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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)

2023 ANNUAL RESULTS ANNOUNCEMENT

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023** *RMB'000*	2022 *RMB'000*
Revenue	3	**203,484**	279,191
Cost of goods sold	5	**(180,961)**	(214,092)
Gross profit		**22,523**	65,099
Other income		**2,987**	4,580
Selling and marketing expenses	5	**(30,985)**	(32,891)
Administrative expenses	5	**(39,158)**	(38,600)
Research and development expenses	5	**(20,615)**	(27,978)
Net impairment losses on financial assets		**(698)**	(745)
Other (losses)/gains – net	4	**(372)**	1,946
Operating loss		**(66,318)**	(28,589)
Finance expenses – net	6	**(5,715)**	(6,242)
Share of loss of investments accounted for using the equity method		**(165)**	(244)
Impairment on the investment in associate		**(3,452)**	–
Loss before income tax		**(75,650)**	(35,075)
Income tax expenses	7	**(4,143)**	(4,934)
Loss for the year		**(79,793)**	(40,009)

	Note	2023 RMB'000	2022 RMB'000
Loss attributable to:			
– Shareholders of the Company		**(79,469)**	(40,027)
– Non-controlling interests		**(324)**	18
		(79,793)	(40,009)
Loss per share for loss attributable to the shareholders of the Company during the year *(expressed in RMB per share)*			
– Basic	8	**(0.130)**	(0.065)
– Diluted	8	**(0.130)**	(0.065)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(79,793)**	(40,009)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**797**	(13,028)
Income tax relating to these items	**(243)**	3,370
Other comprehensive (loss)/income for the year, net of tax	**554**	(9,658)
Total comprehensive loss for the year	**(79,239)**	(49,667)
Total comprehensive loss for the year attributable to:		
– Shareholders of the Company	**(78,939)**	(49,179)
– Non-controlling interests	**(300)**	(488)
	(79,239)	(49,667)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	2023 *RMB'000*	2022 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**79,525**	96,284
Right-of-use assets		**9,105**	11,121
Investment properties		**961**	1,161
Intangible assets		**2,605**	3,997
Investments accounted for using the equity method		**3,233**	6,850
Financial assets at fair value through other comprehensive income		**18,964**	18,167
Deferred income tax assets		**–**	4,110
Other assets		**807**	984
		115,200	142,674
Current assets			
Inventories		**70,098**	101,399
Trade and other receivables	10	**31,601**	43,550
Cash and cash equivalents		**37,291**	68,974
		138,990	213,923
Total assets		**254,190**	356,597
EQUITY			
Capital and reserves attributable to shareholders of the Company		**9,155**	9,155
Share capital and premium		**267,115**	265,872
Other reserves		**(198,418)**	(118,175)
Accumulated losses		**77,852**	156,852
Non-controlling interests		**(1,077)**	(777)
Total equity		**76,775**	156,075

	Note	2023	2022
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**21,525**	1,110
Lease liabilities		**1,297**	2,467
Deferred income tax liabilities		**2,360**	2,117
		25,182	5,694
Current liabilities			
Trade and other payables	11	**47,245**	66,156
Contract liabilities		**16,373**	8,973
Lease liabilities		**1,391**	2,062
Borrowings		**87,224**	117,637
		152,233	194,828
Total liabilities		**177,415**	200,522
Total equity and liabilities		**254,190**	356,597

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 the manufacture and sale of printers, other electronic products and other non-electronic products mainly in the mainland of the People's Republic of China (the "**Chinese Mainland**").

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 28 March 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 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**"), which are carried at fair value.

(c) Going concern basis

For the year ended 31 December 2023, the Group recorded a loss of approximately RMB79,793,000 and a net operating cash outflow of approximately RMB19,599,000. As at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately RMB13,243,000. The Group had total bank borrowings of approximately RMB108,749,000, of which approximately RMB87,224,000 were current bank borrowings repayable within the next twelve months from 31 December 2023, while it had cash and cash equivalents of approximately RMB37,291,000 as at 31 December 2023.

Given the countrywide application of the fully digitalized electronic invoice, domestic market demand of the dot-matrix printers decreased significantly, the sales of dot-matrix printers, which was the Group's main products, were decreased during the year ended 31 December 2023, which led to a 30% decrease in revenue of Printers Segment (as defined in note 3) and resulted in net operating cash outflows for the year ended 31 December 2023.

The above conditions indicated the existence of a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and operating performance of the Group and its available sources of financing to assess whether the Group will have sufficient financial resources to fulfil its financial obligations to continue as a going concern. The plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position, including but not limited to the following:

(i) The Group will closely monitor its compliance of covenants related to bank borrowings and will seek for extension and renewal of its existing bank borrowings upon maturity. In January 2024, the Group has drawn down a new bank loan of RMB15,000,000 from its bank facilities and successfully renewed another bank loan of RMB30,000,000 in February 2024. Management believes the Group's existing facilities will be able to be extended or renewed upon maturity as most of these borrowings are secured by the Group's property, plant and equipment and land-use-rights;

(ii) The Group continues to develop and enhance the functions of its dot-matrix printers and expand its sales channels. The directors of the Group anticipated that the domestic market demand for dot-matrix printers has been stabilized since the end of 2023 and they are confident that the sales of dot-matrix printers can contribute steady cash inflows to the Group in 2024.

Built on the strong foundation of the Group's research and development as well as production capacity, the Group continues to expand its product offerings in the emerging consumer printing equipment and medical equipment market. The directors of the Group are optimistic to the potential and growth of the sales in these two markets which will provide additional cash inflows to the Group in 2024.

(iii) The Group has taken certain strict cost and expenses expenditures control measures in the last quarter of 2023, and will continue to implement such measures to reduce operating cash outflow.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period not less than twelve months from 31 December 2023. In the opinion of the Directors, in light of the above and taking into account the anticipated net operating cash inflows as well as the above plans and measures, the Group will have sufficient financial resources to satisfy its future working capital requirements as and when they fall due in the coming twelve months from 31 December 2023. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate cash flows through:

(i) Continued availability of the existing bank facilities of the Group and successful and timely extension and renewal of its bank borrowings upon maturity;

(ii) Successful implementation of the plans and measures to improve the operation performance of the business of printers and medical equipment products to generate operating cash inflow; and

(iii) Successful implementation of the measures to strictly control cost and expenses expenditures payments to reduce operating cash outflow.

Should the Group be unable to achieve the above plans and measures such that it would not be able to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

2.2 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 2023. The adoption of these standards and amendments does not have significant impact on the consolidated financial statements of the Group.

HKFRS 17 (new standard and amendments)	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
Initial Application of HKFRS 17 and HKFRS 9	Comparative Information

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 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
Hong Kong Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
HKAS 21	Lack of Exchangeability	1 January 2025
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.

3. 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. The CODM assesses the performances of the operating segments based on a measure of segment revenue and segment results.

The segment revenue and results and the reconciliation with loss for the year ended 31 December 2023 are as follows:

	Printers *RMB'000*	**Other products** *RMB'000*	**Total** *RMB'000*
Revenue (from external customers) *(note (a))*	**176,848**	**26,636**	**203,484**
Segment results	**(31,627)**	**2,550**	**(29,077)**
Other income			**2,987**
Administrative expenses			**(39,158)**
Net impairment losses on financial assets			**(698)**
Other losses-net			**(372)**
Finance expenses – net			**(5,715)**
Share of losses of associates accounted for using the equity method			**(165)**
Impairment loss on investment in associate			**(3,452)**
Income tax expenses			**(4,143)**
Loss for the year			**(79,793)**
Segment results include:			
Selling and marketing costs	**(28,257)**	**(2,728)**	**(30,985)**
Research and development expenses	**(17,208)**	**(3,407)**	**(20,615)**

The segment revenue and results and the reconciliation with loss for the year ended 31 December 2022 are as follows:

	Printers *RMB'000*	Other products *RMB'000*	Total *RMB'000*
Revenue (from external customers) *(note (a))*	253,273	25,918	279,191
Segment results	2,444	1,786	4,230
Other income			4,580
Administrative expenses			(38,600)
Net impairment losses on financial assets			(745)
Other gains-net			1,946
Finance expenses – net			(6,242)
Share of losses of associates accounted for using the equity method			(244)
Income tax expenses			(4,934)
Loss for the year			(40,009)
Segment results include:			
Selling and marketing costs	(32,752)	(139)	(32,891)
Research and development expenses	(26,378)	(1,600)	(27,978)

(a) Revenues from external customers are for sales of goods. There is no inter-segment sales for the year ended 31 December 2023 and 2022.

(b) The Group is domiciled in the Chinese Mainland. The revenue from external customers are as follows:

	2023	2022
	RMB'000	*RMB'000*
In the Chinese Mainland	**190,017**	265,818
In overseas	**13,467**	13,373
	203,484	279,191

(c) For the year ended 31 December 2023, approximately 18% of total revenue (year ended 31 December 2022: 22%) are derived from a single external customer, which is attributable to the segment of printers.

(d) For the year ended 31 December 2023, the Group's non-current assets were mainly located in the Chinese Mainland.

4. OTHER (LOSSES)/GAINS – NET

	2023	2022
	RMB'000	*RMB'000*
Fair value gains on financial assets at FVTPL	**–**	315
Foreign exchange losses – net	**(1,239)**	(402)
(Losses)/gains from disposal of assets	**(67)**	923
– property, plant and equipment	**(87)**	(44)
– intangible assets	**20**	–
– other assets	**–**	967
Compensation income	**–**	529
Others	**934**	581
	(372)	1,946

5. EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
Depreciation and amortisation	**16,497**	18,097
– Property, plant and equipment	**12,575**	13,602
– Right-of-use assets	**2,270**	2,128
– Intangible assets	**1,275**	1,550
– Investment properties	**200**	216
– Other assets	**177**	601
Raw materials and consumables recognised in cost of goods sold and expenses	**125,731**	177,984
Employee benefit expenses	**66,556**	76,121
Transportation expenses	**4,648**	5,773
Travel and entertainment expenses	**5,087**	3,511
Repairs and maintenance	**2,399**	2,756
Outsourcing labor costs	**276**	719
Operating leases	**1,243**	878
Provision for inventories	**24,705**	10,952
Service fees for product development	**1,532**	1,748
Auditor's remuneration	**1,620**	1620
– Audit services	**1,600**	1600
– Non-audit services	**20**	20
Advertising and promotion fees	**2,655**	2,781
Impairment of intangible assets and property, plant and equipment	**8,430**	443
Others	**10,340**	10,178
	271,719	313,561

Certain figures have been reclassified to conform to the current presentation.

6. FINANCE EXPENSES – NET

	2023	2022
	RMB'000	*RMB'000*
Interest expenses		
– bank borrowings	**5,483**	5,769
– loan from a non-controlling shareholder	**56**	99
– lease liabilities	**160**	231
Exchange loss/(gain) on bank borrowings	**16**	143
	5,715	6,242

7. INCOME TAX EXPENSES

	2023 *RMB'000*	2022 *RMB'000*
Current income tax expenses		
– Corporate income tax *(note (b))*	**33**	777
– Dividend withholding tax *(note (c))*	**–**	1,632
Deferred income tax	**4,110**	2,525
	4,143	4,934

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:

	2023 *RMB'000*	2022 *RMB'000*
Loss before income tax	**(75,650)**	(35,075)
Tax calculated at applicable corporate income tax rate	**(12,898)**	(6,193)
Tax losses for which no deferred income tax assets were recognised	**14,736**	8,094
Write-off of previously recognised deferred tax assets for tax losses	**3,901**	3,299
Additional deductible allowance for research and development expenses	**(1,740)**	(1,812)
Utilisation of previously unrecognised tax losses	**–**	(279)
Effect of share of profit or loss of an associate	**38**	37
Effect of dividend income not subject to tax	**(251)**	(353)
Effect of expenses not deductible for tax purposes	**357**	509
Withholding income tax	**–**	1,632
	4,143	4,934

(a) Hong Kong profits tax

The applicable Hong Kong tax rate is 16.5% for the year ended 31 December 2023 (2022: 16.5%).

(b) 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 Chinese Mainland. The corporate income tax (the "**CIT**") of Kongyue Information is provided for on the basis of its profit reported in the Chinese Mainland statutory financial statements, adjusted for income and expenses items, which are not assessable or deductible for income tax purpose.

Pursuant to the Chinese Mainland 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 2023 to 2026, it enjoys a preferential CIT rate at 15% for the year ended 31 December 2023 (2022: 15%). The effective CIT rate of other group entities in the Chinese Mainland is 25% (2022: 25%).

(c) 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 Chinese Mainland 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 Chinese Mainland subsidiaries are established in Hong Kong and fulfil the requirements to the tax treaty arrangements between the Chinese Mainland and Hong Kong.

During the year, no withholding income tax of the Group was incurred (2022: RMB1,632,000). No deferred income tax has been provided for Chinese Mainland dividend withholding tax as at 31 December 2023.

(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.

8. 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 2023. These options could potentially dilute basic loss per share in the future.

	2023	2022
Loss attributable to the shareholders of the Company (*RMB'000*)	**(79,469)**	(40,027)
Weighted average number of ordinary shares in issue *(shares in thousands)*	**612,882**	612,882
Basic and diluted loss per share *(RMB per share)*	**(0.130)**	(0.065)

9. DIVIDENDS

No dividend was recommended by the board of directors for the year ended 31 December 2023 (for the year ended 31 December 2022: nil).

10. TRADE AND OTHER RECEIVABLES

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
Current			
Trade receivables			
– Third parties	a	**14,457**	24,262
Less: loss allowance of trade receivables		**(1,911)**	(1,310)
		12,546	22,952
Bills receivables		**5,772**	9,459
Less: loss allowance of bills receivables		**(22)**	(30)
		5,750	9,429
Prepayments			
– Third parties		**4,118**	3,682
– Related parties		**–**	20
		4,118	3,702
Other receivables			
– Third parties		**9,146**	6,952
– Related parties		**493**	862
Less: loss allowance of other receivables			
– Third parties		**(444)**	(335)
– Related parties		**(8)**	(12)
		9,187	7,467
Current portion		**31,601**	43,550

(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 2023 and 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December 2023 RMB'000	2022 RMB'000
Less than 30 days	**5,266**	17,597
31–90 days	**3,538**	3,609
91–180 days	**2,144**	727
181–365 days	**394**	405
Over 365 days	**1,204**	614
	12,546	22,952

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2023, a provision of RMB1,911,000 (31 December 2022: RMB1,310,000) was made against the gross amounts of trade receivables.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current Liabilities		
Trade payables – third parties	**27,978**	32,593
Other payables		
– Third parties	**18,474**	32,463
– Related parties	**397**	704
Dividends payable	**396**	396
	47,245	66,156

At 31 December 2023, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Less than 30 days	**8,235**	18,278
31–90 days	**18,522**	12,669
91–180 days	**18**	172
181–365 days	**13**	44
Over 365 days	**1,190**	1,430
	27,978	32,593

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Printer Business

For the year ended 31 December 2023, the revenue of the Group derived from the printer business was approximately RMB176,848,000, which accounted for approximately 87% of the total revenue of the Group and represented a decrease of approximately 30% as compared with that in 2022. The decrease in revenue was mainly attributable to the general implementation of digital electronic invoice in Chinese Mainland and insufficient market demand in 2023.

Other Products

For the year ended 31 December 2023, the revenue of the Group derived from the other products business amounted to approximately RMB26,636,000, which accounted for approximately 13% of the total revenue of the Group and represented an increase of approximately 3% over the year of 2022. The increase was mainly attributable to the increase in sales of medical products in 2023.

Future Business Outlook

In 2023, the Company's reported year-on-year decline in its printer business as the demand for invoice printers continued to decrease given the general trend of the use of electronic invoices across the board in China, coupled with diminished retail and commercial activities in the market with lacklustre consumer spending. Meanwhile, our medical equipment products business has registered growth year-on-year. In 2024, the Chinese Government is expected to launch a series of policies aimed at stimulating consumer spending and in assisting the manufacturing sector. It is to be hoped that resumption of market demand will materialize. In view of such recovery coupled with the planned launch of our medical products, we continue to be confident in our future business development.

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, and the printing of identification documents for public security and hospitals. In the meantime, the Company has been engaged vigorously in the development of the inkjet printing business, underpinned by the development of new products such as red and black dual-colour inkjet printers with continuous paper feed features for the medical sector, printers for clinics and colour printers for medication bags, as well as "Golden Red" red letter-head inkjet printers specially designed for IT innovation in government and industries. With the application of digitalised electronic invoices advancing in full gear in China, the Company launched inkjet printers for corporate and office use in 2023 that could meet the requirement for large-volume printing of digitalised electronic invoices, complemented by proprietary software such as “Hassle-free Reimbursement” and “Jolimark Cloud Printing” to facilitate automated operation of invoice checking and printing.

The Company’s “PC cloud printer” which came online in 2023 has upgraded the traditional Jolimark printer to a cloud printer through the computer, a move which is set to significantly enhance the market competitiveness of Jolimark printers. Meanwhile, in line with the nation’s policies on the digitalisation of taxation, the Company will continue to research and launch products featuring software/hardware integration to provide digitalised electronic invoicing services to the dining, retail and commercial supermarket sectors.

Self-serviced Terminals

Offered in a range of formats, including desk, cabinet, operating platform, desktop and screenless terminals by leveraging the Company’s unique core technologies such as red and black dual-colour inkjet printing, cloud printing, 2,000-page paper feed and remote error alert, the Jolimark self-serviced terminal product line has already been successfully adopted in smart government services, medical care, state grid service hall, tax administration halls and welfare lottery centres.

Big Data and SAAS Cloud Application

By taking advantage of Jolimark’s expertise in cloud printing, the Company has developed a variety of SAAS cloud applications as one of the directions in future business development. Applications that are already in operation currently include the “E Invoicing (E開單)” app which is specifically tailored for small to medium wholesalers to enable them to print invoices remotely through mini-programs and to 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 process online reimbursement approvals, print reimbursement bills and invoices remotely and conduct verification and duplication checks on invoices. In addition, the “Jolimark Cloud Printing” platform provides shared paid printing and advertising functions, while “Digital Electronic Printing” (數電易) is catered to business operators that provide daily-living services, offering functions such as digitalised electronic POS and digitalised electronic cloud micro-printing that fulfill business operators’ need to issue digitalised electronic invoices in a convenient and efficient manner. Meanwhile, the AI digitalised electronic mini-invoice device facilitates automated issuance of digitalised electronic invoices and collection of big data without requiring conversion of the existing cashier systems of the business operators.

Medical Equipment Products

Having secured a medical registration permit in 2021, our medical-grade low-noise compressor-based nebulisers (models HN300 and HN320) were successfully launched. Applied mainly for nebulised inhalation therapy, this product features a unique patented four-cylinder oil-free compressor combined with a state-of-the-art brushless direct current motor technology, offering nebulisation of medicine with a minuteness and evenness surpassing international standards. Operating at a low noise generation of 39-decibel and equipped with a 9-level volume adjustment function, it offers patients of different ages and medical conditions a most comfortable treatment experience.

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 mainly 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, our oxygen concentrators are able to maintain an impressive oxygen concentration level of 93±3%. This minute-size and lightweight product equipped with a built-in lithium battery provides a convenient and relaxed experience of free oxygen inhalation for users, such that patients can remain socially engaged like a normal person. It alleviates altitude sickness associated with mountaineering and high-altitude 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 has also become a regular piece of emergency support equipment at home in the post-epidemic era.

The Company has completed the development of 5L and 7L-equivalent medical portable oxygen concentrators in 2023. The 7L medical portable oxygen concentrator has obtained the medical product registration permit in China in December 2023 and was launched in the domestic market. The 5L medical portable oxygen concentrator is expected to obtain its medical product registration in China in March 2024, completing a product portfolio comprising 3L, 5L and 7L medical portable oxygen concentrators to cater to patients with different degrees of sickness and users in general.

In 2024, the Company will continue to conduct research on the 10L-equivalent medical portable oxygen concentrator and the upright 5L low-noise remote control oxygen concentrator catering to critically ill patients. In the meantime, we plan to develop the ring oximeter that monitors blood oxygen levels and heart rates to complement our oxygen concentrator in dynamic control of oxygen supply so that the patient could enjoy an optimized level of oxygen inhalation. In future, the Company will supply a full range of oxygen supply products for use at clinics, hospitals, homes, outdoors, in emergency situations without power supply and at high-altitude locations. At present, we have entered into cooperation arrangements with more than 230 medical product distributors and our products available for sale at over 160 pharmacy chain stores. Given the significant increase in the sales of medical equipment products in 2023 versus 2022, the medical equipment products business is expected to experience rapid growth in future to become an important niche for profit growth for the Company.

Financial Review

Results Summary

For the year ended 31 December 2023, the Group's turnover amounted to approximately RMB203,484,000, representing a decrease of approximately 27% as compared with last year. The loss attributable to shareholders of the Company amounted to approximately RMB79,469,000, representing an increase in loss by RMB39,442,000 as compared to 2022. The basic loss per share as at 31 December 2023 was approximately RMB0.130 (the basic loss per share as at 31 December 2022: RMB0.065). Loss in 2023 was mainly attributable to the general implementation of digital electronic invoice in Chinese Mainland and insufficient market demand, as well as the recognition of asset impairment.

Analysis of sales and gross profit

Compared with 2022, the Group's total revenue for 2023 decreased by approximately 27%. Such decrease was attributable to the general implementation of digital electronic invoice in Chinese Mainland and insufficient market demand, as well as the decline of the gross profit margin to 11% owing to the charge of inventory impairment provision and long-term asset impairment provision.

Capital Expenditure

For the year ended 31 December 2023, capital expenditure of the Group amounted to approximately RMB4,254,000, which was mainly used for the purchase of production equipment and customized manufacturing of product moulds.

Financial and Liquidity Position

As at 31 December 2023, the total assets of the Group amounted to approximately RMB254,190,000 (31 December 2022: RMB356,597,000), controlling shareholder's interests amounted to approximately RMB77,852,000 (31 December 2022: RMB156,852,000); non-controlling interests amounted to approximately RMB(1,077,000) (31 December 2022: RMB(777,000)); current liabilities amounted to approximately RMB152,233,000 (31 December 2022: RMB194,828,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 0.91 (31 December 2022: 1.10). The decrease in current ratio was mainly attributable to the decrease in current assets by approximately RMB74,933,000 for the year.

As at 31 December 2023, the cash and cash equivalents and restricted cash of the Group amounted to approximately RMB37,291,000 (31 December 2022: RMB68,974,000) in aggregate. The outstanding bank acceptance bills from customers amounted to approximately RMB5,750,000 (31 December 2022: approximately RMB9,429,000). The bank borrowings amounted to approximately RMB108,749,000 (31 December 2022: approximately RMB118,747,000).

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 2023, the fair value of the Company's investment was RMB18,964,000 (31 December 2022: RMB18,167,000). 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 RMB10,654,000, (31 December 2022: RMB10,016,000) representing approximately 56.18% (31 December 2022: 55.13%) 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 0.33% 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 2023, property, plant and equipment of RMB35,523,000 (31 December 2022: RMB41,370,000) were pledged as collateral for the Group's bank borrowings of RMB97,000,000 (31 December 2022: RMB114,800,000). As at 31 December 2023, the transferred receivables recognised in bills receivable amounted to RMB5,742,000 (31 December 2022: RMB2,267,000). The amounts repayable under these agreements are presented as secured borrowing of RMB5,719,000 (31 December 2022: RMB2,255,000).

Foreign Currency Risks

The Group mainly operates in Chinese Mainland 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 2023, the Group had more monetary financial liabilities than financial assets outside Chinese Mainland.

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 2023 (31 December 2022: nil).

Staff

As at 31 December 2023, the Group employed a total of 670 staff members (2022: 768 staff members). Apart from 7 employees employed in Hong Kong and overseas, all employees of the Group were based in Chinese Mainland. 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.

Important Events After Reporting Period

There were no significant events affecting the Group after 31 December 2023 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 2023 (Year ended 31 December 2022: nil).

Closure of Register of Members

The annual general meeting of the Company will be held on Monday, 27 May 2024. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Monday, 27 May 2024, 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 Monday, 20 May 2024.

Scope of Work of PricewaterhouseCoopers

The figures in respect of this announcement of the Group's results for the year ended 31 December 2023 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 2023. 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.

Extract of Independent Auditor's Opinion

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2023.

Our Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1(c) to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB79,793,000 for the year ended 31 December 2023 and a net operating cash outflow of approximately RMB19,599,000. As of that date, the Group's current liabilities exceeded its current assets by approximately RMB13,243,000. The Group had total bank borrowings of approximately RMB108,749,000, of which approximately RMB87,224,000 were current bank borrowings repayable within the next twelve months from 31 December 2023, while it had cash and cash equivalents of approximately RMB37,291,000 as at 31 December 2023. These conditions, along with other matters as set out in Note 2.1(c) to the consolidated financial statements, indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises Ms. Kan Lai Kuen, Alice, as the chairlady, 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 2023.

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 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the 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 2023, 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 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 2023. 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 2023.

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

During the year ended 31 December 2023, 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 (which has been renumbered to Appendix C3 with effect from 31 December 2023) 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 2023 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2023.

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 2023 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, 28 March 2024

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.