year ended 31 December 2024, the loss for the year was approximately HK$10.5 million (2023: profit for the year approximately HK$1.5 million). The Group's loss for the year ended 31 December 2024 was mainly attributable to: (i) the absence of gain on disposal of subsidiaries from discontinued operation; (ii) the drop in revenue; and (iii) an increase in operating costs involved in reopening a shop in Hong Kong during the year ended 31 December 2024.

LIQUIDITY, FINANCIAL RESOURCES AND LOAN CAPITAL STRUCTURE

As at 31 December 2024, the total borrowings of the Group amounted to approximately HK$1.7 million (2023: approximately HK$7.3 million) which comprised interest-bearing borrowings and lease liabilities.

As at 31 December 2024, the gearing ratio of the Group was 7.1% (2023: 23.8%). Gearing ratio is calculated based on total borrowings divided by total assets at the end of the relevant period.

The Group maintained sufficient working capital as at 31 December 2024 with bank balances and cash of approximately HK$5.0 million (2023: approximately HK$1.5 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 2024, the Group's net current assets amounted to approximately HK$14.4 million (31 December 2023: net current assets approximately HK$15.3 million). The current ratio of the Group was approximately 3.0 times (31 December 2023: approximately 2.1 times). Current ratio is calculated based on total current assets divided by total current liabilities at the end of the relevant period.

The Group's operations are financed principally by revenue generated from its business operation, available bank balances and cash as well as interest-bearing borrowings. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity position to ensure that the Group is well positioned to achieve its business objectives and strategies.

On 8 March 2024, the Company has entered into a placing agreement (the "**2024A Placing Agreement**") with a placing agent (the "**2024A Placing Agent**"), pursuant to which the Company has conditionally agreed to place through the 2024A Placing Agent, a maximum of 21,669,120 new shares (the "**Placing Shares of 2024A Placing**") to not less than six independent placees at the placing price of HK$0.201 per Placing Share (the "**2024A Placing**"). On 12 March 2024, the Company and the 2024A Placing Agent entered into a supplemental agreement to the 2024A Placing Agreement (the "**2024A1 Supplemental Agreement**") and change the maximum number of new Shares from 21,669,120 shares to 43,338,240 shares ("**Placing Shares of 2024A1 Placing**") and the price of 2024A1 Placing Shares change from HK$0.201 to HK$0.31 per revised placing share and the placing commission to be charged by the 2024A Placing Agent will also be revised from HK$120,000 to HK$200,000. On 28 June 2024, as additional time was required for the completion of certain administrative procedures in relation to the 2024A1 Placing, the Company and the 2024A Placing Agent, after arm's length negotiation, entered into a second supplemental agreement (the "**2024A2 Supplemental Agreement**"), whereby the parties agreed to extend the long stop date from 28 June 2024 to 12 July 2024. On 10 July 2024, the Company and the 2024A Placing Agent entered into a termination agreement to terminate the 2024A Placing Agreement, 2024A1 Supplemental Agreement and 2024A2 Supplemental Agreement.

Further details of the 2024A Placing were set out in the announcement of the Company dated 8 March, 12 March, 28 June, and 10 July 2024.

On 4 August 2024, the Company has entered into a placing agreement (the "**2024B Placing Agreement**") with a placing agent (the "**2024B Placing Agent**"), pursuant to which the Company has conditionally agreed to place through the 2024B Placing Agent, a maximum of 43,338,240 new shares (the "**Placing Shares of 2024B Placing**") to not less than six independent placees at the placing price of HK$0.25 per Placing Share (the "**2024B Placing**"). The 2024B Placing was completed on 31 October 2024 (the "**Completion of 2024B Placing**"). The Company has fully placed an aggregate of 43,338,240 Placing Shares of 2024B Placing, representing (i) 28.57% of the issued share capital of the Company immediately prior to the Completion of 2024B Placing; and (ii) approximately 28.57% of the issued share capital of the Company as enlarged by the issue of the 43,338,240 Placing Shares at placing price of HK$0.25 per share of 2024B Placing. The Company's issued share capital increased from 108,345,600 shares to 151,683,840 shares immediately after the Completion of 2024B Placing. The net proceeds from the issue of the Placing Shares of 2024B Placing after deduction of all relevant expenses amounted to approximately HK$10.2 million. For details on the use of proceeds from the 2024B Placing refer to the section "Use of proceeds from the Placing".

Further details of the 2024B Placing were set out in the announcements of the Company dated 4 August 2024 and 31 October 2024.

On 15 November 2024, the Company entered into a subscription agreement (the "**Subscription Agreement**") with China Mining United Holding Group Co., Ltd.* (中礦聯合控股集團有限公司) (the "**Subscriber**"), pursuant to which, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, a total of 21,669,120 subscription shares at the subscription price of HK$1.16 per subscription share. On 31 December 2024, the Company and the Subscriber entered into a supplemental agreement to the Subscription Agreement to extend the date to fulfill the conditions to the Subscription Agreement to 28 February 2025.

On 28 February 2025, the Company and the Subscriber have confirmed that the conditions precedent to the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) were fulfilled or waived, as applicable. On 11 March 2025, the Company and the Subscriber entered into an extension letter to extend the date of Completion to on or before 31 March 2025 (or such later date as may be agreed between the Company and the Subscriber).

Further details of the Subscription Agreement were set out in the announcements of the Company dated 15 November 2024, 31 December 2024, and 11 March 2025.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had no asset pledged (2023: Nil) to secure the Group's interest-bearing borrowings.

EXCHANGE RATE EXPOSURE

Revenue, cost and expenses of the Group's are denominated in Hong Kong dollars ("**HK$**"), Renminbi ("**RMB**") and Canadian dollars ("**CAD**"), as such the net exposure to fluctuation of HK$ against RMB and CAD are 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 2024, the Group did not use any financial instrument for hedging the foreign exchange risk.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2024, there was no significant investment held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 December 2024, the Group currently has no other plan for material investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries during the year ended 31 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (2023: Nil).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group did not have any significant capital commitments (2023: Nil).

USE OF PROCEEDS FROM PLACING OF NEW SHARES UNDER SPECIFIC MANDATE IN 2024

On 31 October 2024, the Company completed a placing of 43,338,240 Shares at a placing price of HK$0.25 per share under specific mandate. The net proceeds from the placing amounted to approximately HK$10.2 million.

Set out below is the actual use of net proceeds during the year ended 31 December 2024.

Use of net proceeds	**Net proceeds**	**Net proceeds utilised during the year ended 31 December 2024**	**Unutilised net proceeds as at 31 December 2024**	**Expected timeline on utilisation of unutilised net proceeds**
	HK$'000	HK$'000	HK$'000	
2024B Placing				
Loan repayment	2,700	(2,700)	–	N/A
Business operations	7,500	(3,346)	4,154	April 2025
	10,200	(6,046)	4,154	

MANAGEMENT DISCUSSION AND ANALYSIS

NOTIFIABLE TRANSACTION

On 19 February 2024, the Group entered into a tenancy agreement with Kam Chan & Co., as landlord, in respect of a lease of a premise for a term of three (3) years, commencing from 4 March 2024, and ending on 3 March 2027 (both days inclusive). The premise is used as one of the Group's merchandise stores. The monthly rent of this premise amounts to HK$60,000. As the applicable percentage ratios (as defined under the GEM Listing Rules) for the lease transaction contemplated under the tenancy agreement exceed 5% but are below 25%, such transaction constituted a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Further details of this discloseable transaction were set out in the announcement of the Company dated 22 February 2024.

Saved as disclosed above, the Group had not entered into any notifiable transaction during the Reporting Period, which is required to be disclosed under Chapter 19 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Changes in Executive Directors

On 17 January 2025, Dr. Tsang Hing Bun tendered his resignation as an executive Director of the Company in order to devote more time to his other business commitment, and such resignation took effect from 17 January 2025. On the same date, Mr. Chan Ting Leuk Arthur was appointed as an executive Director of the Company with immediate effect.

For details, please refer to the Company's announcement dated 17 January 2025.

Delay in completion of subscription of new shares under general mandate

On 11 March 2025, the Company and the Subscriber entered into an extension letter to extend the date of Completion to on or before 31 March 2025 (or such later date as may be agreed between the Company and the Subscriber).

For details, please refer to (i) the paragraphs headed 'LIQUIDITY, FINANCIAL RESOURCES AND LOAN CAPITAL STRUCTURE' in this section; and (ii) to the Company's announcement dated 11 March 2025.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2024, the total employees in Canada and Hong Kong has decreased from 28 in 2023 to 24 in 2024, which was mainly decrease in recruitment of the retail business in 2024. 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 2024, approximately 100% and 100% of the total trade receivables were due from our five largest debtors and our largest debtor 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 and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

Interest rate risk

The Group is exposed to minimal interest rate risk as if mainly in relation to variable-rate bank balances. The Group monitors the interest rate exposure on a continuous basis and will consider hedging significant interest rate exposure should the need arise.

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.

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 2024 will be published on the respective websites of the Stock Exchange and the Company on the same day as this annual report.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains good relationship with its customers. The sales personnel and merchandisers have good communication skills and a wealth of product knowledge to ensure customer satisfaction, retention and loyalty by delivering support and resolve customers concern effectively. 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 2024, 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 2024, 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.

KEY PERFORMANCE INDICATORS

The key financial performance indicators of the Group for the year ended 31 December 2024 is set out in the section headed "Five Years' Financial Summary" of the annual report.

The board (the "**Board**") of directors (the "**Directors**") of Jimu Group Limited (the "**Company**") presents herewith the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the trading of footwear, apparel and sports-related peripheral products business.

The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 is set out in the sections headed "Message from the Board" and "Management Discussion and Analysis" of the annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the financial position of the Company and the Group as at 31 December 2024 are set forth in the audited consolidated financial statements on pages 41 to 115 of the annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements in the annual report, is set out on page 116. This summary does not form part of the audited consolidated financial statements in the annual report.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 49.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company has no distributable reserves available for distribution to shareholders of the Company (2023: Nil). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in form of fully paid bonus shares.

PLANT AND EQUIPMENT

Details of movements in plant and equipment during the year are set out in note 15 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

DONATIONS

There were no charitable donations made by the Group during the year ended 31 December 2024 (2023: Nil).

DIRECTORS

The Directors who held office during the year ended 31 December 2024 and as at the date of this report were:

Executive Directors

Dr. Tsang Hing Bun *(Note 2)*
Dr. Dong Bin *(Note 1)*
Mr. Chan Ting Leuk Arthur *(Note 3)*

Non-Executive Director

Mr. Shum Tsz Yeung

Independent Non-Executive Directors

Mr. Hung Wai Che
Mr. Choi Ho Yan
Mr. Yiu Yu Hong John

Notes:

1. Dr. Dong Bin was appointed as an executive Director on 8 November 2024.
2. Dr. Tsang Hing Bun resigned as an executive Director on 17 January 2025.
3. Mr. Chan Ting Leuk Arthur was appointed as an executive Director on 17 January 2025.

Dr. Dong Bin and Mr. Chan Ting Leuk Arthur obtained the legal advice as set out in Rule 5.02D of the GEM Listing Rules on 7 November 2024 and 15 January 2025, respectively. Each of them has confirmed their understanding of their respective obligations as directors of a listed issuer.

RE-ELECTION OF DIRECTORS

In accordance with Article 108(a) of the Articles of Association, Mr. Shum Tsz Yeung and Mr. Yiu Yu Hong John will retire from office as Directors by rotation at the AGM. Mr. Shum Tsz Yeung and Mr. Yiu Yu Hong John will offer themselves for re-election.

Pursuant to article 112 of the Articles, Dr. Dong Bin and Mr. Chan Ting Leuk Arthur appointed as Directors, during the year will hold office until the forthcoming AGM and, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Dr. Dong Bin, being an executive Director, has entered into a service agreement with the Company for an initial term of two years commencing from 8 November 2024, which shall continue thereafter unless terminated by either party by giving not less than three months' prior written notice.

Mr. Chan Ting Leuk Arthur, being an executive Director, has entered into a service agreement with the Company for an initial term of two years commencing from 17 January 2025, which shall continue thereafter unless terminated by either party by giving not less than three months' prior written notice.

Mr. Shum Tsz Yeung, being a non-executive Director, has entered into a letter of appointment with the Company for an initial term of one year from 14 November 2022 which may be terminated by either party by giving not less than one month's prior written notice.

Each of Mr. Hung Wai Che, Mr. Choi Ho Yan and Mr. Yiu Yu Hong John, being an independent non-executive Director, has entered into a letter of appointment with the Company for an initial term of one year term commencing from 30 December 2021, 12 February 2022 and 1 April 2022, respectively, which may be terminated by either party by giving not less than one month's prior written notice.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 38 to 40 in the annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors are set out in note 12 to the consolidated financial statements in the annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on GEM ("**GEM Listing Rules**"). The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any associated corporation" below, at no time during the year or at the end of the year has been/was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There has been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the end of the year.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for 6.4% and sales to the Group's largest customer amounted to approximately 2.7% of the total sales for the year, respectively. Purchases from the Group's five largest suppliers accounted for 90.5% and purchases from the Group's largest supplier amounted to approximately 61.5% of the total purchases for the year.

To the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders (which to the knowledge of the Directors) owned more than 5% of the Company's issued shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The significant related party transactions entered into by the Group during the year are set out in note 30 to the consolidated financial statements.

During the year ended 31 December 2024, there was no related party transaction that constituted a connected transaction or continuing connected transaction (as defined in the GEM Listing Rules) that was required to be disclosed and the Company had not entered into any connected transaction or continuing connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES OR SALE OF TREASURY SHARES

During the year ended 31 December 2024, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities (including sale of treasury shares (as defined under the GEM Listing Rules).

As at 31 December 2024, there were no treasury shares (as defined under the GEM Listing Rules) held by the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2024.

CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2024.

No contract of significance (including provision of services) between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 December 2024.

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

As at 31 December 2024, 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

		Number of Shares or underlying shares held			
Name of Director	**Capacity**	**Ordinary shares**	**Share options**	**Total**	**Approximate percentage of interest in such corporation**
Mr. Shum Tsz Yeung	Beneficial owner	6,750	–	6,750	0.00%
Mr. Tsang Hing Bun (Note 1)	Beneficial owner	–	403,943	403,943	0.27%

Note:

1. Tsang Hing Bun served as an executive Director of the Company from 1 April 2022 to 17 January 2025.

Save as disclosed above, as at 31 December 2024, 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 2024, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following person/entity (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in shares or underlying shares of the Company

Name	Capacity/Nature of interests	Number of Shares held	Approximate Percentage of issued share capital of the Company
Sharp Ally International Limited	Beneficial owner	26,464,939	17.45%

Saved as disclosed above, as at 31 December 2024, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, no person (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTIONS

The Company adopted a share option scheme (the "**Share Option Scheme**") on 11 May 2016. The following is a summary of the principal terms and conditions of the Share Option Scheme.

1. Purpose of the Share Option Scheme

The Share Option Scheme enables the Company to grant options (the "**Options**") to eligible persons, which mean among others, any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of our Company or any of the subsidiaries ("**Eligible Person**") as incentives or rewards for their contributions to our Group.

2. Who may join

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (4) below. Upon acceptance of the Option, the Eligible Person shall pay HK$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than 5 business days from the date on which the Option is granted.

3. Grant of Option

Any grant of Options must not be made after an inside information has come to the Company's knowledge until it has announced the information in accordance with the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (b) the deadline for the Company to publish an announcement of its results for any year, half-year, quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of a result announcement.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme ("**Participant**") under the Share Option Scheme and other schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, the Company may make a further grant of Options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and other schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, the Company must send a circular to its Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and other schemes) and the information required under the GEM Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the Exercise Price (as defined below).

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates, the proposed grant must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Participant). If a grant of Options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK$5 million, then the proposed grant of Options must be approved by the Shareholders on a poll in a general meeting.

4. Price of Shares

The exercise price for the Shares subject to Options will be a price determined by the Board ("**Exercise Price**") and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

5. Maximum number of Shares

The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the Shares in issue (the "**Scheme Mandate Limit**") unless approved by the Shareholders pursuant to the terms of the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme or other scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. As at the date of this report, on the basis of 151,683,840 Shares in issue, the Scheme Mandate Limit will be equivalent to 15,168,384 Shares, representing 10% of the Shares in issue.

Subject to the approval of Shareholders in general meeting, the Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and other schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and other schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed.

The Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and other schemes in aggregate exceeds 30% of the Shares in issue from time to time.

6. Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the applicable option period, provided that, among others, the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

7. Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on 30 May 2016, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

Save as to the share option granted on 6 January 2023, no share option has been cancelled or lapsed since the adoption of the Share Option Scheme. For details of the of the grant of share options, please refer to the announcement of the Company dated 6 January 2023.

On 6 January 2023, 14,400,000 share options were granted to certain eligible participants to subscribe for shares of the Company under the Share Option Scheme. The closing price of the shares of the Company (before the share consolidation (the "**Share Consolidation**") which took effect on 21 March 2023) immediately before the date on which the options were granted was HK$0.022. The Share Consolidation, on the basis that every twenty (20) issued and unissued then-existing Shares of HK$0.01 each were consolidated into one (1) consolidated Share of HK$0.20 each, became effective on 21 March 2023.

As at 1 January 2024 and 31 December 2024, the total number of share options available for grant under the scheme mandate were 1,592,114 and 1,592,114, respectively. No service provider sublimit was set under the Share Option Scheme.

The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2024 (i.e. 807,886) divided by the weighted average number of Shares in issue for the year ended 31 December 2024 (i.e. 115,687,050) was approximately 0.7%.

As at the date of this report, the number of Shares available for issue under the Share Option Scheme was 2,400,000 Shares, representing approximately 1.6% of the issued shares of the Company (i.e. 151,683,840).

As the Share Consolidation and right issues had taken effect on 21 March 2023 and 30 August 2023 respectively, adjustments were made to the exercise prices and the number of shares of the Company falling to be issued in respect of the outstanding share options in accordance with the terms and conditions of the Share Option Scheme and the GEM Listing Rules. As at the date of this report, there are 1,592,114 share options available for future grant.

Particulars of the movement of options granted under the Share Option Scheme as at the date of this annual report are as follows (the Share price and number of Shares has been adjusted pursuant to the share consolidation and rights issue):

Name	Capacity	Date of Grant	Vesting Period	Exercise Period	Exercise Price (HK$/per share)	Balance as at 1 January 2024	Options granted during the Reporting Period	Options exercised during the Reporting Period	Options cancelled/ lapsed during the year	Balance as at 31 December 2024
Tsang Hing Bun	A former executive director of the Company (Note 1)	6 January 2023	6 January 2023 to 5 January 2024	6 January 2024 to 5 January 2033	0.37	403,943	–	–	–	403,943
Grantee A	General manager of a subsidiary of the Group	6 January 2023	6 January 2023 to 5 January 2024	6 January 2024 to 5 January 2033	0.37	403,943	–	–	–	403,943
						807,886	–	–	–	807,886

Note:

1. Tsang Hing Bun served as an executive Director of the Company from 1 April 2022 to 17 January 2025.

INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2024, 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.

BUSINESS ACTIVITIES IN SANCTIONED COUNTRIES

The United States ("**US**") government and other jurisdictions, including the European Union ("**EU**"), the United Nations and the Australian government, have comprehensive or broad economic sanctions targeting the Sanctioned Countries. "Sanctioned Countries" are those countries which are the targets of economic sanctions as administered by the U.S., the EU, the United Nations and Australia.

The Board had effectively monitored and evaluated our business exposure to sanctions risk, including (i) the establishment of a risk management committee (the "**Risk Management Committee**"), comprising Mr. Shum Tsz Yeung, Mr. Hung Wai Che, Mr. Choi Ho Yan, Mr. Yiu Yu Hong John and Dr. Dong Bin. The responsibilities of the Risk Management Committee include, among others, monitoring our exposure to sanctions risk and our implementation of the related internal control procedures; (ii) assigned members of our merchandising department and order processing department to review the information relating to our customer(s) or the counterparty(ies) of the contract (including its full name, country of incorporation or registration and country of shipment destination) before entering into any business transaction with any of them. Our designated staff will check the information of our customer(s) or the counterparty(ies) against various lists of restricted parties and countries maintained by the US, the EU, Australia or the United Nations, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions (the "**International Sanctions List**"), and determine whether our customer(s) or the counterparty(ies) (i) is/are registered or operate(s) in the Sanctioned Countries; (ii) is/are owned or controlled by a sanctioned person; or (iii) has/have shipment destination which is located in the Sanctioned Countries.

During the year ended 31 December 2024 and up to the date of the annual report, none of our products were sold to any Sanctioned Countries. The Group has not entered into any sanctionable transactions that would or may expose our Group, the Stock Exchange, HKSCC, HKSCC Nominees and our shareholders or investors to any risk of being sanctioned. Also, the Company has not used any of the proceeds all other funding raised through the Stock Exchange to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Sanctioned Countries or any other government, individual or entity sanctioned by the US, the EU, Australia or the United Nations, which include, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanction.

DIRECTORS' EMOLUMENT POLICY

The remuneration committee of the Company was established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices. The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Option Scheme" of this report.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 26 to 37.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules for the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by Prism Hong Kong Limited ("**Prism**"). Prism will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting. A resolution to reappoint Prism and to authorise the Directors to fix its remuneration will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Dong Bin
Executive Director

Hong Kong, 21 March 2025

CORPORATE GOVERNANCE REPORT

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 "**CG Code**") as set out in Appendix C1 to the Rules ("**GEM Listing Rules**") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

During the year ended 31 December 2024, the Company has complied with all the applicable code provisions of the Code, except for the following deviations:

THE DIVERSITY OF BOARD MEMBERS

Pursuant to Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board.

The Company has undertaken comprehensive efforts to enhance board diversity by seeking suitable female candidates for directorship. In this regard, the Board has initiated a selection process, which includes conducting interviews and performing due diligence on potential candidates to assess qualifications and suitability for the role. Despite these efforts, the Board has not yet identified a candidate who aligns with the existing composition and strategic objectives of the Board. The process remains ongoing, and the Company is committed to ensuring that any new appointments will not only comply with regulatory standards but will also enrich the Board's perspective and governance practices.

The Company requires additional time to select and identify appropriate candidates for recommendation and to finalise the procedures for the appointment of directors. The Company anticipates appointing a director of a different gender (female) on or before 31 March 2025, in compliance with Rule 17.104 of the GEM Listing Rules.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The position of Chairman has been vacant. The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation by management. The Board monitors the Group's operating and financial performance and ensures that effective governance and corporate social responsibility and policies and sound internal control and risk management systems are in place. Mr. Chow Ngai Fung has been appointed as the Chief Executive Officer of the Company with effect from 12 November 2024.

The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest development.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with article 108 of the articles of association (the "**Articles**") of the Company, at each annual general meeting ("**AGM**") one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

In accordance with article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Pursuant to article 108(a) of the Articles, Mr. Shum Tsz Yeung and Mr. Yiu Yu Hong John will retire from office as Directors by rotation at the AGM and, being eligible will offer themselves for re-election.

Pursuant to article 112 of the Articles, Dr. Dong Bin and Mr. Chan Ting Leuk Arthur, who were appointed as Directors in November 2024 and January 2025, respectively, will hold office until the forthcoming AGM and, being eligible, will offer themselves for re-election.

Mr. Shum Tsz Yeung and Mr. Yiu Yu Hong John, being the non-executive Director and independent non-executive Director, have entered into a service agreement with the Company for an initial term of one year commencing from 14 November 2021 and 1 April 2022 respectively, which shall continue thereafter unless terminated by either party by giving not less than one month's prior written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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 2024.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2024 and as at the date of this report are as follows:

Executive Directors

Dr. Tsang Hing Bun *(Note 2)*
Dr. Dong Bin *(Note 1)*
Mr. Chan Ting Leuk Arthur *(Note 3)*

Non-Executive Director

Mr. Shum Tsz Yeung

Independent Non-Executive Directors

Mr. Hung Wai Che
Mr. Choi Ho Yan
Mr. Yiu Yu Hong John

Notes:

1. Dr. Dong Bin was appointed as an executive Director and appointed as a member of each of Remuneration Committee, Nomination Committee and Risk Management Committee on the same day on 8 November 2024.

2. Dr. Tsang Hing Bun resigned as an executive Director on 17 January 2025.

3. Mr. Chan Ting Leuk Arthur was appointed as an executive Director on 17 January 2025.

The brief biographic details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 38 to 40 of the annual report.

The Company has complied with the requirements under Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 December 2024. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

FUNCTIONS OF THE BOARD

The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board approves the Group's strategic plan, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

The Board is also delegated with the corporate governance functions under code provision A.2.1 of the CG Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

BOARD MEETINGS AND PROCEDURES

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision C.5.3 of the CG Code, at least 14 days' notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version of which are endorsed in the subsequent Board meeting.

Details of the attendance of the Board meetings, audit committee (the "**Audit Committee**") meetings, remuneration committee (the "**Remuneration Committee**") meeting, nomination committee (the "**Nomination Committee**") meeting, risk management committee (the "**Risk Management Committee**") meeting and general meetings of the Company held during the year ended 31 December 2024 are summarised as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Risk Management Committee meeting	Annual General meeting	Extraordinary General Meetings
Executive Directors							
Dr. Tsang Hing Bun (resigned on 17 January 2025)	5/7	N/A	N/A	N/A	1/1	1/1	2/2
Dr. Dong Bin (Note 1)	4/4	N/A	N/A	N/A	N/A	N/A	N/A
Non-executive Director							
Mr. Shum Tsz Yeung	7/7	N/A	N/A	N/A	1/1	1/1	2/2
Independent Non-executive Directors							
Mr. Hung Wai Che	6/7	3/3	1/1	1/1	1/1	1/1	2/2
Mr. Choi Ho Yan	6/7	3/3	1/1	1/1	1/1	1/1	1/2
Mr. Yiu Yu Hong John	7/7	3/3	1/1	1/1	1/1	1/1	2/2

Note:

1. Dr. Dong Bin was appointed as an executive Director on 8 November 2024.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the codes of conduct and compliance manuals applicable to employees and the Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board on such matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

The Board has established specific committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

The written terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the respective websites of the Stock Exchange and the Company.

AUDIT COMMITTEE

The Company established the Audit Committee on 11 May 2016 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors; review financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company.

The Audit Committee currently consists of three members, namely Mr. Choi Ho Yan (Chairman), Mr. Hung Wai Che and Mr. Yiu Yu Hong John, all being independent non-executive Directors (the "**Audit Committee**"). The Audit Committee had reviewed interim results of the Group for the six months ended 30 June 2024 and the final results for the year ended 31 December 2024 before submission to the Board for approval. The Audit Committee is of the view that the annual results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

The Audit Committee held three meetings during the year ended 31 December 2024. Details of the attendance of the Audit Committee meetings are set out above.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 11 May 2016 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance based remuneration; and ensure none of our Directors determine their own remuneration.

The Remuneration Committee currently consists of four members, namely Mr. Hung Wai Che (Chairman), Mr. Choi Ho Yan, Mr. Yiu Yu Hong John, being independent non-executive Directors, and Dr. Dong Bin, being the executive Director (the "**Remuneration Committee**"). The majority of the members of the Remuneration Committee are independent non-executive Directors. The remuneration of the Directors was determined with reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The Remuneration Committee makes recommendations to the Board on remuneration packages of individual executive Directors and the members of senior management.

The Remuneration Committee held one meeting during the year ended 31 December 2024. Details of the attendance of the Remuneration Committee meeting are set out above.

At the meeting, the Remuneration Committee had reviewed the remuneration packages and performance of the Directors and the senior management during the year ended 31 December 2024.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 11 May 2016 with written terms of reference in compliance with the code provisions of the Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors.

The Nomination Committee currently consists of four members, namely, Mr. Yiu Yu Hong John (Chairman), Mr. Hung Wai Che and Mr. Choi Ho Yan, being independent non-executive Directors, and Dr. Dong Bin, being the executive Director (the "**Nomination Committee**"). The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held one meeting during the year ended 31 December 2024. Details of the attendance of the Nomination Committee meeting are set out above.

At the meeting, the Nomination Committee had reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, reviewed the qualifications of the Directors, the progress on the implementation of the board diversity policy and other related matters of the Company.

RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee on 11 May 2016. The primary duties of the Risk Management Committee are to review the Company's risk management policies and monitor the Company's exposure to sanctions law risks and our implementation of the related internal control procedures.

The Risk Management Committee currently consists of five members, namely Mr. Yiu Yu Hong John (Chairman), Mr. Shum Tsz Yeung, Mr. Hung Wai Che, Mr. Choi Ho Yan and Dr. Dong Bin (the "**Risk Management Committee**").

The Risk Management Committee held one meeting during the year ended 31 December 2024. Details of the attendance of the Risk Management Committee meeting is set out above.

DIVERSITY OF THE BOARD

The Group has adopted policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

(1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

(2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.

During the Reporting Period, the Company had a single gender board. The Nomination Committee understood that such a Board composition did not meet the diversity requirement, which stipulates the Board consists of members with diversified gender, age, education background, professional/business experience, skills and knowledge.

On 12 May 2023, Ms. Wei Ju retired by rotation. Since then, the Board has actively identified individuals that are suitable and qualified to become Board members to fulfill the board diversity policy and enhance gender diversity on the Board. The Company will also proactively provide trainings to our senior management and will take into account the factor of gender diversity when recruiting suitable candidates for our senior management in the future, so to develop a pipeline of potential successors for the Board and enhance gender diversity in the Board in the coming years. The Company may also engage human resources agencies to identify potential successors for the Board and enhance gender diversity in the coming years, if necessary. Pursuant to Rule 17.104 of the GEM Listing Rules of the Stock Exchange, the Stock Exchange will not consider diversity to be achieved for a single gender board. The Board intends to appoint another female director of a different gender no later than 31 March 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers the independent non-executive Directors to be independent as at the date of the annual report.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under the statues and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. The Directors had attended training sessions on obligations, duties and responsibilities of directors conducted by the Company's Hong Kong legal advisers.

The Company will from time to time provide briefings to all Directors to refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors (including directors' induction training) up to 31 December 2024 are summarised as follows:

Name of Directors	Type of trainings
Dr. Dong Bin	B
Dr. Tsang Hing Bun	B
Mr. Shum Tsz Yeung	B
Mr. Hung Wai Che	B
Mr. Yiu Yu Hong John	B
Mr. Choi Ho Yan	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

COMPANY SECRETARY

Mr. Ngai Tsz Hin Michael has been appointed as the company secretary of the Company since 1 September 2021. In accordance with Rule 5.15 of the GEM Listing Rules, Mr. Ngai has taken no less than 15 hours of relevant professional training during the year ended 31 December 2024.

All Directors have access to the advice and services of the company secretary. The company secretary reports to the executive directors on board governance matters, and are responsible for ensuring that board procedures are followed, and for facilitating communications among Directors as well as with shareholders of the Company (the "**Shareholders**") and management.

SENIOR MANAGEMENT'S AND MANAGEMENT'S REMUNERATION

The senior management's and management's remuneration payment of the Group during the year ended 31 December 2024 falls within the following bands:

	Number of individuals
HK$1,000,000 or below	7

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditor of the Company about its responsibilities for the financial statements is set out in the independent auditor's report contained in the annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

EXTERNAL AUDITOR'S REMUNERATION

The Company engaged Prism Hong Kong Limited ("**Prism**") as its principal auditor for the year ended 31 December 2024. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the principal auditor. During the year ended 31 December 2024, the fee payable to Prism in respect of its statutory audit services provided to the Group was HK$800,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year ended 31 December 2024, the Board, through the Risk Management Committee, conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Risk Management Committee communicates any material issues to the Board.

Our Enterprise Risk Management Framework

The Company established its enterprise risk management framework in 2016. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Risk Management Committee that oversights risk management and internal audit functions.

Our Risk Control Mechanism

The Group adopts a "three lines of defence" corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by an independent external consultant. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Risk Management Committee, and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the directors will continue to review at least annually the need for an internal audit function.

The Company has developed its disclosure policy which provides a general guide to the Directors, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

CORPORATE GOVERNANCE REPORT

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In order to keep Shareholders well informed of the business activities and direction of the Group, information about the Group has been provided to the Shareholders through financial reports and announcements. The Company has established its own corporate website (www.jimugroup8187.com) as a channel to facilitate effective communication with its Shareholders and the public. The Company will continue to enhance communications and relationships with its Shareholders and investors. A shareholder communication policy was adopted on 11 May 2016 to comply with code the CG Code.

Shareholders, investors and interested parties can make enquiries directly to the Company through the following e-mail: info@jimugrouphk.com.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Jimu Group Limited

Address:	Suite 3902, 39/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel:	(852) 3905-1878
Fax:	(852) 3461-9787
E-mail:	info@jimugrouphk.com

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant committees of the Board, where appropriate, to answer the Shareholders' questions.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended 31 December 2024 in the light of the foregoing communication channels.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 113 of the Articles, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the office of the branch share registrar and transfer office of the Company in Hong Kong no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

DIVIDEND POLICY

The Directors shall consider the following factors before declaring or recommending dividends:

1. the Company's actual and expected financial performance;

2. retained earnings and distributable reserves of the Company and each of the members of the Group;

3. the Group's working capital requirements, capital expenditure requirements and future expansion plans;

4. the Group's liquidity position;

5. general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

6. other factors that the Board deems relevant.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

A special resolution has been passed at the annual general meeting of the Company held on 12 May 2023 to adopt the second amended and restated articles in order to comply with the GEM Listing Rules.

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published its memorandum of association and articles of association on the respective websites of the Stock Exchange and the Company.

WHISTLE-BLOWING POLICY AND ANTI-CORRUPTION

The Group has formulated policy on whistle-blowing and anti-corruption to handle advices and complaints from the employees. Details of which are disclosed in the ESG report published on the websites of the Stock Exchange at www.hkexnews.com.hk and the Company at www.jimugroup8187.com.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Dr. Dong Bin (董斌)
Executive Director

Dr. Dong, aged 47, was appointed as an executive Director on 8 November 2024, graduated from the Department of Economics of the Tianjin Institute of Finance in 1997. He subsequently obtained a Master of Business Administration from Keele University in the United Kingdom in 2004. He also holds a doctorate in Management Science and Engineering from the China University of Mining and Technology (Beijing), awarded in 2018.

Dr. Dong possesses over 20 years of experience in business management. In 2005, Dr. Dong was appointed as the International Marketing Director of Beijing Urban Construction Group Co., Ltd.. Dr. Dong was subsequently appointed as the managing director of 北京城建德博建築技術有限公司. From 2013 to 2017, Dr. Dong was the General Manager of the International Cooperation Department of Beijing Capital Group and served at the Capital Account Management Department of the State Administration of Foreign Exchange on secondment.

Since 2019, Dr. Dong has been the chairman of 北京郡王府文化藝術有限公司. Dr. Dong is currently the honorary president of the Chaoyang (Beijing) Foreign Economic Cooperation Association, the Executive President of the Sino-International Entrepreneurs Federation, the Director and Chief Representative of the Beijing Centre of the Sino-International Entrepreneurs Federation, an executive member of the Chaoyang District Federation of Industry and Commerce of Beijing Municipality, the Director of the Center for the Study of Group 20, and the chairman of the organising committees of the Sino-European Entrepreneurs Summit, the China-Africa Investment Summit and the Sino-Australasian Entrepreneurs Summit.

From 1 June 2023 to 20 January 2025, Dr. Dong served as an executive director and the vice chairman of the board of directors of KNT Holdings Limited, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1025).

Mr. Chan Ting Leuk Arthur (陳霆畧)
Executive Director

Mr. Chan was appointed as an executive Director on 17 January 2025, aged 44, has over 17 years of experience in business and technology development. He is a director of Fu Hoi Insurance Management Limited which is engaged in investment, business development and compliance. Mr. Chan served as an executive director of Global Strategic Group Limited, a company listed on GEM of the Stock Exchange from 13 May 2024 to 17 January 2025. He has also served as an independent non-executive director of Grown Up Group Investment Holdings Limited, a company listed on the Main Board of the Stock Exchange since August 2022. He is also a co-founder and director of each of Micron Digital Corporation (HK) Limited, a company that leverages technology on motion sensors, and The Trend (HK) Holding Limited T/A EHUBS, a company focusing on medication delivery solutions in China.

Mr. Chan obtained a Master's degree in Engineering Science from The University of New South Wales in 2004 and a bachelor's degree in Computing Science from Queen's University in 2003.

Non-Executive Director

Mr. Shum Tsz Yeung (岑子揚) ("Mr. Shum")
Non-Executive Director

Mr. Shum, aged 46, was appointed as a non-executive Director on 14 November 2021. He has over 20 years of experience in accounting, auditing, advisory on corporate governance, internal control, financial management and business administration. He is currently a chief financial officer of Sang Hing Holdings (International) Limited (stock code: 1472), a company listed on the Main Board of the Stock Exchange since July 2018.

Independent Non-Executive Directors

Mr. Hung Wai Che (孔偉賜) ("Mr. Hung")
Independent Non-Executive Director

Mr. Hung, aged 48, was appointed as an independent non-executive Director on 30 December 2021. Mr. Hung has over 14 years of experience in legal field and operating and managing various energy and recycling projects including power station and oil refinery factories in China and Hong Kong. He graduated from the University of Wales, Aberystwyth, United Kingdom with Honours Degree in Law. Since August 2016, Mr. Hung is the independent non-executive director of Kingkey Financial International (Holdings) Limited (stock code: 1468), a company listed on the Main Board of the Stock Exchange.

Mr. Choi Ho Yan (蔡浩仁) ("Mr. Choi")
Independent Non-Executive Director

Mr. Choi, aged 48, was appointed as an independent-non-executive Director on 12 February 2022. Mr. Choi has over 24 years of extensive experience in accounting, auditing, corporate finance and restructuring, investor relations, and project acquisitions. He also has experience in serving listed companies operating in Mainland China, Hong Kong and Singapore. He graduated from University of Hertfordshire, the United Kingdom in July 1998 with a bachelor of arts. Since May 2013, Mr. Choi has been serving as an independent non-executive director of Time Watch Investments Limited (stock code: 2033). From March 2020 to March 2021, Mr. Choi served as an independent non-executive director of Long Well International Holdings Limited (stock code: 850). From June 2020 to November 2022, Mr. Choi served as an independent non-executive director of China Saite Group Company Limited (stock code: 153).

Mr. Yiu Yu Hong John (姚宇航) ("Mr. Yiu")
Independent Non-Executive Director

Mr. Yiu, aged 40, was appointed as an independent non-executive Director on 1 April 2022. He is responsible for supervising and providing independent advice on the operation and management of the Group. He is also the chairman of the risk management committee and a member to each of the audit committee, nomination committee and remuneration committee of the board.

Mr. Yiu has over 10 years of experience in steel trading industry, business strategy and experience on corporate governance and risk management. Mr. Yiu is the founder member and work as a general manager at Asia Delicious Food Holdings Limited since June 2017. He joined Sum Kee Metal Company Limited as Chief Warehouse Officer since July 2010. He obtained a diploma of Culinary Arts from Pacific Institute of Culinary Arts in Canada.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

CHIEF EXECUTIVE OFFICER

Mr. Chow Ngai Fung (周羿鋒) ("Mr. Chow")

Mr. Chow, aged 38, was appointed as a Chief Executive Officer on 12 November 2024. He obtained a Bachelor of Business in Management from The Hong Kong Polytechnic University in 2009. Mr. Chow has over 10 years of management experience in the leather industry. From 2008 to 2011, he held various sales positions at financial institutions in Hong Kong. From 2012 to 2020, he worked as a manager at a private company, principally engaged in leather business in Hong Kong and Mainland China. Since May 2020, he has served as a director at that company, where he is responsible for overseeing project implementation, and directing company operations and growth strategies.

COMPANY SECRETARY

Mr. Ngai Tsz Hin Michael (倪子軒)

Mr. Ngai Tsz Hin Michael has over ten years of experience in the legal industry. He obtained his Bachelor of Laws and postgraduate certificate in laws from City University of Hong Kong in 2011 and 2012, respectively. He is a practicing solicitor in Hong Kong, and currently a principal of Michael Ngai & Co., and a partner of Khoo & Co.. He currently serves as the company secretary of various companies listed on the Stock Exchange.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

From 1 June 2023 to 20 January 2025, Dr. Dong Bin served as an executive director and the vice chairman of the board of directors of KNT Holdings Limited, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1025).

Save for the aforesaid, there has been no change in Director's biographical details which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

Prism

TO THE SHAREHOLDERS OF JIMU GROUP LIMITED
積木集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jimu Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 47 to 115, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
1. Valuation of inventories	
Refer to Notes 4 and 17 to the consolidated financial statements and the accounting policies on page 65.	
We identified the valuation of inventories as a key audit matter due to the use of judgements in identifying obsolete and slow-moving inventories and determining the net realisable value ("NRV") which are based on conditions and the marketability of the inventories. NRV represents the estimated selling prices in the ordinary course of business, less estimated selling expenses. The Group carried out the inventory review at the end of the reporting period and made the necessary allowance on obsolete and slow-moving items so as to write-down inventories to their NRVs. As at 31 December 2024, the carrying amount of inventories is approximately HK$13,163,000. During the year, the Group has made provision of approximately HK$1,292,000 for inventories.	Our procedures in relation to management's NRV assessment of NRV of inventories included: – Understood and evaluated management's controls over inventory valuation including its procedures in estimating the NRV of the inventories and conducting periodic review on inventory obsolescence; – Observed management's inventory counts to identify whether there is any damaged or obsolete inventories; – Assessed the reasonableness of the provision for impairment of inventories by comparing management's forecasts of estimated future utilisation and the estimated costs necessary to make the sale, marketability and sales plan of the relevant inventory items by using our industry knowledge; – Assessed the reasonableness of the basis of determining the NRV and evaluated the condition and marketability of the inventories adopted by the management. We have tested the subsequent sales on a sample basis, to source documents. We have also assessed the sufficiency of allowance on obsolete and slow-moving inventories made by management where the estimated NRV is lower than the cost with reference to the latest selling price, on a sampling basis; – Tested the mathematical accuracy of the provision for impairment of inventories made by management; and – Challenged the underlying data used in the impairment assessment prepared by management. We have compared those underlying data used to other available market sources, on a sample basis.

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KEY AUDIT MATTER – continued

Key audit matter	How the matter was addressed in our audit

2. Impairment assessment of trade receivables

Refer to Notes 4 and 18 to the consolidated financial statements and material accounting policies from pages 66 to 74.

Key audit matter	How the matter was addressed in our audit
The Group has trade receivables of approximately HK$2,126,000, net of loss allowance for trade receivables of Nil as at 31 December 2024. The Group generally allows a credit period ranged from cash on delivery to 30 days to its customers. The loss allowance is estimated by taking into account the credit loss experience, aging of trade receivables, customers' repayment history and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.	Our audit procedures in relation to management's impairment assessment on trade receivables included the following: – Obtained an understanding of the internal control and processes over the impairment assessment on trade receivables by management; – Assessed the grouping of trade receivables by considering the nature of the debtors and credit risk characteristics; – Tested the aging of trade receivables on a sample basis; – Tested the accuracy and completeness of the data used by management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data; – Assessed the appropriateness of the impairment loss methodology, testing the calculation of the historical loss rates and evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions; – Tested the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade receivables outstanding at the reporting date; and – Assessed the adequacy of the disclosures in the consolidated financial statements.

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OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – continued

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dai Tin Yau.

Prism Hong Kong Limited
Certified Public Accountants
Dai Tin Yau
Practising Certificate Number: P06318
Hong Kong
21 March 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	2024 HK$'000	2023 HK$'000
Continuing operations			
Revenue	5	**11,252**	28,747
Cost of inventories sold		**(7,668)**	(21,192)
Other income	7A	**2**	6
Other gains and losses, net	7B	**(298)**	274
Reversal of impairment losses (impairment losses) under expected credit loss model		**302**	(313)
Employee benefits expenses		**(5,396)**	(6,010)
Other operating expenses		**(8,405)**	(5,557)
Finance costs	8	**(370)**	(1,261)
Loss before tax		**(10,581)**	(5,306)
Income tax credit (expense)	9	**42**	(32)
Loss for the year from continuing operations	10	**(10,539)**	(5,338)
Discontinued operation			
Profit for the year from discontinued operation	11	**–**	6,876
(Loss) profit for the year		**(10,539)**	1,538
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**130**	(20)
Item that may be reclassified to profit or loss:			
Translation reserve reclassified to profit or loss upon disposal of subsidiaries		**–**	(194)
Other comprehensive income (expense) for the year		**130**	(214)
Total comprehensive (expense) income for the year		**(10,409)**	1,324
(Loss) earnings per share			
From continuing and discontinued operations	14		
Basic and diluted (HK$)		**(0.09)**	0.02
From continuing operations			
Basic and diluted (HK$)		**(0.09)**	(0.08)

The accompanying notes form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the loss for the year are set out in Note 13.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Plant and equipment	15	**819**	85
Right-of-use assets	16	**1,489**	1,795
Rental deposits	19	**237**	114
		2,545	1,994
Current assets			
Inventories	17	**13,163**	12,973
Trade receivables	18	**2,126**	12,919
Other receivables, prepayments and deposits	19	**1,158**	1,363
Bank balances and cash	20	**5,039**	1,482
		21,486	28,737
Current liabilities			
Trade payables	21	**2,415**	3,995
Other payables and accruals	22	**3,777**	3,143
Interest-bearing borrowings	23	**–**	4,646
Lease liabilities	24	**862**	1,647
Contract liabilities	25	**32**	19
		7,086	13,450
Net current assets		**14,400**	15,287
Total assets less current liabilities		**16,945**	17,281
Non-current liabilities			
Interest-bearing borrowings	23	**–**	711
Lease liabilities	24	**793**	257
		793	968
Net assets		**16,152**	16,313
Capital and reserves			
Share capital	28	**30,337**	21,669
Reserves and accumulated losses		**(14,185)**	(5,356)
Total equity		**16,152**	16,313

The consolidated financial statements on pages 47 to 115 were approved and authorised for issue by the board of directors on 21 March 2025 and are signed on its behalf by:

DONG BIN
DIRECTOR

HUNG WAI CHE
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital HK$'000 (Note 28)	Share premium HK$'000	Translation reserve HK$'000	Capital reserve HK$'000 (Note a)	Statutory reserve HK$'000 (Note b)	Share options reserve HK$'000 (Note d)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	7,223	66,209	178	4,950	1,630	–	(78,955)	1,235
Profit for the year	–	–	–	–	–	–	1,538	1,538
Exchange differences on translation from functional currency to presentation currency	–	–	(20)	–	–	–	–	(20)
Release of translation reserve upon disposal of subsidiaries (Note 26)	–	–	(194)	–	–	–	–	(194)
Total comprehensive income (expense) for the year	–	–	(214)	–	–	–	1,538	1,324
Disposal of subsidiaries	–	–	–	–	(1,630)	–	1,630	–
Issues of new shares under rights issue (Note c)	14,446	–	–	–	–	–	–	14,446
Transaction costs attributable to issue of new shares under rights issues (Note c)	–	(896)	–	–	–	–	–	(896)
Share-based payments	–	–	–	–	–	204	–	204
At 31 December 2023 and 1 January 2024	21,669	65,313	(36)	4,950	–	204	(75,787)	16,313
Loss for the year	–	–	–	–	–	–	(10,539)	(10,539)
Exchange differences on translation from functional currency to presentation currency	–	–	130	–	–	–	–	130
Total comprehensive (expense) income for the year	–	–	130	–	–	–	(10,539)	(10,409)
Placing of new shares (Note e)	8,668	2,167	–	–	–	–	–	10,835
Transaction costs attributable to placing of new shares (Note e)	–	(587)	–	–	–	–	–	(587)
At 31 December 2024	30,337	66,893	94	4,950	–	204	(86,326)	16,152

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, pursuant to the deed of waiver agreement entered into between the former 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 subsidiaries in the PRC shall transfer 10% of their net income after taxation, based on the PRC statutory accounts of the respective subsidiary, 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.

(c) On 31 August 2023, 72,230,400 shares (the "Rights Shares") of HK$0.2 each were issued by way of rights issue on the basis of two Rights Shares for every one existing share held by the qualifying shareholders at a subscription price of HK$0.2 per share. The Rights Shares rank *pari passu* with the existing shares in all respects.

Among the 72,230,400 Rights Shares issued, as disclosed in the Company's announcement dated 30 August 2023, 3 applications subscribed in aggregate 72,230,400 Right Shares at the subscription price of HK$0.2 per Right Share, and the gross proceeds of the rights issue was approximately HK$14,446,000. Transaction costs of the rights issue amounted to approximately HK$896,000.

(d) The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 3.2 to the consolidated financial statements.

(e) On 4 August 2024, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 43,338,240 placing shares to independent investors at a price of HK$0.25 per share. The placing was completed on 31 October 2024 pursuant to which the Company has allotted and issued 43,338,240 placing shares at placing price of HK$0.25 per share. The net proceeds derived from the placing amounted to approximately HK$10.2 million and resulted in the increase in share capital of HK$8,668,000 and share premium of approximately HK$1,580,000, net of transaction costs of approximately HK$587,000.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before tax			
Continuing operations		**(10,581)**	(5,306)
Discontinued operation		**–**	6,876
		(10,581)	1,570
Adjustments for:			
Depreciation of plant and equipment		**231**	47
Depreciation of right-of-use assets		**2,042**	1,671
Finance costs		**370**	1,263
Gain on disposal of subsidiaries		**–**	(7,090)
Share options expense		**–**	204
(Reversal of impairment losses) impairment losses recognised on			
– financial assets under expected credit loss model		**(302)**	313
Interest income		**(2)**	(1)
Write-down of inventories		**1,292**	–
Operating cash flows before movements in working capital		**(6,950)**	(2,023)
(Increase) decrease in inventories		**(1,482)**	4,211
Decrease (increase) in trade receivables		**11,092**	(6,816)
Decrease (increase) in other receivables, prepayments and deposits		**82**	(1,229)
Increase in contract assets		**–**	(25)
(Decrease) increase in trade payables		**(1,441)**	543
Increase in other payables and accruals		**674**	758
Increase in contract liabilities		**13**	22
Cash generated from (used in) operations		**1,988**	(4,559)
Income tax refund (paid)		**2**	(32)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**1,990**	(4,591)
INVESTING ACTIVITIES			
Interest received		**2**	1
Purchase of plant and equipment		**(965)**	(118)
Net cash outflows on disposal of subsidiaries	26	**–**	(307)
NET CASH USED IN INVESTING ACTIVITIES		**(963)**	(424)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES		
Proceeds from borrowings raised	**2,700**	6,007
Repayment of interest-bearing borrowings	**(7,661)**	(12,546)
Interest paid	**(550)**	(662)
Repayment of lease liabilities	**(2,201)**	(1,841)
Proceeds from placing of new shares	**10,835**	–
Transaction costs attributable to placing of new shares	**(587)**	–
Proceeds from issue of shares under rights issue	**–**	14,446
Transaction costs attributable to issue of shares under rights issue	**–**	(896)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**2,536**	4,508
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,563**	(507)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**1,482**	2,011
Effect of foreign exchange rate changes	**(6)**	(22)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**5,039**	1,482

1. GENERAL INFORMATION

Jimu Group Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. 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 2105, 21/F Central Plaza, 18 Harbour Road, Hong Kong and changed to Suite 3902, 39/F, Central Plaza, 18 Harbour Road, Hong Kong on 10 May 2024.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") is principally engaged in the trading footwear, apparel and sports-related peripheral products businesses. The principal activities and other particulars of its principal subsidiaries as at 31 December 2024 are set out in Note 36 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

Application of new and amendments to HKFRSs

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

Application of new and amendments to HKFRSs – continued

Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments"); and Amendments to HKAS 1 – Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The amendments had no impact on the consolidated financial statements of the Group.

New and amendments to HKFRSs issued but not yet effective

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

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKFRS 7[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 No mandatory effective date yet determined but available for adoption.

The directors of the Company anticipate that, except as describe below, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

New and amendments to HKFRSs issued but not yet effective – continued

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Revenue recognition when (or as) the Group satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Revenue from contracts with customers – continued

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments ("HKFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to same contract are accounted for and presented on a net basis.

The Group recognised revenue from sales of footwear, apparel and sports-related peripheral products

Sales of goods

Revenue from sales of footwear, apparel and sports-related peripheral products is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of product).

Refund liabilities

When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Group presented a refund liability as "refund liabilities" as a separate line item.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of lease payments that are not paid at that date. The lease payment are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Leasing – continued

The Group as a lessee – continued

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 Provision, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any measurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the financial position.

The Group applies HKAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognised in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Taxation – continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Retirement benefit costs

Payments to the defined contribution plans including the Mandatory Provident Fund Scheme and the state-managed retirement benefits schemes in the PRC are recognised as an expense when employees have rendered service entitling them to the contributions.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Closed members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Plant and equipment

Plant and equipment are tangible assets that are held for administrative purpose are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the item and is recognised in profit or loss on the date of disposal or retirement.

Impairment on plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Impairment on plant and equipment and right-of-use assets – continued

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories sold are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash on hand and cash at banks with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and cash at banks, as defined above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets at amortised cost (debt instruments)

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial assets at amortised cost (debt instruments) – continued

Amortised cost and interest income

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit- impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit- impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income" line item.

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, other receivables and deposits, bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial assets at amortised cost (debt instruments) – continued

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 – continued

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects obtained from financial analysts as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial assets at amortised cost (debt instruments) – continued

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 – continued

(i) Significant increase in credit risk – continued

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial assets at amortised cost (debt instruments) – continued

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 – continued

(i) Significant increase in credit risk – continued

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial assets at amortised cost (debt instruments) – continued

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 – continued

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial assets at amortised cost (debt instruments) – continued

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 – continued

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Company takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Respective financial performance and position of debtors;
- Nature, size and industry of debtors;
- Amount of collateral;
- Geographical locations; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial assets at amortised cost (debt instruments) – continued

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 – continued

(v) Measurement and recognition of ECL – continued

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date, except for assets for which simplified approach was used.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables, interest-bearing borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less subsequent accumulated impairment losses, if any.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

3.2 Material accounting policies – continued

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3.2, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Principal versus agent consideration

The Group engages in trading of footwear, apparel and sports-related peripheral products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group has inventory risk and is primarily responsible for fulfilling the promise to provide the goods. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 December 2024, the Group recognised revenue relating to trading of footwear, apparel and sports-related peripheral products of approximately HK$11,252,000 (2023: approximately HK$28,747,000).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Key sources of estimation uncertainty – continued

Allowances recognised in respect of trade and other receivables

The impairment provisions for trade and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2024, impairment loss for trade and other receivables of approximately HK$302,000 is reversed (2023: recognised approximately HK$313,000).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables and contract assets are disclosed in Note 32(b).

Estimated impairment of plant and equipment and right-of-use assets

Plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2024, plant and equipment and right-of-use assets with carrying values of approximately HK$819,000 and HK$1,489,000 (2023: approximately HK$85,000 and HK$1,795,000) respectively. No impairment losses have been recognised for the years ended 31 December 2024 and 2023. Details of the impairment of plant and equipment and right-of-use assets are disclosed in Notes 15 and 16.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Key sources of estimation uncertainty – continued

Estimated useful life of plant and equipment

At the end of each reporting period, the directors of the Company review the estimated useful life of plant and equipment with finite useful life. The estimated useful life reflects the Company's directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. The residual values reflect the Company's directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The carrying amounts of plant and equipment with finite useful life as at 31 December 2024 are approximately HK$819,000 (2023: approximately HK$85,000).

Net realisable value of inventories

Management reviews the condition of the inventories of the Group and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. Management estimates the net realisable value for such inventories based primarily on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The group carries out an inventory review at the end of each reporting period and makes provision for obsolete and slow-moving items. As at 31 December 2024, the carrying amounts of inventories were approximately HK$13,163,000 (2023: approximately HK$12,973,000). During the year, the Group has made provision of approximately HK$1,292,000 (2023: Nil) for inventories.

Income tax

As at 31 December 2024, no deferred tax asset has been recognised on the tax losses of approximately HK$24,104,000 (2023: approximately HK$14,210,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. REVENUE

An analysis of the Group's revenue from sales of goods for the year from continuing operations is as follows:

(i) Disaggregation of revenue from contracts with customers

	2024 HK$'000	2023 HK$'000
Trading of footwear and apparel		
Footwear	**186**	7,588
Apparel	**11,066**	18,209
Sports-related peripheral products	**–**	2,950
Total	**11,252**	28,747
Geographical market		
Hong Kong	**10,954**	19,654
Canada	**298**	9,093
Total	**11,252**	28,747
Timing of revenue recognition		
At a point in time	**11,252**	28,747

(ii) Performance obligations for contracts with customers

Revenue from trading of footwear, apparel and sports-related peripheral products

The Group trades of footwear, apparel and sports-related peripheral products directly to international wholesalers and retailers which are brand owners and/or licensees of formal and casual footwear, apparel and sports-related peripheral products. Revenue is recognised at a point in time when control of the products has transferred according to respective agreed terms of delivery. Following delivery, the customer has full discretion over the manner of distribution and price to sell the products, has the control when selling the products and bears the risks of obsolescence and loss in relation to the products. The normal credit term is 30 days upon delivery.

Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. The Group requires certain customers to provide upfront deposits range from 50% to 100% of total contract sum. When the Group receives a deposit before production commences, this will give rise to contract liabilities which represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue within the Group's retail business is recognised when the customer takes physical possession of the products, which occurs at the point of sale for merchandise purchased at the Group's retail stores. Customers are allowed to return the goods for exchange within 7 days after the respective sales take place. Revenue is recognised at an expected value of the transaction price adjusted for estimated returns based on historical trends. Payment is due at the point of sale. The payments settled by credit cards or mobile payment by customers are normally received within one to two days from the transaction date.

6. SEGMENT INFORMATION

Information reported to the executive directors 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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

An operating segment regarding the loan facilitation and credit assessment services was discontinued in 2023. The segment information reported and comparatives do not include any amounts for this discontinued operation, which are described in more details in Note 11.

All the revenue of the Group from continuing operations are generated from operation and management of footwear, apparel and sports-related peripheral products businesses for the years ended 31 December 2024 and 2023. Accordingly, there is the only reportable and operating segment of the Group, no further analysis thereof is presented.

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

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of customers, irrespective of the origin of the goods as detailed below:

	2024 HK$'000	2023 HK$'000
Hong Kong	**10,954**	19,654
Canada	**298**	9,093
	11,252	28,747

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

	2024 HK$'000	2023 HK$'000
Hong Kong	**2,308**	1,880

Non-current assets excluded rental deposits.

6. SEGMENT INFORMATION – continued

Information about major customers

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

	2024 **HK$'000**	2023 HK$'000
Customer A	**N/A**[1]	3,980
Customer B	**N/A**[1]	3,347
Customer C	**N/A**[1]	2,950

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7A. OTHER INCOME

	2024 **HK$'000**	2023 HK$'000
Continuing operations		
Interest income	**2**	1
Miscellaneous income	**–**	5
	2	6

7B. OTHER GAINS AND LOSSES, NET

	2024 **HK$'000**	2023 HK$'000
Continuing operations		
Net foreign exchange (losses) gains	**(298)**	274

8. FINANCE COSTS

	2024 **HK$'000**	2023 HK$'000
Continuing operations		
Interests on interest-bearing borrowings	**154**	998
Interests on lease liabilities	**216**	263
	370	1,261

9. INCOME TAX (CREDIT) EXPENSE

	2024 **HK$'000**	2023 HK$'000
Continuing operations		
(Over) under-provision in prior years	**(42)**	32

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

The Canada subsidiary is incorporated in British Columbia, Canada. Overseas tax is calculated at rates of tax applicable in countries in which the Group is assessable for tax. No provision for Canada has been made in the consolidated financial statements for both years as the subsidiary in the Canada has no taxable profit.

9. INCOME TAX (CREDIT) EXPENSE – continued

The income tax expense relating to continuing operations 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:

	2024 HK$'000	2023 HK$'000
Loss before tax from continuing operations	(10,581)	(5,306)
Tax at the applicable domestic income tax rate (Note)	(1,746)	(860)
Tax effect of expenses not deductible for tax purposes	198	89
Tax effect of income not taxable for tax purposes	(8)	(56)
Tax effect of temporary difference not recognised	(76)	7
Tax effect of tax losses not recognised	1,632	820
(Over) under-provision in prior years	(42)	32
Income tax (credit) expense relating to continuing operations	(42)	32

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.

10. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2024 HK$'000	2023 HK$'000
Loss for the year has been arrived at after charging:		
Directors' remuneration (Note 12)	875	947
Other staff costs (excluding directors' remuneration):		
– Salaries, allowances and benefits in kind	4,342	4,786
– Retirement benefit scheme contributions	179	180
– Share options expense	–	97
Total staff costs	5,396	6,010
Auditor's remuneration	800	800
Write-down of inventories (included in cost of inventories)	1,292	–
Depreciation of plant and equipment	231	33
Depreciation of right-of-use assets	2,042	1,632
Expenses relating to short-term leases	460	814

11. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

On 20 April 2023, the Group entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire interest of the loan facilitation and credit assessment services business at a total consideration of HK$1. The disposal was completed on 20 April 2023, on which date control of the loan facilitation and credit assessment services business passed to the acquirer.

In view of the unsatisfactory financial performance of the loan facilitation and credit assessment services business, the directors of the Company had considered that the disposal is expected to allow the Group focusing on the continuing business segments to the Group.

During the year ended 31 December 2023, the Group discontinued the loan facilitation and credit assessment services business in the PRC. The results of the discontinued operation for the year ended 31 December 2023 are presented below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the loan facilitation and credit assessment services business as a discontinued operation.

The profit for the year from discontinued operation is analysed as follows:

	2023 HK$'000
Loss arising from the loan facilitation and credit assessment services for the year	(214)
Gain on disposal of subsidiaries (Note 26)	7,090
	6,876

11. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION – continued

The results of the loan facilitation and credit assessment services for the period from 1 January 2023 to 20 April 2023 (date of the completion of the disposal) which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2023 to 20 April 2023 HK$'000
Revenue	2
Other income and losses, net	(50)
Other operating expenses	(164)
Finance costs	(2)
Loss before tax	(214)
Income tax credit	–
Loss for the period from discontinued operation	(214)
Loss for the period from discontinued operation include the following:	
Depreciation of plant and equipment	14
Depreciation of right-of-use assets	39

During the period ended 20 April 2023, the loan facilitation and credit assessment services business paid HK$469,000 to the Group's net operating cash flows, contributed Nil in respect of investing activities and paid HK$43,000 in respect of financing activities. The carrying amounts of the assets and liabilities of the loan facilitation and credit assessment services business at the date of disposal are disclosed in Note 26.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and the chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

Year ended 31 December 2024

Name of director	Fee HK$'000	Salaries allowances and other benefits HK$'000	Employer's contributions to retirement benefits scheme HK$'000	Share options expense HK$'000	Total HK$'000
Executive directors					
Dr. Tsang Hing Bun (resigned on 17 January 2025)	–	240	–	–	240
Dr. Dong Bin (appointed on 8 November 2024)	–	35	–	–	35
Sub-total	–	275	–	–	275
Non-executive director					
Mr. Shum Tsz Yeung	240	–	–	–	240
Sub-total	240	–	–	–	240
Independent non-executive directors					
Mr. Hung Wai Che	120	–	–	–	120
Mr. Choi Ho Yan	120	–	–	–	120
Mr. Yiu Yu Hong John	120	–	–	–	120
Sub-total	360	–	–	–	360
Chief executive officer					
Mr. Chow Ngai Fung (appointed on 12 November 2024)	–	82	–	–	82
Sub-total	–	82	–	–	82
Total	600	357	–	–	957

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – continued

(a) Directors' and the chief executive's emoluments – continued

Year ended 31 December 2023

Name of director	Fee HK$'000	Salaries allowances and other benefits HK$'000	Employer's contributions to retirement benefits scheme HK$'000	Share options expense HK$'000	Total HK$'000
Executive directors					
Ms. Wei Ju (retired on 12 May 2023)	–	–	–	–	–
Dr. Tsang Hing Bun (resigned on 17 January 2025)	–	240	–	107	347
Sub-total	–	240	–	107	347
Non-executive director					
Mr. Shum Tsz Yeung	240	–	–	–	240
Sub-total	240	–	–	–	240
Independent non-executive directors					
Mr. Hung Wai Che	120	–	–	–	120
Mr. Choi Ho Yan	120	–	–	–	120
Mr. Yiu Yu Hong John	120	–	–	–	120
Sub-total	360	–	–	–	360
Total	600	240	–	107	947

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – continued

(a) Directors' and the chief executive's emoluments – continued

The executive directors' emoluments shown above were for their service in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company and the Group.

No emoluments were paid by the Group to the directors of the Company as an inducement for joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023.

No director nor the chief executive waived any emoluments in respect of the years ended 31 December 2024 and 2023.

(b) Employees' emoluments – five highest paid employees

The five highest paid employees of the Group during the year ended 31 December 2024 include no director (2023: one), details of whose emoluments are set out above. Details of the emoluments of the remaining five (2023: four) highest paid employees who are neither a director nor chief executive of the Company were as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries, allowances and other benefits	**2,074**	1,705
Retirement benefit scheme contributions	**83**	66
Share options expense	**–**	97
	2,157	1,868

The emoluments of the remaining five (2023: four) highest paid individuals who are neither a director nor chief executive of the Company were within the following bands:

	Number of employees	
	2024	2023
Nil to HK$1,000,000	**5**	4

13. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

14. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share from continuing and discontinued operations is based on the following data:

	2024 HK$'000	2023 HK$'000
(Loss) earnings:		
(Loss) profit for the year for the purpose of basic and diluted loss per share (Note a)	**(10,539)**	1,538

	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share (Note b)	**115,687**	63,565

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations is based on the following data:

	2024 HK$'000	2023 HK$'000
(Loss) profit for the year	**(10,539)**	1,538
Less: Profit for the year from discontinued operation	–	(6,876)
Loss for the year from continuing operations for the purpose of basic and diluted loss per share	**(10,539)**	(5,338)

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK$0.10 per share, based on the profit for the year from the discontinued operation of approximately HK$6,876,000 and the denominators detailed above for both basic and diluted (loss) earnings per share.

Notes:

(a) The computation of diluted (loss) earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher than the average market price for shares for the years ended 31 December 2024 and 2023.

For the years ended 31 December 2024 and 2023, the computation of diluted loss per share did not assume the exercise of the share options since the assumed exercise would be anti-dilutive which result in a decrease in loss per share.

(b) For the year ended 31 December 2024, the weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the issue of 43,338,240 shares by way of placing on 31 October 2024 (2023: adjusted for the share consolidation on 17 March 2023 and the issue of 72,230,400 shares by way of right issue on 31 August 2023) (details are disclosed in Notes 28(d) and 28(c) respectively).

Comparative figures of the weighted average number of shares for calculating basic (loss) earnings per share has been adjusted on the assumption that the share consolidation and rights issue had been effective in prior year.

15. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Total HK$'000
COST				
At 1 January 2023	1,349	1,677	575	3,601
Addition	–	–	118	118
Disposal of subsidiaries (Note 26)	(1,349)	(1,677)	(575)	(3,601)
At 31 December 2023 and 1 January 2024	–	–	118	118
Addition	356	569	40	965
At 31 December 2024	**356**	**569**	**158**	**1,083**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2023	1,349	1,677	561	3,587
Provided for the year	–	–	47	47
Disposal of subsidiaries (Note 26)	(1,349)	(1,677)	(575)	(3,601)
At 31 December 2023 and 1 January 2024	–	–	33	33
Provided for the year	99	85	47	231
At 31 December 2024	**99**	**85**	**80**	**264**
CARRYING VALUES				
At 31 December 2024	**257**	**484**	**78**	**819**
At 31 December 2023	–	–	85	85

The above items of plant and equipment are depreciated, after taking into account of their estimated residual values, on a straight-line basis as follows:

Leasehold improvement	Over the shorter of the relevant lease or 5 years
Motor vehicles	20% per annum
Furniture and office equipment	33% per annum

16. RIGHT-OF-USE ASSETS

	Office premises and retail stores HK$'000
As at 31 December 2024	
Carrying amounts	**1,489**
As at 31 December 2023	
Carrying amounts	1,795
For the year ended 31 December 2024	
Depreciation charge	**2,042**
For the year ended 31 December 2023	
Depreciation charge	1,671

	2024 HK$'000	2023 HK$'000
Expense relating to short-term leases	**460**	814
Total cash outflow for leases	**2,661**	2,918
Additions to right-of-use assets	**1,736**	1,007

For both years, the Group leases an office premise and retail stores for its operations. Lease contracts are entered into for fixed term of 2–3 years (2023: 2–2.5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group regularly entered into short-term leases for retail stores. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short term lease expense disclosed above.

17. INVENTORIES

	2024 HK$'000	2023 HK$'000
Merchandise of footwear and apparel for sale	**13,163**	12,973

18. TRADE RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Trade receivables from contracts with customers	**2,126**	13,232
Less: allowance for credit losses	**–**	(313)
	2,126	12,919

As at 31 December 2024, the gross amount of trade receivables from contracts with customers amounted to HK$2,126,000 (2023: approximately HK$13,232,000).

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

	2024	2023
	HK$'000	HK$'000
0 to 30 days	**–**	5,480
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**2,126**	7,439
	2,126	12,919

Details of impairment assessment of trade receivables are set out in Note 32(b).

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024	2023
	HK$'000	HK$'000
Other receivables	**383**	392
Prepayments	**186**	448
Rental deposits	**642**	524
Other deposits	**184**	113
	1,395	1,477
Less: Rental deposits shown under non-current assets	**(237)**	(114)
	1,158	1,363

Details of impairment assessment of other receivables and deposits are set out in Note 32(b).

20. BANK BALANCES AND CASH

	2024 HK$'000	2023 HK$'000
Cash at banks and in hand	**5,039**	1,482

Bank balances carry interest at floating rates based on daily bank deposit rates.

Details of bank balances denominated in currencies other than the functional currency of the relevant group entities and impairment assessment of bank balances are set out in Note 32(b).

21. 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:

	2024 HK$'000	2023 HK$'000
0 to 30 days	**54**	512
31 to 60 days	**–**	350
61 to 90 days	**–**	356
Over 90 days	**2,361**	2,777
	2,415	3,995

22. OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Accrued staff salaries	**463**	681
Accrued expenses	**960**	918
Other tax payables	**1,220**	1,283
Other payables	**1,134**	261
	3,777	3,143

23. INTEREST-BEARING BORROWINGS

	2024	2023
	HK$'000	HK$'000
Other borrowings	**–**	5,357

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2024	2023
	HK$'000	HK$'000
Within one year	**–**	4,646
Over one year and within two years	**–**	711
Total	**–**	5,357

As at 31 December, the ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	**8%–10%**	8%

During the year ended 31 December 2022, a loan total amount of HK$3,000,000 were obtained from an independent third party in 2022 and remained outstanding as at 31 December 2023 ("2022 Other Loan A"). 2022 Other Loan A is unsecured, bearing interest at 8% per annum and repayable after two years from the date of drawdown. Loan amount of HK$3,000,000 was fully repaid during the year ended 31 December 2024.

During the year ended 31 December 2023, 4 loans total amount of approximately HK$3,007,000 were obtained from an independent third party ("2023 Other Loans B") and a loan total amount of HK$2,000,000 was obtained from a related company ("2023 Other Loan C"), respectively, aggregated a total loan of approximately HK$5,007,000. 2023 Other Loans B and 2023 Other Loan C are unsecured, bearing interest at 8% per annum and repayable after half year to two years from the date of drawdown. The former executive director, Dr. Tsang Hing Bun was also the executive director of the ultimate holding company of the related company. Dr. Tsang resigned as an executive director of the ultimate holding company on 25 September 2023.

2023 Other Loans B total amount of approximately HK$1,961,000 remained outstanding as at 31 December 2023 and such loan amount of HK$1,961,000 was fully repaid during the year ended 31 December 2024.

During the year ended 31 December 2024, a new loan amount of HK$1,700,000 ("2024 Other Loan D") and HK$1,000,000 were ("2024 Other Loan E") obtained from an independent third party. 2024 Other Loan D and 2024 Other Loan E are unsecured, bearing interest at 10% per annum and repayable after one year from the date of drawdown or on demand and such loan amounts were fully repaid during the year ended 31 December 2024.

24. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**862**	1,647
After one year but within two years	**674**	257
After two years but within five years	**119**	–
	1,655	1,904
Less: Amount due for settlement with 12 months shown under current liabilities	**(862)**	(1,647)
Amount due for settlement after 12 months shown under non-current liabilities	**793**	257

25. CONTRACT LIABILITIES

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

	2024 HK$'000	2023 HK$'000
Footwear and apparel businesses	**32**	19

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year is approximately HK$19,000 (2023: approximately HK$7,000) in respect of footwear, apparel and sports-related peripheral products businesses (2023: footwear, apparel and sports-related peripheral products businesses).

Typical payment terms which impact on the amount of contract liabilities recognised are set out in Note 5(ii).

26. GAIN ON DISPOSAL OF SUBSIDIARIES

On 20 April 2023, the Group disposed of the loan facilitation and credit assessment businesses at a nominal consideration of HK$1 to an independent third party. The net liabilities of the loan facilitation and credit assessment businesses at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Right-of-use assets	90
Deferred tax assets	233
Trade receivables	39
Contract assets	25
Other receivables prepayments and deposits	882
Bank balances and cash	307
Trade payables	(953)
Other payables and accruals	(7,072)
Lease liabilities	(424)
Contract liabilities	(23)
Net liabilities disposed of	(6,896)
Gain on disposal of subsidiaries	
Consideration received	–
Net liabilities disposed of	6,896
Release of translation reserve upon disposal of subsidiaries	194
Gain on disposal (Note 11)	7,090
Net cash outflow arising on disposal:	
Cash consideration	–
Less: bank balances and cash disposed of	(307)
	(307)

27. DEFERRED TAX

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Tax losses recognition HK$'000	Total HK$'000
At 1 January 2023	(231)	(231)
Exchange realignment	(2)	(2)
Disposal of subsidiaries (Note 26)	233	233
At 31 December 2023, 1 January 2024 and 31 December 2024	–	–

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's subsidiaries in the PRC from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the subsidiaries in the PRC amounting to Nil as at 31 December 2024 (2023: Nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has unused tax losses of approximately HK$24,104,000 (2023: approximately HK$14,210,000) available for offset against future profits. No deferred tax has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

28. SHARE CAPITAL

	Nominal value HK$	Number of shares	Share capital HK$'000
Authorised:			
At 1 January 2023	0.01	1,000,000,000	10,000
Share consolidation (Note a)	N/A	(950,000,000)	–
Increase in share capital (Note b)	0.2	450,000,000	90,000
At 31 December 2023, 1 January 2024 and 31 December 2024	0.2	500,000,000	100,000
Issued and fully paid:			
At 1 January 2023	0.01	722,304,000	7,223
Share consolidation (Note a)	N/A	(686,188,800)	–
Issue of new Shares under right issue (Note c)	0.2	72,230,400	14,446
At 31 December 2023 and 1 January 2024	0.2	108,345,600	21,669
Placement of new shares on 31 October 2024 (Note d)	0.2	43,338,240	8,668
At 31 December 2024	0.2	151,683,840	30,337

Notes:

(a) On 17 March 2023, the shareholders at the extraordinary general meeting approved share consolidation ("Share Consolidation") on the basis that every twenty (20) issued and unissued existing shares of HK$0.01 each will be consolidated into one (1) consolidated share of HK$0.20 each.

The consolidation was implemented on 21 March 2023. 722,304,000 Existing Shares of par value HK$0.01 each successfully converted into 36,115,200 consolidated shares par value of HK$0.20 each which are fully paid or credited as fully paid. The board lot size for trading in the consolidated shares remained unchanged at 5,000 consolidated shares per board lot.

(b) On 27 July 2023, the authorised share capital of the Company increased from HK$10,000,000 divided into 50,000,000 Shares of HK$0.2 each to HK$100,000,000 divided into 500,000,000 Shares by the creation of an additional 450,000,000 Shares, and that each such new Share, upon issue and fully paid, shall rank *pari passu* in all respects with the existing issued Shares and have the rights and privileges and be subject to the provisions contained in the memorandum and articles of association of the Company.

(c) On 31 August 2023, 72,230,400 shares (the "Rights Shares") of HK$0.2 each were issued by way of rights issue on the basis of two Rights Shares for every one existing share held by the qualifying shareholders at a subscription price of HK$0.2 per share. The Rights Shares rank *pari passu* with the existing shares in all respects.

Among the 72,230,400 Rights Shares issued, as disclosed in the Company's announcement dated 30 August 2023, 3 applications subscribed in aggregate 72,230,400 Right Shares at the subscription price of HK$0.2 per Right Share, and the gross proceeds of the rights issue was approximately of HK$14,446,000.

(d) On 4 August 2024, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 43,338,240 placing shares to independent investors at a price of HK$0.25 per share. The placing was completed on 31 October 2024 pursuant to which the Company has allotted and issued 43,338,240 placing shares at placing price of HK$0.25 per share. The net proceeds derived from the placing amounted to approximately HK$10.2 million and resulted in the increase in share capital of HK$8,668,000 and share premium of approximately HK$1,580,000, net of transaction costs of approximately HK$587,000.

29. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap of HK$1,500 per month. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

During the year ended 31 December 2024, the total contribution charged to profit or loss amounted to approximately HK$179,000 (2023: approximately HK$180,000).

Long service payment liabilities

Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) × 2/3 × Years of service. Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment Ordinance will come into effect prospectively from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

The directors of the Company consider that the impact of the LSP obligation due to the Amendment Ordinance has no material effect on the results and the financial position of the Group.

30. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	2024 HK$'000	2023 HK$'000
Sales to a related company (Note)	**–**	2,791

Note: Dr. Tsang Hing Bun, the executive director of the Company, was an executive director of the ultimate holding company of the related company. Dr. Tsang resigned as the executive director of the ultimate holding company of the related company on 25 September 2023.

Compensation of the directors of the Company and other key management personnel

The key management of the Group comprises all directors of the Company, details of their emoluments are disclosed in Note 12. The emoluments of the directors of the Company are decided by the remuneration committee of the Company having regard to individual's performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents, interest-bearing borrowings, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payments of dividends and new share issues as well as issue of new debt or redemption of existing debts.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Amortised cost	**8,374**	15,430
Financial liabilities		
Amortised cost	**6,887**	13,481

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables and deposits, bank balances and cash, trade payables, other payables, lease liabilities and interest-bearing borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain other payables are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary liabilities at the end of each reporting period are as follows:

	2024 **HK$'000**	2023 HK$'000
Liability		
Canadian dollar	**2,192**	3,397

The Group is mainly exposed to the fluctuation of HK$ against RMB or CAD.

As at 31 December 2024 and 2023, the exposure of foreign currency risk on the RMB denominated monetary liabilities is insignificant on the ground that the carrying amounts are insignificant. Hence, no sensitivity analysis is presented.

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in CAD against HK$. 5% represents management's assessment of the reasonably possible change in foreign exchange rates.

As at 31 December 2024, if CAD had been strengthened/weakened 5% against HK$ and all other variables were held constant, the Group's post-tax loss (2023: profit) for the year ended 31 December 2024 would decrease/increase (2023: increase/decrease) by approximately HK$92,000 (2023: approximately HK$142,000).

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate other borrowings. The Group currently does not have an interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk.

However, management of the Group monitors interest rate exposure on an ongoing basis and will consider hedging significant interest rate exposure should the need arise. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 20). The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arises.

Interest income from financial assets that are measured at amortised cost is as follows:

	2024 **HK$'000**	2023 HK$'000
Financial assets at amortised cost	**2**	1

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

The Group has concentration of credit risk as 100% (2023: 78%) of the total trade receivables was due from the Group's largest debtor. The Group's concentration of credit risk on the top five largest debtors accounted for 100% (2023: 100%) of the total trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. During the year, impairment losses of approximately HK$302,000 is reversed (2023: recognised approximately HK$313,000).

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies.

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

Other receivables

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information that is available without undue cost or effort. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. No impairment is recognised during the years ended 31 December 2024 and 2023. Details of the quantitative disclosures are set out below in this note.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Moderate risk	Debtor has a moderate level of credit risk at the inception of the loan and expect to settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	NOTES	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts 2024 HK$'000	Gross carrying amounts 2023 HK$'000
Financial assets at amortised cost						
Trade receivables (Note 1)	18	N/A	Low risk	Lifetime ECL	**2,126**	13,232
Other receivables and deposits (Note 2)	19	N/A	Low risk	12m ECL	**1,209**	1,029

Notes:

(1) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customer with significant balances by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Debtors with significant outstanding balances and credit-impaired with gross carrying amount of HK$2,126,000 (2023: HK$13,232,000) and Nil (2023: Nil), respectively, as at 31 December 2024 were assessed individually.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic information that is available without undue cost or effort.

(2) The Group assessed the loss allowance for other receivables and deposits on 12m ECL basis.

In determining the ECL, the Group has taken into account the historical default experience and forward-looking macroeconomic information as appropriate. There had been no significant increase in credit risk since initial recognition. For the other receivables and deposits balances, the Group has considered the consistently low historical default rate in connection with payments and concluded that credit risk inherent in these balances is insignificant.

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

The following tables show the reconciliation of loss allowances that has been recognised for trade receivables and other receivables and deposits.

Trade receivables

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

2024

	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
Over 90 days past due	**N/A**	**2,126**	**–**	**2,126**
		2,126	**–**	**2,126**

At 31 December 2024, the weighted average loss rates for the significant outstanding balances were approximate to zero. No impairment allowance on trade receivables were provided based on individual assessment as the amounts involved are immaterial.

2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Neither past due nor impaired	0.83%	5,526	(46)	5,480
Over 90 days past due	3.46%	7,706	(267)	7,439
		13,232	(313)	12,919

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

Trade receivables – continued

	Lifetime ECL (non credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 January 2023	–	2,244	2,244
Impairment losses recognised	313	–	313
Disposal of subsidiaries	–	(2,244)	(2,244)
As at 31 December 2023	313	–	313
Reversal of impairment losses recognised	(302)	–	(302)
Exchange alignment	(11)	–	(11)
As at 31 December 2024	–	–	–

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Other receivables and deposits

	12m ECL HK$'000
As at 1 January 2023	89
Disposal of subsidiaries	(89)
As at 31 December 2023, 1 January 2024 and 31 December 2024	–

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

Liquidity tables

As at 31 December 2024

	Weighted average effective interest rate %	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December 2024 HK$'000
Trade payables	N/A	2,415	–	–	2,415	2,415
Other payables	N/A	2,817	–	–	2,817	2,817
Lease liabilities	10.65%	986	720	120	1,826	1,655
		6,218	720	120	7,058	6,887

32. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

Liquidity tables – continued

As at 31 December 2023

	Weighted average effective interest rate %	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 December 2023 HK$'000
Trade payables	N/A	3,995	–	–	3,995	3,995
Other payables	N/A	2,225	–	–	2,225	2,225
Interest-bearing borrowings	8%	4,829	825	–	5,654	5,357
Lease liabilities	9.84%	1,721	266	–	1,987	1,904
		12,770	1,091	–	13,861	13,481

(c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	11,560	2,897	14,457
Financing cash flows	(7,201)	(1,841)	(9,042)
New leases entered	–	1,007	1,007
Interest expenses	998	265	1,263
Disposal of subsidiaries (Note 26)	–	(424)	(424)
At 31 December 2023 and 1 January 2024	**5,357**	**1,904**	**7,261**
Financing cash flows	**(5,511)**	**(2,201)**	**(7,712)**
New leases entered	**–**	**1,736**	**1,736**
Interest expenses	**154**	**216**	**370**
At 31 December 2024	**–**	**1,655**	**1,655**

34. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into a new lease agreement for the use of a retail store for 3 years (2023: 2.5 years). On the lease commencement, the Group recognised approximately HK$1,736,000 (2023: approximately HK$1,007,000) of right-of-use assets and approximately HK$1,736,000 (2023: approximately HK$1,007,000) of lease liabilities.

35. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Options Scheme"). The Share Option Scheme enables the Company to grant options (the "Options") to eligible persons, which mean among others, any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of our Company or any of the subsidiaries ("Eligible Person") as incentives or rewards for their contributions to our Group. The Share Option Scheme will be valid and effective for a period of ten years commencing on 11 May 2016, after which period no further Options may be granted but the provisions of the share option scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue. During the years ended 31 December 2024 and 2023, no share option was cancelled or exercised.

The following share options were outstanding under the Share Option Scheme during the year:

	31 December 2024		31 December 2023	
	Weighted average exercise price HK$ per share	**Number of Options (Note b)**	Weighted average exercise price HK$ per share (Note b)	Number of Options
At the beginning of the year	**0.37**	**807,886**	–	–
Granted during the year (Note a)				
Director (Dr. Tsang Hing Bun) (resigned on 17 January 2025)	**–**	**–**	0.37	403,943
General manager of a subsidiary of the Group (Grantee A)	**–**	**–**	0.37	403,943
At the end of the year (Note b)	**0.37**	**807,886**	0.37	807,886
Exercisable at the end of the year	**0.37**	**807,886**	N/A	–

Notes:

a. On 6 January 2023, 14,400,000 share options were granted to certain eligible participants to subscribe for shares of HK$0.021 per share of the Company under the Share Option Scheme. Please refer to the Company's announcement dated 6 January 2023 for further details. Subsequent to the Company's share consolidation implemented on 21 March 2023 and as at the date of this report, there are 720,000 outstanding share Options granted under the Share Option Scheme entitling the holders thereof to subscribe for 720,000 shares of the Company at the exercise price of HK$0.42 per share and the validating period is from 6 January 2023 to 5 January 2033.

35. SHARE OPTION SCHEME – continued

Notes: – continued

b. Prior to the completion of the Rights Issue, the Company had 720,000 outstanding Share Options (the "Outstanding Options") granted by the Company exercisable into 720,000 Shares, at the exercise price of HK$0.42 per Share under the Share Option Scheme. As a result of the Rights Issue, the Company has calculated the necessary adjustments (the "Share Options Adjustments") to the exercise price and the number of Shares falling to be issued upon exercise of the outstanding share options in accordance with the terms and conditions of the Share Option Scheme, the GEM Listing Rules and the supplementary guidance on GEM Listing Rules and the Note Immediately After the Rule attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange.

The Share Options Adjustments as a result of the Rights Issue with effect from 31 August 2023, being the date on which the fully-paid Rights Shares are allotted and issued, are set out below:

	Immediately before the completion of the Rights Issue		Immediately after the completion of the Rights Issue	
Date of Grant	Number of Shares to be issued upon exercise of the Outstanding Options	Exercise price	Adjusted number of Shares to be issued upon exercise of the Outstanding Options	Adjusted exercise price
		HK$ per Share		HK$ per Share
6 January 2023	720,000	0.42	807,886*	0.37

* The number of outstanding options has been scaled down 1 Share due to no decimal places of Shares being issued.

Save for the above adjustments, all other terms and conditions of the Outstanding Options remain unchanged.

The fair value of the Options granted is estimated at the date of grant using Binomial Option Pricing Model taking into account the terms and conditions upon which the options were granted. The fair values of options granted were estimated on the date of grant using the following assumptions:

	Share Option granted
Date of grant	6 January 2023
Fair value at measurement date	HK$0.014
Share price at the date of grant adjusted for rights issue	HK$0.37
Exercise price at the date of grant adjusted for rights issue	HK$0.37
Expected volatility	133.5%
Option life	10 years
Expected dividends	0%
Risk-free interest rate	3.7%

The expected volatility is based on the historical volatility, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends.

The total fair value of the share options granted was HK$204,000 at the date of grant on 6 January 2023.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and fully paid share capital/registered capital		Equity interest attributable to the Group As of 31 December		Principal activities
			2024	2023	**2024** %	2023 %	
Indirectly held subsidiaries							
Allied Charm Creation Limited 滙耀創建有限公司	Hong Kong	Hong Kong	**HK$1**	HK$1	**100**	100	Marketing and sale of footwear, apparel and sports-related peripheral products
Jimu Sports Inc.*	Canada	Canada	**CAD100**	CAD100	**100**	100	Marketing and Sale of footwear and apparel
Art Kingdom Limited	Hong Kong	Hong Kong	**HK$1**	HK$1	**100**	100	Marketing and sale of footwear and apparel
Allied Bless Limited	Hong Kong	Hong Kong	**HK$1**	HK$1	**100**	100	Marketing and sale of footwear and apparel

* Limited liability company established in Canada

All the principal subsidiaries operate predominantly in their respective places of incorporation/establishment.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

37. EVENTS AFTER THE REPORTING PERIOD

On 15 November 2024, the Company entered into the subscription agreement with the subscriber pursuant to which the Company has conditionally agreed to subscribe for a total of 21,669,120 shares at the subscription price of HK$1.16 per subscription share.

On 31 December 2024, the Company and the subscriber entered into a supplemental agreement to the subscription agreement (the "Supplemental Agreement"), pursuant to which amendments have been made to the subscription agreement whereby the parties agreed to extend the long stop date from 31 December 2024 to 28 February 2025 then to 31 March 2025 (or such later date as may be agreed between the Company and the subscriber in writing). Save and except for the aforesaid change, all the terms and conditions of the subscription agreement remain unchanged and continue in full force and effect.

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current asset		
Investments in subsidiaries	–	–
Current assets		
Other receivables and prepayments	110	25
Amount due from subsidiaries	17,837	11,827
Bank balances	4,548	555
	22,495	12,407
Current liabilities		
Other payables	1,201	1,244
Amount due to subsidiaries	7,281	682
Interest-bearing borrowings	–	1,387
	8,482	3,313
Net current assets	14,013	9,094
Non-current liability		
Interest-bearing borrowings	–	711
Net assets	14,013	8,383
Capital and reserves		
Share capital	30,337	21,669
Reserves and accumulated losses (Note)	(16,324)	(13,286)
Total equity	14,013	8,383

Approved by the Board of Directors on 21 March 2025 and are signed on its behalf by:

DONG BIN
DIRECTOR

HUNG WAI CHE
DIRECTOR

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – continued

Note: The movements in the reserves of the Company are as follows:

	Share premium HK$'000	Special reserve HK$'000 (Note a)	Share options reserve HK$'000 (Note b)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	66,209	11,540	–	(85,085)	(7,336)
Loss and total comprehensive expense for the year	–	–	–	(5,258)	(5,258)
Total comprehensive expense for the year	–	–	–	(5,258)	(5,258)
Transaction costs attributable to issue of new shares under rights issues	(896)	–	–	–	(896)
Share-based payments	–	–	204	–	204
At 31 December 2023 and 1 January 2024	65,313	11,540	204	(90,343)	(13,286)
Loss and total comprehensive expense for the year	–	–	–	(4,618)	(4,618)
Total comprehensive expense for the year	–	–	–	(4,618)	(4,618)
Placing of new shares	2,167	–	–	–	2,167
Transaction costs attributable to placing of new shares	(587)	–	–	–	(587)
At 31 December 2024	66,893	11,540	204	(94,961)	(16,324)

Notes:

a. The special reserve of the Company comprises deemed contributions from the sole shareholder and premium arisen from the Group's reorganisation in 2015.

b. The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 3.2 to the consolidated financial statements.

FIVE YEARS' FINANCIAL SUMMARY

The summary of the consolidated results of Jimu Group Limited (the "Company") and its subsidiaries (collectively referred to the "Group") for the years ended 31 December 2020, 2021, 2022, 2023 and 2024 and the consolidated assets and liabilities of the Group as at 31 December 2020, 2021, 2022, 2023 and 2024 are set out in the audited consolidated financial statements.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**11,252**	28,749	31,400	9,331	83,293
– Continuing operations	**N/A**	28,747	30,343	N/A	N/A
– Discontinued operation	**N/A**	2	1,057	N/A	N/A
(LOSS) PROFIT BEFORE TAXATION	**(10,581)**	1,570	(5,711)	(18,263)	(10,495)
– Continuing operations	**N/A**	(5,306)	(3,875)	N/A	N/A
– Discontinued operation	**N/A**	6,876	(1,836)	N/A	N/A
Income tax credit (expense)	**42**	(32)	423	3,380	1,790
– Continuing operations	**N/A**	(32)	–	N/A	N/A
– Discontinued operation	**N/A**	–	423	N/A	N/A
(LOSS) PROFIT FOR THE YEAR	**(10,539)**	1,538	(5,288)	(14,883)	(8,705)
– Continuing operations	**N/A**	(5,338)	(3,875)	N/A	N/A
– Discontinued operation	**N/A**	6,876	(1,413)	N/A	N/A
(Loss) profit attributable to:					
Owners of the Company	**(10,539)**	1,538	(5,288)	(14,883)	(8,705)
– Continuing operations	**N/A**	(5,338)	(3,875)	N/A	N/A
– Discontinued operation	**N/A**	6,876	(1,413)	N/A	N/A

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**24,031**	30,731	29,574	21,907	33,759
TOTAL LIABILITIES	**(7,879)**	(14,418)	(28,339)	(28,151)	(25,190)
	16,152	16,313	1,235	(6,244)	8,569
EQUITY:					
Equity attributable to owners of the Company	**16,152**	16,313	1,235	(6,244)	8,569