

2022
THIRD QUARTERLY
REPORT



**ZIJING INTERNATIONAL
FINANCIAL HOLDINGS LIMITED**
紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8340

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

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

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

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This report, for which the directors (the “Directors”) of Zijing International Financial Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) 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 (“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.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$13.83 million for the nine months ended 30 September 2022 as compared to approximately HK\$12.82 million for the corresponding period in 2021, representing an increase of approximately 7.8% as compared to the corresponding period of last year.
- Loss attributable to owners of the Company for the nine months ended 30 September 2022 to approximately HK\$2.83 million as compared to profit attributable to owners of the Company of approximately HK\$4.58 million for the corresponding period in 2021.
- Loss attributable to owners of the Company for the three months ended 30 September 2022 amounted to approximately HK\$1.59 million which increased the overall loss attributable to owners of the Company of approximately HK\$2.83 million for the nine months ended 30 September 2022.
- The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2022 (2021: Nil).

Corporate Information

DIRECTORS

Executive Directors

Mr. Lee Chun Wai (Chairman)
Mr. Lee Chan Wah

Non-executive Director

Dr. Leung Kin Cheung Laurent

Independent Non-executive Directors

Mr. Choi Tak Fai
Ms. Lee Pui Ching
Ms. Lau Mei Suet

COMPANY SECRETARY

Mr. Lee Chan Wah

AUTHORISED

REPRESENTATIVES

Mr. Lee Chun Wai
Mr. Lee Chan Wah

AUDIT COMMITTEE

Ms. Lau Mei Suet (Chairlady)
Mr. Choi Tak Fai
Ms. Lau Mei Suet

NOMINATION

COMMITTEE

Mr. Lee Chun Wai (Chairman)
Ms. Lee Pui Ching
Ms. Lau Mei Suet

REMUNERATION

COMMITTEE

Mr. Lau Mei Suet (Chairlady)
Mr. Lee Chun Wai
Ms. Lee Pui Ching

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 502A, 503 and 503A
5/F., Tower 2, Admiralty Centre
No. 18 Harcourt Road
Hong Kong

AUDITORS

Crowe (HK) CPA Limited
9/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. 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

STOCK CODE

8340

WEBSITE

<http://www.hklistco.com/8340>

Third Quarterly Results (Unaudited)

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three and nine months ended 30 September 2022 together with the comparative unaudited figures for the corresponding periods in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	2	3,485	7,920	13,832	12,815
Operating expenses		(5,078)	(2,539)	(16,664)	(8,040)
(Loss)/Profit from operations and before taxation		(1,593)	5,381	(2,832)	4,775
Income tax	3	—	(200)	—	(200)
(Loss)/Profit for the period and attributable to owners of the Company		(1,593)	5,181	(2,832)	4,575
Other comprehensive income/(expense) for the period, net of income tax		24	—	(5)	—
Total comprehensive (loss)/income for the period attributable to owners of the Company		(1,569)	5,181	(2,837)	4,575
(Loss)/Earnings per share (expressed in HK cents per share)					
— Basic and diluted	4	(0.25)	0.81	(0.44)	0.71

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Attributable to owners of the Company				Total equity HK\$'000
	Share Capital HK\$'000	Share premium and reserve HK\$'000	Exchange Reserve HK\$'000	(Accumulated losses)/ Retained earnings HK\$'000	
At 1 January 2021 (audited)	6,400	21,787	—	(2,581)	25,606
Profit and total comprehensive income for the period	—	—	—	4,575	4,575
At 30 September 2021 (unaudited)	6,400	21,787	—	1,994	30,181
At 1 January 2022 (audited)	6,400	21,787	—	3,252	31,439
Loss for the period	—	—	—	(2,832)	(2,832)
Exchange differences arising on translation of foreign operation	—	—	(5)	—	(5)
Total comprehensive expense for the period	—	—	(5)	(2,832)	(2,837)
At 30 September 2022 (unaudited)	6,400	21,787	(5)	420	28,602

NOTES:

1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated third quarterly financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated third quarterly financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the unaudited condensed consolidated third quarterly financial statements of each entity of the Group are measured using the currency of primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK\$"), rounded to the nearest thousand except for per share data. HK\$ is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of the financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

The condensed consolidated accounts have not been audited by the auditors of the Company but have been reviewed by the audit committee of the Company.

2. REVENUE

The principal activity of the Group is the provision of financial services in Hong Kong. Revenue represents income from the provision of corporate financial advisory services for the nine months ended 30 September 2022 and 2021.

3. INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income

	Nine months ended	
	30 September	30 September
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	—	200

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%.

No provision for Hong Kong Profits Tax for the nine months ended 30 September 2022 has been made as the Group has no estimated assessable profit for the reporting period (30 September 2021: HK\$200,000).

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore. No provision for Singapore Corporate Income Tax for the reporting period has been made as the subsidiary operating in Singapore had no assessable profit for the reporting period.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to income tax in the Cayman Islands.

4. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK\$2,832,000 (2021: profit attributable to owners of the Company of approximately HK\$4,575,000) and the weighted average of 640,000,000 (2021: 640,000,000) ordinary shares in issue during the period.

b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in issue for the nine months ended 30 September 2022 and 2021, and diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

5. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2022 (2021: Nil).

Management Discussion and Analysis

BUSINESS REVIEW

During the period under review, the Group is mainly continuously engaged in provisional of financial related services in Hong Kong including but not limited to advisory, placing and underwriting as well as initial public offering related projects.

The current Omicron COVID-19 variant driven wave of the pandemic emerging in Hong Kong and mainland China during the year resulted in ongoing sporadic lockdowns across the country, which lead to obvious disruptions to the economy. The continuous lockdowns and Omicron COVID-19 disruptions severely dented the Group's marketing activities and due diligence works. In addition, during the period under review, quarantine travel in Hong Kong is still restricted staff of the Group to return from different countries. Some of the planned projects and marketing activities of the Group have been delayed or temporarily postponed. The performance of the Group had been temporarily impacted.

However, the management of the Group believes that Hong Kong is being one of the key global financial centres and a bridge for access the PRC's market, Hong Kong's leadership role in the global capital market will be maintained. The Group is confident that the Group's performance would be improved gradually once the pandemic situation in Hong Kong and mainland China are under control and the travel restrictions are released. Based on the status of the current engaged projects as well as the potential projects in the pipeline, the management of the Group believes that certain delayed projects could be caught up in the last quarter of 2022 and the financial performance of the Group would be improved.

In addition, the Group has been granted with the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance ("SFO") in late March 2022. I Board believes that the Group could be benefits from receiving stable management fee income which could enhance the financial performance of the Group in the long run as asset management is relatively less affected by unforeseeable situations like COVID-19 and lockdowns.

During the year, the Group has established a Singapore representative office thru its newly incorporated wholly-owned subsidiary in Singapore. As at the early stages of these business developments, additional operating expenses including one-off set up expenses and renovation works for the new representative office, costs of furniture and computer equipment, rental expenses, utility costs and additional staff costs of the Group has temporarily impacted the financial performance of the Group. The Group has actively maintained frequent communication and meetings with existing customers and potential new customers in relation to potential corporate finance related opportunities. Although the business operations of the Group continued to experience severe competitions from competitors during the uncertain economic climate, the Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation.

OUTLOOK

In anticipation of continuing market volatility in the remaining of 2022, the Group will adhere to its cautious approach in its core business. The PRC's economic growth continues to slow down indicated by a decline of official manufacturing purchasing managers' index to 49.2 in October 2022 from 50.1 in September 2022, as announced by the National Bureau of Statistics on 31 October 2022. In addition, the U.S. Federal Reserve attempts to lower inflation through unprecedented interest rate hikes combined with a massive reduction in liquidity, global financial markets become more volatile. The Hong Kong stock market have been under pressure and the Hang Seng Index slumped to its lowest level since April 2009 at the end of October 2022. The management of the Group are cautious on the outlook of the business environment in Hong Kong and expects the market sentiment will be improved in the medium term by the relaxation of the zero-COVID policy and roll out of economic stimulus measures by the central government. With the Group's health pipeline of deals, good and well-established connection in the industry as well as the new listing regime for special purpose acquisition companies (SPAC) will generate more business opportunities, and abundant room to develop the Group's core business. The Group will take conservative and prudent business strategies in order to support daily business operations and to cope with the economic uncertainty in the near future. Meanwhile, the Group will also explore other potential business opportunities in order to diversify the Group's business and create new source of revenue to the Group.

The Board is confident to be able to tackle and alleviate the adverse impacts of the epidemic and the uncertainties in relation to the global politics. As one of the well-established one-stop local corporate finance advisory firms in Hong Kong, the Board is of the opinion that the business of the Group is on the right track and the business of the Group is viable and sustainable in the long run.

FINANCIAL REVIEW

For the nine months ended 30 September 2022, the Group recorded a turnover of approximately HK\$13.83 million (2021: approximately HK\$12.82 million), representing an increase of approximately 7.8% as compared to the corresponding period of last year, of which approximately HK\$12.69 million (2021: approximately HK\$12.82 million) and approximately HK\$1.14 million (2021: nil) was generated from the market in Hong Kong and Singapore respectively. The loss attributable to owners of the Company for the nine months ended 30 September 2022 was approximately HK\$2.83 million (2021: profit attributable to owners of the Company of approximately HK\$4.58 million). As compared to the last corresponding period, the significant increase in operating expenses was mainly due to (i) one-off set up costs for the new representative office in Singapore; (ii) increase in the depreciation of right-of-use assets as the result of two new office premises were leased by the Group in Hong Kong and Singapore respectively; and (iii) increase in directors' remuneration and staff costs, including the staff of the new Singapore representative office. The Board believes that the financial performance has been temporarily affected due to (i) withholding of certain projects as our clients' financial performance have been deteriorated mainly because of the continuous weak business environment caused by the COVID-19 pandemic; and (ii) some of our potential projects have been delayed or postponed due to the travel restrictions as well as uncertainties about the extent and continuity of the epidemic. The Group remained in a healthy and sound liquidity position as at 30 September 2022. The Group recorded a loss attributable to owners of the Company for the three months ended 30 September 2022 amounted to approximately HK\$1.59 million which increased the overall loss attributable to owners of the Company of approximately HK\$2.83 million for the nine months ended 30 September 2022.

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. As at 30 September 2022, the total number of the ordinary shares of the Group was 640,000,000 shares.

CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any significant contingent liabilities.

ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

Dividends

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2022.

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

As at 30 September 2022, the interests or short positions of the Directors and chief executives of the Company and their associates in the share (“Shares”), underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Company

Name of Director	Nature of interest	Number of shares directly and beneficially held	Approximate percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	138,790,000	21.69%

Save as disclosed herein, as at 30 September 2022, none of the Directors or chief executives of the Company nor their associates had any interests and short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2022, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Interests in the Company

Names	Nature of interest	Number of ordinary Shares beneficially held	Approximate percentage of shareholdings
Mr. Lee Chun Wai	Beneficial owner	138,790,000	21.69%

Save as disclosed above, as at 30 September 2022, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

Directors' Interest in a Competing Business

For the nine months ended 30 September 2022, the Directors are not aware of any business or interest of the Directors, the management, shareholders of the Company and their associates (as defined under the GEM Listing Rules) that compete or may compete (directly or indirectly) with the business of the Company and any other conflicts of interests which any such person has or may have with the Company.

Share Option Scheme

No share options have been granted nor any existing share option scheme has been adopted by the Company during the period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the nine months ended 30 September 2022, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

Code of Conduct regarding securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the nine months ended 30 September 2022.

CORPORATE GOVERNANCE

Save and except the following deviation from the code provision set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 to the GEM Listing Rules (the "CG Code and Report"), the Company had complied with the code provision set out in CG Code and Report during the nine months ended 30 September 2022.

Coder provisions set out

in the CG Code and Report

Reason for deviations

A.2.1 The Chairman and Chief Executive Officer of the Company were performed by the same individual.

The Company's size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer.

The Group has in place internal control system to perform the check and balance function.

The Board has continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the remuneration committee are to review and to make recommendation for the remuneration policy of the directors and senior management. The remuneration committee comprises of one executive Director, namely Mr. Lee Chun Wai and two independent non-executive Directors, namely Ms. Lau Mei Suet (chairlady of the remuneration committee) and Ms. Lee Pui Ching.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the GEM Listing Rules. The principal duties of the nomination committee are to formulate nomination policy and to make recommendations to the Board on nomination and appointment of directors and board succession. The nomination committee comprises of one executive Director, namely Mr. Lee Chun Wai (chairman of the nomination committee) and two independent non-executive Directors, namely Ms. Lee Pui Ching and Ms. Lau Mei Suet.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference on in compliance with the GEM Listing Rules. The principal duties of the audit committee are to review and to supervise the financial reporting process and internal control systems of the Group. The audit committee comprises of three independent non-executive Directors, namely Ms. Lau Mei Suet (chairlady of the audit committee), Mr. Choi Tak Fai and Ms. Lee Pui Ching.

The audit committee has reviewed the financial statements of the Group for the nine months ended 30 September 2022 pursuant to the relevant provisions contained in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman

Hong Kong, 10 November 2022

As at the date of this report, the executive Directors of the Company are Mr. Lee Chun Wai and Mr. Lee Chan Wah; the non-executive Director is Dr. Leung Kin Cheong Laurent; and the independent non-executive Directors are Mr. Choi Tak Fai, Ms. Lee Pui Ching and Ms. Lau Mei Suet.