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JOLIMARK HOLDINGS LIMITED

映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2028)

2022 ANNUAL RESULTS ANNOUNCEMENT

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	5	279,191	344,606
Cost of goods sold	7	(214,092)	(248,998)
Gross profit		65,099	95,608
Other income		4,580	3,425
Selling and marketing expenses	7	(32,891)	(39,275)
Administrative expenses	7	(38,600)	(44,999)
Research and development expenses	7	(27,978)	(33,521)
Net impairment losses on financial assets		(745)	(448)
Other gains – net	6	1,946	1,338
Operating loss		(28,589)	(17,872)
Finance expenses – net	8	(6,242)	(6,118)
Share of loss of investments accounted for using the equity method		(244)	(839)
Loss before income tax		(35,075)	(24,829)
Income tax expenses	9	(4,934)	(353)
Loss for the year		(40,009)	(25,182)

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss)/profit attributable to:			
– Shareholders of the Company		(40,027)	(25,139)
– Non-controlling interests		18	(43)
		<u>(40,009)</u>	<u>(25,182)</u>
 Loss per share for loss attributable to the shareholders of the Company during the year (expressed in RMB per share)			
– Basic	10	(0.065)	(0.041)
– Diluted	10	(0.065)	(0.041)
		<u>(0.065)</u>	<u>(0.041)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	RMB'000	RMB'000
Loss for the year	(40,009)	(25,182)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	(13,028)	20,017
Income tax relating to these items	3,370	(5,083)
Other comprehensive (loss)/income for the year, net of tax	(9,658)	14,934
Total comprehensive loss for the year	(49,667)	(10,248)
Total comprehensive (loss)/income for the year attributable to:		
– Shareholders of the Company	(49,179)	(10,991)
– Non-controlling interests	(488)	743
	(49,667)	(10,248)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		96,284	105,928
Right-of-use assets		11,121	11,891
Investment properties		1,161	–
Intangible assets		3,997	5,889
Investments accounted for using the equity method		6,850	7,094
Financial assets at fair value through other comprehensive income		18,167	31,195
Deferred income tax assets		4,110	6,661
Other assets		984	2,167
Restricted cash		–	441
		142,674	171,266
Current assets			
Financial assets at fair value through profit or loss	12	–	62,170
Inventories		101,399	112,461
Trade and other receivables	13	43,550	46,836
Other assets		–	920
Restricted cash		–	155
Cash and cash equivalents		68,974	63,325
		213,923	285,867
Total assets		356,597	457,133
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		9,155	9,155
Other reserves		265,872	274,447
Accumulated losses		(118,175)	(77,587)
		156,852	206,015
Non-controlling interests		(777)	(129)
Total equity		156,075	205,886

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		1,110	16,549
Lease liabilities		2,467	3,518
Deferred income tax liabilities		2,117	5,488
		<u>5,694</u>	<u>25,555</u>
Current liabilities			
Trade and other payables	14	66,156	104,465
Contract liabilities		8,973	26,989
Lease liabilities		2,062	1,318
Borrowings		117,637	92,920
		<u>194,828</u>	<u>225,692</u>
Total liabilities		<u>200,522</u>	<u>251,247</u>
Total equity and liabilities		<u>356,597</u>	<u>457,133</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Jolimark Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 22 July 2004 as an exempted company with limited liability under the Companies Law (2003 Revision) of the Cayman Islands. The address of its registered offices is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”) are manufacture and sale of printers and other products in the People’s Republic of China (the “**PRC**”).

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 29 June 2005.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 24 March 2023.

The outbreak of the 2019 Novel Coronavirus (the “**COVID-19**”) has brought unprecedented challenges and added uncertainties to the economy. Since the outbreak of COVID-19, the Group has monitored the situation of COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that these consolidated financial statements are authorized for issue, COVID-19 doesn’t have any material adverse impact on the financial position and operating result of the Group.

2. BASIS OF PREPARATION

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”).

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income (“**FVOCI**”), and financial assets at fair value through profit or loss (“**FVTPL**”), which are carried at fair value.

3. ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022. The adoption of these standards and amendments does not have significant impact on the consolidated financial statements of the group.

Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use
Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Annual Improvements	Annual Improvements to HKFRS standards 2018–2020
Revised Accounting Guideline 5	Merger accounting for common control combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (b) New standards, amendments, interpretation to standards and accounting guideline issued but are not effective for financial year ended 31 December 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendment)	Presentation of financial statements' on classification of liabilities	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of accounting policies	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKAS 8 (Amendment)	Definition of accounting estimates	1 January 2023
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations, and not expected to have a material impact on the Group in the current or future reporting period.

4. SEGMENT INFORMATION

The directors and chief executive officer of the Group are the chief operating decision-makers (the "CODM") of the Group. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM manages the Group's business from the perspective of different product lines of the Group, i.e. printers and others. Since more than 91% of the Group's revenue and operating results are derived from product line of printers, no segment information has been prepared.

5. REVENUE

(a) Revenue from contracts with customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Sales of goods – at a point in time		
– Printers	253,273	314,805
– Other products	25,918	29,801
	<u>279,191</u>	<u>344,606</u>

(b) The Group is domiciled in the PRC. The revenues from external customers were as below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
In the PRC	265,818	337,609
In other countries	13,373	6,997
	<u>279,191</u>	<u>344,606</u>

(c) For the year ended 31 December 2022, approximately 22% (2021: 25%) of total revenue was derived from a single external customer, for sales of printers.

6. OTHER GAINS – NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fair value gains on financial assets at FVTPL	315	912
Foreign exchange losses – net	(402)	(142)
Gains/(losses) from disposal of assets	923	(58)
– property, plant and equipment	(44)	(58)
– other assets	967	–
Compensation income	529	236
Others	581	390
	<u>1,946</u>	<u>1,338</u>

7. EXPENSES BY NATURE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Depreciation and amortisation	18,097	17,099
– Property, plant and equipment	13,602	12,617
– Right-of-use assets	2,128	2,246
– Intangible assets	1,550	1,516
– Investment properties	216	–
– Other assets	601	720
Raw materials and consumables recognised in cost of goods sold and expenses	177,984	220,418
Employee benefit expenses	76,121	85,932
Transportation expenses	5,773	6,926
Travel and entertainment expenses	3,511	5,007
Repairs and maintenance	2,756	2,377
Subcontracting charges	719	1,124
Operating leases	878	2,074
Provision for inventories	10,952	2,074
Service fees for product development	1,748	2,491
Auditor's remuneration	1,620	1,520
– Audit services	1,600	1,500
– Non-audit services	20	20
Advertising and promotion fees	2,781	2,197
Impairment of goodwill	–	4,217
Impairment of intangible assets and property, plant and equipment	443	555
Others	10,178	12,782
	313,561	366,793

8. FINANCE EXPENSES – NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expenses		
– bank borrowings	5,769	5,852
– loan from a non-controlling shareholder	99	91
– lease liabilities	231	226
Exchange loss/(gain) on bank borrowings	143	(51)
	6,242	6,118

9. INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current income tax expenses		
– PRC corporate income tax (<i>note (b)</i>)	777	37
– PRC dividend withholding tax (<i>note (c)</i>)	1,632	–
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Deferred income tax	2,525	316
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	4,934	353
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The income tax on the Group's profit before taxation differs from the theoretical amount that would arise using the enacted tax rate of the home countries of the Group entities as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss before income tax	<u>(35,075)</u>	<u>(24,829)</u>
Tax calculated at applicable corporate income tax rate	(6,193)	(4,912)
Tax losses for which no deferred income tax assets were recognised	8,094	4,541
Write-off of previously recognised deferred tax assets for tax losses	3,299	769
Additional deductible allowance for research and development expenses	(1,812)	(1,213)
Utilisation of previously unrecognised taxes losses	(279)	(81)
Effect of share of profit or loss of an associate	37	45
Effect of dividend income not subject to tax	(353)	(392)
Effect of goodwill impairment	–	633
Effect of expenses not deductible for tax purposes	509	963
PRC withholding tax	<u>1,632</u>	<u>–</u>
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	4,934	353
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(a) Hong Kong profits tax

The applicable Hong Kong tax rate is 16.5% for the year ended 31 December 2022 (2021: 16.5%).

(b) PRC corporate income tax

The main business of the Group is conducted by Kong Yue Electronics & Information Industry (Xinhui) Limited (“**Kongyue Information**”), which is a foreign investment company based in Jiangmen City, the PRC. The corporate income tax (the “**CIT**”) of Kongyue Information is provided for on the basis of its profit reported in the PRC statutory financial statements, adjusted for income and expenses items, which are not assessable or deductible for income tax purpose.

Pursuant to the PRC Corporate Income Tax Law (the “**CIT Law**”), the CIT rate is 25%. As Kongyue Information has been qualified as High and New Technology Enterprises (“**HNTE**”) for three years from 2020 to 2023, it enjoys a preferential CIT rate at 15% for the year ended 31 December 2022 (2021: 15%). The effective CIT rate of other group entities in the PRC is 25% (2021: 25%).

(c) **PRC withholding income tax**

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed out from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

During the year, the Group incurred withholding income tax of RMB1,632,000 (2021: nil). No deferred income tax has been provided for PRC dividend withholding tax as at 31 December 2022.

(d) **Overseas income tax**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2013 Revision) of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Subsidiaries of the Company in the BVI are incorporated under the International Business Companies Act of the BVI and, accordingly, are exempted from income tax in the BVI.

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding on an assumption of conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The 2,150,000 options granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the year ended 31 December 2022. These options could potentially dilute basic (loss)/earnings per share in the future.

	2022	2021
Loss attributable to the shareholders of the Company (<i>RMB'000</i>)	(40,027)	(25,139)
Weighted average number of ordinary shares in issue (<i>shares in thousands</i>)	612,882	612,882
Basic and diluted loss per share (<i>RMB per share</i>)	<u>(0.065)</u>	<u>(0.041)</u>

11. DIVIDENDS

No dividend was recommended by the board of directors for the year ended 31 December 2022 (for the year ended 31 December 2021: nil).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Level 3		
Balance at 1 January	62,170	386
Additions	75,000	223,000
Redemption	(137,485)	(161,000)
Fair value gain/(losses) – net	<u>315</u>	<u>(216)</u>
Balance at 31 December	<u><u>–</u></u>	<u><u>62,170</u></u>

- (a) As at 31 December 2021, the Group's financial assets at fair values through profit or loss included wealth management products sponsored and managed by banks.

13. TRADE AND OTHER RECEIVABLES

		As at 31 December	
		2022	2021
	Note	RMB'000	RMB'000
Current			
Trade receivables			
– Third parties	a	24,262	22,784
Less: loss allowance of trade receivables		<u>(1,310)</u>	<u>(472)</u>
		<u>22,952</u>	<u>22,312</u>
Bills receivables		9,459	10,863
Less: loss allowance of bills receivables		<u>(30)</u>	<u>(29)</u>
		<u>9,429</u>	<u>10,834</u>
Prepayments			
– Third parties		3,682	4,840
– Related parties		<u>20</u>	<u>20</u>
		<u>3,702</u>	<u>4,860</u>
Other receivables			
– Third parties		6,952	7,856
– Related parties		862	1,415
Less: loss allowance of other receivables			
– Third parties		(335)	(420)
– Related parties		<u>(12)</u>	<u>(21)</u>
		<u>7,467</u>	<u>8,830</u>
Current portion		<u>43,550</u>	<u>46,836</u>

- (a) The Group's sales to customers are generally granted with credit terms within 90 days or extended as considered appropriate by the directors of the Company. As at 31 December 2022 and 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Less than 30 days	17,597	8,669
31–90 days	3,609	8,259
91–180 days	727	2,831
181–365 days	405	1,373
Over 365 days	<u>614</u>	<u>1,180</u>
	<u>22,952</u>	<u>22,312</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022 a provision of RMB1,310,000 (31 December 2021: RMB472,000) was made against the gross amounts of trade receivables.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current Liabilities		
Trade payables		
– third parties	32,593	66,502
Other payables		
– Third parties	32,463	36,974
– Related parties	704	593
Dividends payable	396	396
	<hr/>	<hr/>
	66,156	104,465
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At 31 December 2022, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	18,278	35,931
31–90 days	12,669	24,724
91–180 days	172	2,454
181–365 days	44	1,040
Over 365 days	1,430	2,353
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	32,593	66,502
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MANAGEMENT’S DISCUSSION AND ANALYSIS

Business Review

Printer Business

For the year ended 31 December 2022, the revenue of the Group derived from the printer business was approximately RMB253,273,000, which accounted for approximately 91% of the total revenue of the Group and represented a decrease of approximately 20% as compared with that in 2021. The decrease in revenue was mainly attributable to the recurring COVID-19 epidemic outbreaks in Mainland China and weak market demand in 2022.

Other Products

For the year ended 31 December 2022, the revenue of the Group derived from the other products business amounted to approximately RMB25,918,000, which accounted for approximately 9% of the total revenue of the Group and represented a decrease of approximately 13% over the year of 2021. The decrease was mainly attributable to the reduction in sales of subcontracting materials in 2022.

Future Business Outlook

In 2022, there were recurring epidemic outbreaks in Mainland China. Retail and commercial activities diminished as the market was affected by epidemic control policies, posing serious challenges for the Company. In 2023, we expect waning epidemic conditions and the resumption in economic activities and market demand as Mainland China lifts its epidemic control policy. Looking to the future, we remain confident in our business development, as the medical equipment business is set to become an important source of profit for the Company in future.

Printing Equipment and Printing Solutions

In view of the growing application of electronic invoices and electronic bills for financial operations, the Company has been exploring demands for dot-matrix printers in sub-segment sectors and has achieved considerable results in the markets for electrical products, weighing instruments, identification document printing for public security and hospitals. In the meantime, the Company has been engaged in vigorous development of the inkjet printing business, with a special focus on proprietary development and innovative application of inkjet printing. On top of our existing range of inkjet products, we have developed new products such as dual-colour inkjet printers with continuous paper feed features for the medical sector, printers for clinics and colour printers for bags for medication, “red letter-head” duplex paper feeder printers and colour printers for government and industries, as well as colour label printers for the manufacturing and commercial sectors.

By leveraging on the Company's unique advantages in the electronic invoice cloud printing segment, we have continued to be deeply engaged in this market. Jolimark's electronic invoice cloud printing offerings have been an important strategic partner for WeChat and Alipay. Jolimark electronic invoice cloud printers and cloud printing solutions also have been widely adopted by leading customers in many industries, such as Southern Power Grid, State Grid, China Telecom, Aisino of China, PetroChina, Sinopec, Shell, State Taxation Administration, Walmart, Construction Bank and other large customers. Following comprehensive adoption of the electronic format for special value-added tax invoices in Mainland China in 2022, electronic invoicing has become the access point for financial and taxation data management and applications. In view of the above, the Company will strive to identify new opportunities in the extensive application of cloud printing technology brought about by Internet big data.

Self-serviced Terminals

Offered in a range of formats, including cabinet, desktop and screenless, among others, the Jolimark self-serviced terminal product line has been successfully applied in multiple scenarios for sectors such as smart government service, medical care, State Grid service hall, tax administration halls and welfare lottery centres, using the Company's unique core technologies such as red and black inkjet printing and cloud printing. Given the enormous market demand for self-serviced terminals, the Company is planning to forge it into a core business.

Big Data and SAAS Cloud Application

Leveraging on its expertise in cloud printing, the Company has developed a variety of SAAS cloud applications. This represents a major direction in its future business development. Applications that are currently in operation online include the "E Invoicing (E開單)" app designed for small to medium wholesalers to enable them to print invoices remotely through mini-programs and facilitate management of store commodities and customers. The "Hassle-free reimbursement" app for financial reimbursement is targeted at small and medium enterprises enabling them to run an online reimbursement approval process, print reimbursement bills and invoices remotely and to conduct verification and duplication checks on invoices. "Jolimark Cloud Printing", a platform which could provide shared paid printing and advertising functions is also already available online. Our "PC Cloud Printer" under development is also expected to be online soon. Capable of upgrading the traditional Jolimark printer to a cloud printer via any computer with Internet access, this product will substantially enhance the market competitiveness of Jolimark printers.

Medical Equipment Products

In 2021, the Company launched its medical-grade low-noise compressor-based nebulisers (models HN300 and HN320) after obtaining the registration permit for this product. Applied mainly in nebulised inhalation therapy, this product features a unique patented four-cylinder oil-free compressor combined with state-of-the-art brushless direct current motor technology, offering nebulisation of medicine with a minuteness and evenness that tops international standards, with 82% of the nebulised particles coming down to a diameter of less than 3 μ m and 100% to less than 5 μ m. The medicine will have an easy access to the alveoli and with its strong nebulisation performance, the dosage can be controlled at high precision. Capable of carrying a variety of nebulised medicines, it helps to lower the expensive cost of medicines. Meanwhile, its noise generation is down to 39 decibel, while providing a 9-level volume adjustment to offer a comfortable treatment experience for patients of different ages and conditions of illness.

In early 2022, the Company successfully obtained the medical product registration permit and production permit (models PMO30 and PMO50) for its 3L medical portable oxygen concentrator. This product is designed for patients suffering from retarded lung functions, chronic obstructive pulmonary disease and asthma who are dependent on oxygen concentrators for breathing support. On the back of the core technology of balanced four-cylinder oil-free compressor and AI smart pulse technology, the oxygen concentration level could reach 93 \pm 3%. This minute-size and lightweight product equipped with a built-in lithium battery provides a convenient and relaxed experience of free oxygen inhalation, such that patients can remain socially engaged like a normal person. It alleviates altitude sickness associated with mountaineering and high-latitude tourism and can also be used privately in the office or in domestic oxygen bars. It helps to improve memory and reduce fatigue for overstressed brain workers and enhances the arterial blood oxygen content of expectant mothers for the benefit of their babies' growth. It is also part of the regular emergency equipment at home in the post-epidemic era.

Since the launch of its medical equipment products, the Company has continued to enhance its marketing efforts. We have established online marketing channels and swiftly enhanced our brand exposure through target-specific placements of information-stream advertisements and peer advertisements on Baidu and WeChat. We have also developed offline promotion channels by accessing offline sales and service outlets such as pharmacy chains, medical equipment stores, large hospitals and community hospitals to establish an extensive presence for Jolimark medical equipment products. We have also already signed cooperation agreement with more than 30 medical product distributors. The Company will continue to improve its portfolio of medical equipment products and formulate a three-year medium-term plan for medical product development to become a supplier of a range of medical equipment for use in medical therapies, services for the aged and home recuperation. The Company expects the medical equipment segment to be an important niche for profit growth in the future.

Financial Review

Results Summary

For the year ended 31 December 2022, the Group's turnover amounted to approximately RMB279,191,000, representing a decrease of approximately 19% as compared with last year. The loss attributable to shareholders of the Company amounted to approximately RMB40,027,000, representing an increase in loss by RMB14,888,000 as compared to 2021. The basic loss per share as at 31 December 2022 was approximately RMB0.065 (the basic loss per share as at 31 December 2021: RMB0.041). Loss in 2022 was mainly attributable to recurring COVID-19 epidemic outbreaks and weakened market demand in Mainland China, as well as the recognition of impairment for certain assets.

Analysis of sales and gross profit

Compared with 2021, the Group's total revenue for 2022 decreased by approximately 19%. Such decrease was attributable to recurring COVID-19 epidemic outbreaks and weakened market demand, as well as the decline in gross profit margin to 23% owing to rising chip prices and impairment of inventories.

Capital Expenditure

For the year ended 31 December 2022, capital expenditure of the Group amounted to approximately RMB4,757,000, which was mainly used for the purchase of production equipment and customized manufacturing of product moulds.

Financial and Liquidity Position

As at 31 December 2022, the total assets of the Group amounted to approximately RMB356,597,000 (31 December 2021: RMB457,133,000), controlling shareholder's interests amounted to approximately RMB156,852,000 (31 December 2021: RMB206,015,000); non-controlling interests amounted to approximately RMB(777,000) (31 December 2021: RMB(129,000)); current liabilities amounted to approximately RMB194,828,000 (31 December 2021: RMB225,692,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.10 (31 December 2021: 1.27). The decrease in current ratio was mainly attributable to the increase in short-term bank loans by approximately RMB24,717,000 for the year.

As at 31 December 2022, the cash and cash equivalents and restricted cash of the Group amounted to approximately RMB68,974,000 (31 December 2021: RMB126,091,000) in aggregate. The outstanding bank acceptance bills from customers amounted to approximately RMB9,429,000 (31 December 2021: approximately RMB10,834,000). The bank loans amounted to approximately RMB118,747,000 (31 December 2021: approximately RMB109,469,000).

Financial assets at fair value through profit or loss

As at 31 December 2021, the Group's financial assets at fair values through profit or loss included wealth management products in the aggregate principal amount of RMB62,000,000 sponsored and managed by banks. These wealth management products were mainly principal guaranteed short-term and fixed-term deposits with interest income calculated at floating rates linked to the spot exchange rate and gold price.

During the interim period for the six months ended 30 June 2022, the Group arranged wealth management products in the aggregate principal amount of RMB75,000,000 sponsored and managed by banks for deposit period of around 1-month. These wealth management products were also mainly principal guaranteed short-term and fixed-term deposits with interest income calculated at floating rates linked to the spot exchange rate and gold price. The Group has not invested in any wealth management products upon their maturity. As at 31 December 2022, there were no financial assets at fair values through profit or loss.

Financial assets at fair value through other comprehensive income

The amount represents the Group's medium to long term equity investments in private enterprises.

As at 31 December 2022, the fair value of the Company's investment was RMB18,167,000 (31 December 2021: RMB31,195,000). Of which, the Group's holding of 1.76% interest in 廣東航天信息愛信諾科技有限公司 (Guangdong Aerospace Information Aisino Technology Co., Ltd.) ("**Guangdong Aisino**"), a company that is engaged in electronic invoices and related software development business, accounted for RMB10,016,000, (31 December 2021: RMB23,517,000) representing approximately 55.13% (31 December 2021: 75.39%) of the Group's financial assets at fair value through other comprehensive income. The original investment cost of the Company in Guangdong Aisino in February 2018 was RMB528,000. Save for the investments in Guangdong Aisino, the Company also hold minority interests in four other companies, ranging from 0.35% to 10%.

The investment strategy of the Company is to invest in companies that are engaged in upstream or downstream industries and have synergy effects to the business of the Group.

Pledge of Assets

As at 31 December 2022, property, plant and equipment of RMB41,370,000 (31 December 2021: RMB4,339,000) were pledged as collateral for the Group's bank borrowings of RMB114,800,000 (31 December 2021: RMB15,000,000). As at 31 December 2022, the transferred receivables recognised in bills receivable amounted to RMB2,267,000 (31 December 2021: RMB7,442,000). The amounts repayable under these agreements are presented as secured borrowing of RMB2,255,000 (31 December 2021: RMB7,423,000).

Foreign Currency Risks

The Group mainly operates in mainland China with most of the transactions denominated and settled in RMB. However, the Group is exposed to foreign exchange risks for assets and liabilities denominated in Hong Kong dollars, United States dollars, Taiwanese dollars, and Euro arising from the import of certain raw materials and machinery, sales of goods to overseas customers and borrowings that are denominated in foreign currencies. As at 31 December 2022, the Group had more monetary financial liabilities than financial assets outside mainland China.

The Group manages and monitors its foreign exchange risks by performing regular review of the Group's net foreign exchange exposures and mitigates the impact of exchange rate fluctuations by reducing the financial liabilities if needed.

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year under review.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2022 (31 December 2021: nil).

Staff

As at 31 December 2022, the Group employed a total of 768 staff members (2021: 781 staff members). Apart from 18 employees employed in Hong Kong and overseas, all employees of the Group were based in mainland China. The Group applies its remuneration and bonus policies for employees with reference to business results and individual staff performance. In addition, fringe benefits, such as social security insurance, medical allowance and housing provident fund, were provided to ensure the Group remains as a competitive employer. In addition, the Group has maintained a share option scheme to reward and incentivize its employees.

Subsequent Events

There were no other significant events after the year and up to the date of this announcement.

Final Dividend

The Board of directors of the Company did not recommend the payment of a final dividend For the year ended 31 December 2022 (Year ended 31 December 2021: nil).

Closure of Register of Members

The annual general meeting of the Company will be held on Thursday, 25 May 2023. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 19 May 2023 to Thursday, 25 May 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 18 May 2023.

Scope of Work of PricewaterhouseCoopers

The figures in respect of this announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises Ms. Kan Lai Kuen, Alice, as the chairman, Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung. All of them are independent non-executive Directors. The Audit Committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the results of the Group for the year ended 31 December 2022.

Compliance with the Corporate Governance Code

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high corporate governance standard and has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as in effect from time to time (the "**CG Code**") during the year ended 31 December 2022, save for the deviation from code provision F.2.2 of the CG Code:

In accordance with the requirements of code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. However, due to the ongoing restrictions on cross border travels and social distancing caused by the COVID-19 epidemic and other business commitments, the chairman of the Board, Mr. Au Pak Yin, was unable to attend the annual general meeting of the Company held on 25 May 2022. Mr. Au Kwok Lun, an executive Director, acted as chairman at the annual general meeting.

Further information on the corporate governance practice of the Company will also be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2022.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Model Code for Securities Transactions

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries with all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2022 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2022.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jolimark.com). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the above websites in due course.

By order of the Board
Jolimark Holdings Limited
Au Pak Yin
Chairman

Hong Kong, 24 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. Au Pak Yin and Mr. Au Kwok Lun, the non-executive director of the Company is Mr. Ou Guo Liang; and the independent non-executive directors of the Company are Ms. Kan Lai Kuen, Alice, Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung.