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JIMU GROUP LIMITED

積木集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8187)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
(1) THE 2021 ANNUAL RESULTS; AND
(2) THE 2021 ANNUAL REPORT**

Reference is made to the annual results announcement of Jimu Group Limited (the “**Company**”) dated 23 March 2022 for the year ended 31 December 2021 (“**2021 Annual Results**”) and the annual report of the Company for the year ended 31 December 2021 (“**2021 Annual Report**”). Unless otherwise defined, terms defined in the 2021 Annual Report shall have the same meanings in this supplemental announcement.

The Board would like to provide the following information in addition to that set out in the 2021 Annual Results and the 2021 Annual Report.

(1) FURTHER INFORMATION IN RELATION TO THE 2021 ANNUAL RESULTS

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2021.

OPINION

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 2021, 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.

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN

The Group incurred a net loss of approximately HK\$14,883,000 during the year ended 31 December 2021 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$6,160,000 and HK\$6,244,000 respectively. These conditions, along with other matters as set forth in note 3.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The directors of the Company, having considered the measures being taken by the Group, are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and, accordingly, the consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

(2) FURTHER INFORMATION IN RELATION TO THE 2021 ANNUAL REPORT

DIRECTORS’ RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All Directors acknowledge their responsibilities to prepare the Group’s consolidated financial statements for the year ended 31 December 2021 to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year.

Pursuant to code provision C.1.3 of the CG Code, where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the issuer’s ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report.

Details of the Going Concern Uncertainty

The auditor has indicated some material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Group had net current liabilities and net liabilities of approximately HK\$6,160,000 and HK\$6,244,000 respectively. These conditions, along with other matters as set forth in note 3.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The auditor's opinion is not modified in respect of this matter.

Preparation of the Group's financial statements on a going concern basis

The Directors have considered that the net proceeds from the placing of new shares completed on 17 January 2022 after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) are approximately HK\$10,260,000. The Directors are of the view that the Group will be able to continue as a going concern at least in the coming twelve months taking into consideration into the completion of placing of new shares and hence have decided that it is appropriate to prepare the financial statements on a going concern basis.

The plans and measures that have been and are being taken to improve the financial position of the Group mainly include, but are not limited to, the following:

- (a) Downsizing the loan facilitation and credit assessment business which continues to be severely impacted by the Covid-19 pandemic situation in the PRC in order to reduce the administrative and operating expenses;
- (b) Expanding the footwear and apparel business to markets recovering from Covid-19 restrictions; and
- (c) Expanding the customer base and products portfolio of the footwear and apparel business.

The Directors have critically evaluated the practicality and realisability of those measures together with the management of the Company. The Directors believe that such measures, if materialised, will improve the financial performance of the Group and accordingly are of the view that the Group could continue as a going concern.

By Order of the Board
Jimu Group Limited
Wei Ju
Executive Director

Hong Kong, 20 May 2022

As at the date of this announcement, the executive Directors are Ms. Wei Ju and Mr. Tsang Hing Bun; the non-executive Director is Mr. Shum Tsz Yeung; and the independent non-executive Directors are Mr. Hung Wai Che, Mr. Choi Ho Yan and Mr. Yiu Yu Hong John.

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

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