



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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

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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 announcement, for which the directors (the “Directors”) of Zijing International Financial Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

SUMMARY

- Revenue of the Group for the year ended 31 December 2023 amounted to approximately HK\$16.73 million (2022: approximately HK\$16.76 million).
- The loss attributable to owners of the Company for the year ended 31 December 2023 was approximately HK\$3.93 million compared with a loss attributable to owners of the Company approximately HK\$7.57 million in 2022.
- The Directors do not recommend any final dividend for the year ended 31 December 2023.

CONSOLIDATED RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	4(a)	16,733	16,764
Other income	4(a)	16	233
Depreciation	5(b)	(2,990)	(3,952)
Staff costs	5(a)	(10,236)	(13,831)
Impairment losses on trade receivables		(910)	(581)
Other operating expenses		<u>(6,139)</u>	<u>(5,893)</u>
Loss from operations		(3,526)	(7,260)
Finance cost		<u>(402)</u>	<u>(309)</u>
Loss before taxation	5	(3,928)	(7,569)
Income tax expense	6	<u>—</u>	<u>—</u>
Loss for the year attributable to owners of the Company		<u>(3,928)</u>	<u>(7,569)</u>
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		<u>66</u>	<u>185</u>
Other comprehensive income for the year, net of tax		<u>66</u>	<u>185</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company		<u>(3,862)</u>	<u>(7,384)</u>
Loss per share (expressed in HK cents per share)	7		
— Basic and diluted		<u>(5.40)</u>	<u>(11.83)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,841	1,171
Right-of-use assets		981	6,677
Prepayment for exclusive operational licence	8	3,850	—
Rental and other deposits paid	8	—	698
		<u>13,672</u>	<u>8,546</u>
Current assets			
Trade and other receivables	8	17,629	10,103
Cash and cash equivalents		11,460	13,508
		<u>29,089</u>	<u>23,611</u>
Current liabilities			
Accrued expenses and other payables		1,159	1,217
Provision		—	140
Lease liabilities		1,023	2,311
Tax payable		—	58
Note payables		16,000	—
		<u>18,182</u>	<u>3,726</u>
Net current assets		<u>10,907</u>	<u>19,885</u>
Total assets less current liabilities		<u>24,579</u>	<u>28,431</u>
Non-current liabilities			
Lease liabilities		—	4,376
		—	4,376
NET ASSETS		<u>24,579</u>	<u>24,055</u>
Capital and reserves			
Share capital		8,960	6,400
Reserves		15,619	17,655
TOTAL EQUITY		<u>24,579</u>	<u>24,055</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to the owners of the Company						
	Reserves					Subtotal	Total equity
	Share capital	Share premium	Merger reserve	Exchange reserve	Retained earnings/ (Accumulated losses)		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2022	6,400	11,887	9,900	—	3,252	25,039	31,439
Changes in equity for 2022:							
Loss for the year	—	—	—	—	(7,569)	(7,569)	(7,569)
Other comprehensive income	—	—	—	185	—	185	185
Total comprehensive loss for the year	—	—	—	185	(7,569)	(7,384)	(7,384)
Balance at 31 December 2022 and 1 January 2023	6,400	11,887	9,900	185	(4,317)	17,655	24,055
Changes in equity for 2023:							
Loss for the year	—	—	—	—	(3,928)	(3,928)	(3,928)
Other comprehensive income	—	—	—	66	—	66	66
Total comprehensive loss for the year	—	—	—	66	(3,928)	(3,862)	(3,862)
Issue of shares	2,560	1,875	—	—	—	1,875	4,435
Share issue expenses	—	(49)	—	—	—	(49)	(49)
Balance at 31 December 2022	<u>8,960</u>	<u>13,713</u>	<u>9,900</u>	<u>251</u>	<u>(8,245)</u>	<u>15,619</u>	<u>24,579</u>

NOTES

1. GENERAL INFORMATION

Zijing International Financial Holdings Limited, (the “Company”) was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 May 2008. The addresses of the registered office and principal place of business of the Company are Winward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Units 502A, 503 and 503A, 5/F, Tower 2, Admiralty Centre, No. 18 Harcourt Road, Hong Kong respectively. The principal activity of the Company is investment holding and those of its subsidiaries are engaged in the provision of financial services and car rental business in Hong Kong and Singapore and online game business in overseas markets, of which car rental business and online game business are commenced during the year ended 31 December 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These 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 the GEM of The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group is disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as “the Group”).

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 values 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.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

4. REVENUE, OTHER INCOME AND SEGMENT REPORTING

a) Revenue and other income

The principal activity of the Group is the provision of financial services in Hong Kong. Disaggregation of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Income from provision of corporate financial advisory service recognised over time	<u>16,679</u>	<u>16,764</u>
Revenue from sources other than HKFRs 15:		
Rental income from leasing of motor vehicles	54	—
Other income:		
Interest income on financial assets measured at amortised cost	16	2
Government grants (<i>Note i</i>)	<u>—</u>	<u>231</u>
	<u>16</u>	<u>233</u>
	<u><u>16,749</u></u>	<u><u>16,997</u></u>

Note:

- (i) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its services contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for provision of financial advisory service that had an original expected duration of one year or less.

b) Segment reporting

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance, this is also the basis upon which the Group is arranged and organised.

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

During the year ended 31 December 2023, the Group commenced to develop a car rental business in Mainland China and provision of online game business in several countries. This resulted in a new operating segment in 2023. The comparative figures have been restated to conform with current year's presentation.

The Group's operations are currently organised into four (2022: two) reporting and operating segments under HKFRS 8, namely corporate financial advisory services and asset management services.

Segment revenue and results

	Segment revenue		Segment (losses) profits	
	Year ended 31 December		Year ended 31 December	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Corporate financial advisory services	16,200	16,764	6,867	5,924
Advising on securities and asset management services	480	—	(695)	(923)
Car rental business	53	—	(202)	—
Total	<u>16,733</u>	<u>16,764</u>	<u>5,970</u>	<u>5,001</u>
Unallocated expenses			<u>(9,898)</u>	<u>(12,570)</u>
Loss before taxation			<u>(3,928)</u>	<u>(7,569)</u>

Other segment information

Other segment information included in the consolidated statement of profit or loss are as follows:

Amounts included in the measure of segment profit or loss:

For the year ended 31 December 2023

	Corporate financial advisory services <i>HK\$'000</i>	Advising on securities and asset management services <i>HK\$'000</i>	Car rental business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income (included in other income)	13	1	—	2	16
Depreciation of property, plant and equipment	(279)	—	(256)	(52)	(587)
Depreciation of right-of- use assets	(1,422)	—	—	(981)	(2,403)
Staff costs	(2,296)	(745)	—	(7,195)	(10,236)
Finance costs	(257)	—	—	(145)	(402)
Impairment losses on trade receivables	(896)	(14)	—	—	(910)

For the year ended 31 December 2022

	Corporate financial advisory services <i>HK\$'000</i>	Advising on securities and asset management services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income (included in other income)	2	—	—	2
Government grants (included in other income)	63	48	120	231
Depreciation of property, plant and equipment	(247)	—	(49)	(296)
Depreciation of right-of-use assets	(2,674)	—	(982)	(3,656)
Staff costs	(3,396)	(962)	(9,473)	(13,831)
Finance costs	(234)	—	(75)	(309)
Impairment losses on trade receivables	(581)	—	—	(581)

Geographical information

The Group operates in two principal geographical areas — Hong Kong and Singapore.

Revenue from major customers

The Group's revenue from external customers by location of operations for years ended 31 December 2022 and 2021 are detailed below:

	Revenue from external customers	
	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	15,261	14,388
Singapore	1,472	2,376
	<hr/>	<hr/>
Total	16,733	16,764
	<hr/> <hr/>	<hr/> <hr/>

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	1,760	—
	<hr/> <hr/>	<hr/> <hr/>

* The corresponding revenue did not contribute 10% or more of the Group's revenue for the year.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
a) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plan (Note 11)	248	332
Salaries and other benefits	<u>9,988</u>	<u>13,499</u>
	<u><u>10,236</u></u>	<u><u>13,831</u></u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
b) Other items:		
Auditor's remuneration		
— audit services	320	270
— non-audit service	<u>—</u>	<u>—</u>
	320	270
Depreciation of owned plant and equipment	587	296
Depreciation of right-of-use assets	2,403	3,656
Net loss on early termination of lease arrangement	566	—
Impairment losses of trade receivables	<u>910</u>	<u>581</u>

6. INCOME TAX

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

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for 2023 also takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of HK\$10,000 for each business. The Singapore Corporate Income Tax is determined by applying the Singapore tax rate of 17%.

No provision for Hong Kong Profits tax and Singapore Corporate Income Tax have been provided for in the financial statements as the Group had no estimated assessable profit for the year ended 31 December 2023.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to income tax in these jurisdictions.

7. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK\$3,928,000 (2022: loss attributable to the owners of the Company of approximately HK\$7,569,000 and the weighted average of 72,732,055 (2022: 64,000,000) ordinary shares in issue during the year.

b) Diluted loss per share

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2023 and 2022, and diluted loss per share is the same as basic loss per share.

8. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	18,239	9,865
Less: allowance for doubtful debts	<u>(1,555)</u>	<u>(645)</u>
	16,684	9,220
Prepayments and deposits (<i>note 1</i>)	<u>4,795</u>	<u>1,581</u>
	<u><u>21,479</u></u>	<u><u>10,801</u></u>
Analysed as:		
Non-current	3,850	698
Current	<u>17,629</u>	<u>10,103</u>
	<u><u>21,479</u></u>	<u><u>10,801</u></u>

Note 1: As at 31 December 2023, included in prepayment approximately of HK\$3,850,000 is the non-refundable prepayment made for the exclusive operational licence in relation to online game business as detailed in the announcement dated 14 December 2023, 9 January and 8 February 2024.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on invoice dates, which approximate the revenue recognition dates, and net of allowance is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 3 months	2,441	3,894
After 3 months	14,243	5,326
	16,684	9,220

Trade receivables are due within 90 days (2022: 90 days) from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 24(b)(i).

9. DIVIDENDS

The board did not recommend the payment of a final dividend for the years ended 31 December 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year, the Group continued to focus on its principal business in relation to the provision of corporate finance related services, including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects and advising on securities and asset management services. In addition, the management of the Group decided to commence new businesses in the car rental and online games.

Corporate Finance and Advising on Securities and Asset Management Business

During the COVID-19 pandemic in the previous three years, the continuous lockdowns and the cross-border restrictions severely dented the Group's marketing activities and due diligence works as well as the business operations and the financial position of our clients in the PRC. Despite China ending its zero-COVID policy in December 2022 and the situation was improving, the pace of recovery has been uneven and the business operations and the financial position in the PRC of some of our clients have not yet returned to pre-pandemic levels. As a result, some of the planned projects and marketing activities of the Group which were expected to be commenced and executed in 2023 had been delayed or temporarily postponed. The performance of the Group had thus been temporarily impacted.

In 2023, the initial public offering ("IPO") market in Hong Kong remained sluggish. Continuous US interest rate hikes and a slower-than-expected Chinese economic recovery sent market valuations down and constrained liquidity. Many potential IPO candidates continued to wait-and-see for a turnaround in market valuations while preparing and planning their offerings. According to the HKEX Market Statistic 2023, the number of new listed companies (i) in main board of the Stock Exchange (excluding the number of transfer of listing from GEM to main board) were 70 in 2023 as compared to that of 89 in 2022, representing a decrease of approximately 21.3%; (ii) in GEM was 0 both in 2023 and 2022; and (iii) transferred from GEM to main board were 3 in 2023 as compared to that of 1 in 2022, representing an increase of approximately 200.0%, which demonstrated that the number of new listing applications were decreasing. Also, the total fundraising in Hong Kong recorded a year-on-year decrease of approximately 56% in 2023.

In light of the above, the overall performance of the Group had been affected in certain degree as a result of keen competition in pricing for corporate finance advisory services deals. The revenue generated from this segment was slightly decreased as compared with that of last year. Despite the unstable market situations, we have completed over 25 projects as of 31 December 2023. As a market participant of the Hong Kong financial market, the Group's growth and development are inevitably hindered by the aforesaid macro-economic factors. Nonetheless, despite the challenging environment, the Group remains cautiously optimistic about the prospects of Hong Kong financial industry.

Leveraging (i) the gradual recovery in the Hong Kong and PRC economy; (ii) the Group's established network in the financial industry; and (iii) the new listing regime for specialist technology companies and GEM listing reform introduced by the Stock Exchange, respectively, the management of the Company believes that there would be more business opportunities for the Group to capitalize on, and thereby enabling the Group to improve the financial performance of its corporate finance business in the future.

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 March 2022. Revenue was recorded in this segment starting from the second quarter of 2023.

Taking into consideration the Group's scale of operations in Singapore and the easing of travel restrictions around the world, the management considered that it may not be cost efficient for the Group to maintain a representative office in Singapore. On 23 November 2023, Zijing International Pte. Limited (the "Tenant"), an indirect wholly-owned subsidiary of the Company entered into a lease surrender agreement with the landlord. Pursuant to the lease surrender agreement, the Tenant shall surrender to the landlord and the landlord shall accept the surrender of all the Tenant's estate, interest, right and title in, under and arising from the lease agreement at the surrender date. The surrender agreement constituted a discloseable transaction on the part of the Company and was completed on 30 November 2023.

Car Rental Business

The Group expanded its principal business by developing car rental business through Zijing Advisory Limited, a wholly-owned subsidiary of the Company, during the year. The Group established a motor vehicle fleet to operate car rental business in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA"). Under the current plan, the motor vehicle fleet will mainly comprise luxury and up-scale motor vehicle with a focus on high-end market. The Group will put up its own motor vehicles for rental without offering or providing any services in relation to hired driving or carriage of passengers. Such business was commenced at the end of 2023 and generated insignificant revenue to the Group for the year under review. As at 31 December 2023, the motor vehicle fleet comprised of 3 motor vehicles which had all been rented out. Benefited from the GBA development plan of the PRC government, it is anticipated that the market demand for car rental services in the GBA will continue to grow. In order to seize more business opportunities and expand its market share, the Group will continue to look for and merchandise suitable motor vehicle(s) to further strengthen its existing car fleet.

Online Game Business

The Group expanded its principal business by engaging in online game business in overseas markets through licensing collaboration with game developers. In late 2023, Zijing Xiangrui (Shenzhen) Supply Chain Co., Ltd.* (紫荊祥瑞(深圳)供應鏈有限公司) (the “Licensee”), an indirect wholly-owned subsidiary of the Company, entered into licensing agreements with licensors, pursuant to which the licensors granted the Licensee the exclusive, transferrable and sub-licensable rights to promote, operate, publish, reproduce and distribute the licensed games and the products and services related thereto within the authorized territories for certain period of time. No revenue was generated in this segment during the year under review. The online-game business is expected to start contributing revenue to the Group during the year ending 31 December 2024. The Group will continue to make endeavours to secure additional exclusive online-game license(s) and build an in-house team specialised in the marketing and promotion of the online-game business in order to enhance the expansion of its online-game business. Further, the Group will engage in promotion and marketing activities in respect of those games that it had already obtained the license rights from the developers.

FINANCIAL REVIEW

Results of the Group

For the year ended 31 December 2023, the Group recorded a turnover of approximately HK\$16.73 million (2022: approximately HK\$16.76 million), representing a slight decrease of approximately 0.2% as compared to that of last year, of which (i) approximately HK\$15.26 million (2022: approximately HK\$14.39 million); and (ii) approximately HK\$1.47 million (2022: HK\$2.37 million) was generated from the market in Hong Kong and Singapore respectively. Out of the HK\$15.26 million revenue generated from the market in Hong Kong, HK\$14.78 million (2022: approximately HK\$14.39 million) and HK\$0.48 million (2022: nil) were generated from the provision of corporate financial advisory services and advising of securities and asset management services respectively. The loss attributable to owners of the Company for the year ended 31 December 2023 was approximately HK\$3.93 million (2022: loss attributable to owners of the Company of approximately HK\$7.57 million), represented a decrease of approximately 48.1% as compared with that of previous year. As compared to the last corresponding year, the decrease in loss incurred in the current year was mainly contributed by (a) the decrease in staff costs by approximately 26.0% from HK\$13.83 million in 2022 to approximately HK\$10.24 million in the current year; and (b) the decrease in depreciation by approximately 24.3% from approximately HK\$3.95 million in 2022 to approximately HK\$2.99 million in the current year. During the year under review, the Group exerted strict control on the Group’s expenses level by implementing of a company-wide pay cut. In addition, the decrease in depreciation was mainly contributed by the decrease in the

* *for identification purpose only*

depreciation charge of right-of-use assets as the result of the lease agreement of the office located at the Central expired in early 2023. The Board believes that the financial performance has been temporarily affected due to some of the planned projects and marketing activities of the Group which were expected to be commenced and executed in 2023 had been delayed or temporarily postponed and the development of the Group's new business are at an initial stage.

At the end of the reporting year, the directors performed an impairment assessment on the expected credit losses ("ECL") for trade receivables arising from corporate finance advisory services and advising on securities and asset management services with reference to a valuation prepared by an independent professional valuer. Having performed the impairment assessment, the directors concluded that an allowance for ECL for trade receivables of approximately HK\$1.55 million (2022: approximately HK\$645,000) was required for the year ended 31 December 2023. As such, an additional allowance for ECL for trade receivables amounted to HK\$910,000 was recognised for the year ended 31 December 2023. The allowance for ECL for trade receivables were assessed on both individual and collective basis. The increase in allowance for ECL for trade receivables in the current year reflected the increase in credit risks since initial recognition. The directors of the Company strives to adhere to the credit policy of the Group and vigorously pursued effective recovery strategies of the Group's accounts receivable. Subsequent to the year end and as at the date of this announcement, approximately 64% of the gross accounts receivable were recovered.

As at 31 December 2023, the Group had total assets of approximately HK\$42.76 million (2022: approximately HK\$32.16 million). The net assets value of the Group was approximately HK\$24.58 million as at 31 December 2023 (2022: approximately HK\$24.06 million).

The cash and cash equivalents of the Group amounted to approximately HK\$11.46 million as at 31 December 2023. The Group's net current assets and current ratio were approximately HK\$10.91 million (31 December 2022: approximately HK\$19.89 million) and 2.7 times (31 December 2022: 6.3 times) respectively. The Group's gearing ratio, defined as the Group's total borrowings divided by total equity, was 65.1% (2022: Nil). 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.

Capital structure

The capital of the Group comprises only ordinary shares. As at 31 December 2023, the Company has 89,600,000 shares of HK\$0.1 each in issue.

- (a) On 8 June 2023, the Company raised approximately HK\$2.53 million, after deducting all relevant expenses, by way of placing 12,800,000 new shares under general mandate at a price of HK\$0.20 per share. The net placing price was approximately HK\$0.197 per placing share. The Company intended to use the net proceeds from the placing for the purpose of its general working capital requirements (the “First Placing”).
- (b) On 20 November 2023, the Company raised approximately HK\$1.83 million, after deducting all relevant expenses, by way of placing 12,800,000 new shares under general mandate at a price of HK\$0.150 per share. The net placing price was approximately HK\$0.143 per placing share. The Company intended to use the net proceeds from the placing for the purpose of its general working capital requirements (the “Second Placing”).
- (c) As at 31 December 2023, the total borrowings of the Group amounted to HK\$16,000,000 (31 December 2022: Nil), representing short term unsecured borrowings, which are repayable within one year.

Save as disclosed above, there was no change in the Company’s capital structure during the year ended 31 December 2023.

Use of Proceeds from Fund Raising Activities

As at 31 December 2023, all the net proceeds from the First Placing and Second Placing had been utilized as intended.

Charge on Group’s assets

As at 31 December 2023, the Group did not have any charge on its assets (2022: nil).

Exchange Rate Risk

The Group does not have a foreign currency hedging policy but foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

Information on employment

As at 31 December 2023, the Group had a workforce of 19 staff (2022: 17). The total staff costs, including the directors' emoluments, amounted to HK\$10.24 million for the year under review (2022: approximately HK\$13.83 million).

The Group's remuneration policies were determined by reference to market terms as well as the performance, qualification and experience of each individual staff.

Contingent liabilities

As at 31 December 2023, the Group did not have any significant contingent liabilities (2022: nil).

Significant investment

The Group did not hold any significant investment for the year ended 31 December 2023 (2022: nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2023, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Event after reporting period

On 9 January 2024, Zijing Xiangrui (Shenzhen) Supply Chain Co., Ltd.* (紫荊祥瑞(深圳)供應鏈有限公司) (the "Licensee"), an indirect wholly-owned subsidiary of the Company, entered into a licensing agreement (the "Licensing Agreement") with Beijing Baofu Technology Co., Ltd.* (北京抱富科技有限公司) (the "Licensor"), pursuant to which the Licensor granted the Licensee the exclusive, transferrable and sub-licensable rights to promote, operate, publish, reproduce and distribute two licensed games and the products and services related thereto within their respective authorised territories for a term of five (5) years. The Licensee shall pay a fixed license fee and monthly license fee to the Licensor. The transaction constituted a discloseable transaction on the part of the Company. Details of the transaction were set out in the Company's announcements dated 9 January 2024 and 8 February 2024.

On 17 January 2024, Zijing Advisory Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Mr. Xiao Zhenjun (肖振君) in relation to the acquisition of a vehicle at the consideration of RMB2,500,000. The transaction constituted a discloseable transaction on the part of the Company. Details of the transaction were set out in the Company's announcement dated 17 January 2024.

* for identification purpose only

On 24 January 2024, Zijing Advisory Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Mr. Cai Yongfan (蔡永繁) in relation to the acquisition of a vehicle at the consideration of RMB3,000,000. The transaction constituted a discloseable transaction on the part of the Company. Details of the transaction were set out in the Company's announcement dated 24 January 2024.

On 25 March 2024, the Company proposed to raise gross proceeds of up to approximately HK\$53.8 million by issuing up to 448,000,000 rights shares by way of rights issue at the subscription price of HK\$0.120 per rights share on the basis of five rights shares for every one existing share held by the qualifying shareholders at the close of business on the record date. The maximum net proceeds from the rights issue is expected to be approximately HK\$52.8 million. The net price per rights share after deducting the relating expenses of the rights issue will be approximately HK\$0.118. The Company intends to apply the net proceeds from the rights issue as to (i) approximately HK\$30.0 million for repayment of borrowings of the Group; (ii) approximately HK\$13.0 million for strengthening the motor vehicles fleet; (iii) approximately HK\$7.0 million for expansion of online-game business; and (iv) approximately HK\$2.8 million for enhancing the general working of the Group. Details of the rights issue were set out in the Company's announcement dated 25 March 2024.

Save as disclosed above, there was no significant event after the year ended 31 December 2023 and up to the date of this report.

Outlook

Looking ahead, despite the macroeconomic and geopolitical uncertainties, the management believes that the IPO market in Hong Kong will gradually stabilise in 2024 due to reductions in some bearish factors. Capital is expected to return to Asia following the end of the rate hike cycle and the possible beginning of interest rate reduction in the second quarter of 2024. This will increase market liquidity and improve valuations. The Group has actively maintained frequent communication and meetings with existing customers and potential new customers in relation to potential corporate finance related opportunities. With the Group's health pipeline of deals, good and well-established connection in the industry as well as the new listing regime for specialist technology companies, which came into effect on 31 March 2023, and the GEM listing reform, which came into effect on 1 January 2024 will generate more business opportunities, and abundant room to develop the Group's core business. Although the business operations of the Group continued to experience severe competitions from competitors, the Group would continue to use its best endeavor to improve the efficiency and effectiveness of the its corporate finance advisory business in 2024.

The GBA development plan is one of the key strategic planning in the country's development blueprint which aimed at promoting closer cooperating and coordination among the cities within the region. Labour mobility within the region would be one of the important effects accompanying the GBA development plan, which is expected to increase the demand for car use within the region. On top of that, the launch of the policies of the "Northbound Travel for Macau Vehicles" policy ("澳車北上") and the "North bound Travel for Hong Kong Vehicles" policy ("港車北上") are expected to further intensify the demand for private car use within the GBA thereby increase the demand of cross-border transportation. In view of the anticipated surge in traffic volumes and cross boarder transportation needs within the GBA, the Group had established a motor vehicle fleet to operate motor vehicle rental business in the GBA at the end of 2023. The management believes that the new business will assist the Group to diversify its existing business portfolio and broaden its source of income. Meanwhile, the management will consider to expand the motor vehicle fleet as and when appropriate in order to capture the opportunities from the increase in demand of cross-border transportation.

According to publicly available information, the global mobile online game industry was valued at approximately US\$108.2 billion in 2022 and is projected to grow annually at a compound annual growth rate (CAGR) of approximately 13.6% during the period from 2023 to 2030, reaching approximately US\$339.5 billion by 2030. Taking into consideration, amongst other factors, (i) the forecasted growth in the global mobile online game industry; (ii) the increasing adoption of smartphones across the globe; (iii) the convenience and accessibility of mobile online games which can be played anywhere and at any time; and (iv) the increasing popularity of augmented reality and virtual reality gaming, the Board considers that it is in the interests of the Company and the shareholders of the Company as a whole for the Group to develop mobile online game business. Currently, the Group had obtained from online game developers the exclusive rights to operate, promote and generate income from their self-developed online games in overseas markets. In addition, the Group has collaborated with online game operators which possess access to popular online platforms to the operate, promote and market of the licensed games. The first licensed game is expected to release at the end of the first quarter of 2024. The management believes that the new business will assist the Group to diversify its existing business portfolio and broaden its source of income.

Furthermore, the Group has established private-ended fund companies under the SFO as eligible collective investment schemes under the New Capital Investment Entrant Scheme introduced by the Hong Kong government which became effective on 1 March 2024. Going forward, the Group will enhance its marketing activities for attracting eligible participants under the New Capital Investment Entrant Scheme to invest in the collective investment schemes established by the Group.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices.

Throughout the financial year ended 31 December 2023 the Group had complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the “CG Code and Report”), except for the deviations to Code Provision A.2.1 as explained in the Corporate Governance Report which will be included in the annual report to be published by the Company in due course.

The board of Directors (the “Board”) has continued to monitor and review the Group’s progress in respect of corporate governance practices to ensure compliance.

AUDIT COMMITTEE

The Company’s Audit Committee was formed on 22 April 2008 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s internal control procedures and annual report, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the board of Directors. The Audit Committee currently comprises three independent non-executive Directors, Ms. Lau Mei Suet, Mr. Choi Tak Fai and Mr. Tsang Ho Yin. The Audit Committee members have reviewed this Annual Report and have provided advice and comments thereon.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

By Order of the Board
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman and Executive Director

Hong Kong, 28 March 2024

As at the date hereof, the Board comprises Mr. Lee Chun Wai and Ms. Ji Yi being the executive Directors; and Mr. Choi Tak Fai, Mr. Tsang Ho Yin and Ms. Lau Mei Suet being the independent non-executive Directors.

This announcement will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk> for at least 7 days from the date of its posting and on the website of the Company at <http://www.hklistco.com/8340>.