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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)

2021 ANNUAL RESULTS ANNOUNCEMENT

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	5	344,606	275,967
Cost of goods sold	7	(248,998)	(191,069)
Gross profit		95,608	84,898
Other income		3,425	8,077
Selling and marketing expenses	7	(39,275)	(32,889)
Administrative expenses	7	(44,999)	(41,886)
Research and development expenses	7	(33,521)	(37,360)
Net impairment losses on financial assets		(448)	(224)
Other gains – net	6	1,338	222
Operating loss		(17,872)	(19,162)
Finance expenses – net	8	(6,118)	(5,201)
Share of (loss)/profit of investments accounted for using the equity method		(839)	112
Loss before income tax		(24,829)	(24,251)
Income tax expenses	9	(353)	(1,183)
Loss for the year		(25,182)	(25,434)

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss attributable to:			
– Shareholders of the Company		(25,139)	(25,113)
– Non-controlling interests		(43)	(321)
		<u>(25,182)</u>	<u>(25,434)</u>
Loss per share for loss attributable to the shareholders of the Company during the year (expressed in RMB per share)			
– Basic	10	(0.041)	(0.041)
– Diluted	10	(0.041)	(0.041)
		<u>(0.041)</u>	<u>(0.041)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	RMB'000	RMB'000
Loss for the year	(25,182)	(25,434)
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	20,017	213
Income tax relating to these items	(5,083)	(74)
Other comprehensive income for the year, net of tax	14,934	139
Total comprehensive loss for the year	(10,248)	(25,295)
Total comprehensive loss for the year attributable to:		
– Shareholders of the Company	(10,991)	(24,987)
– Non-controlling interests	743	(308)
	(10,248)	(25,295)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		105,928	107,362
Right-of-use assets		11,891	8,545
Intangible assets		5,889	11,075
Investments accounted for using the equity method		7,094	7,933
Financial assets at fair value through other comprehensive income		31,195	11,178
Deferred income tax assets		6,661	6,954
Other receivables	12	–	1,651
Other assets		2,167	3,264
Restricted cash		441	–
		<u>171,266</u>	<u>157,962</u>
Current assets			
Financial assets at fair value through profit or loss	13	62,170	386
Inventories		112,461	101,038
Trade and other receivables	12	46,836	34,457
Other assets		920	–
Restricted cash		155	153
Cash and cash equivalents		63,325	104,430
		<u>285,867</u>	<u>240,464</u>
Total assets		<u>457,133</u>	<u>398,426</u>
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		9,155	9,155
Other reserves		274,447	258,226
Accumulated losses		(77,587)	(50,396)
		<u>206,015</u>	<u>216,985</u>
Non-controlling interests		<u>(129)</u>	<u>(872)</u>
Total equity		<u>205,886</u>	<u>216,113</u>

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		16,549	1,108
Lease liabilities		3,518	–
Deferred income tax liabilities		5,488	382
		<u>25,555</u>	<u>1,490</u>
Current liabilities			
Trade and other payables	14	104,465	84,124
Contract liabilities		26,989	10,557
Lease liabilities		1,318	1,154
Borrowings		92,920	84,988
		<u>225,692</u>	<u>180,823</u>
Total liabilities		<u>251,247</u>	<u>182,313</u>
Total equity and liabilities		<u>457,133</u>	<u>398,426</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 electronic 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 23 March 2022.

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 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 2021.

Amendment to HKFRS 16	2019 novel coronavirus disease (“ COVID-19 ”) – Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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 and amended standards, amendments, interpretation to standards and accounting guideline issued but are not effective for financial year ended 31 December 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Revised Accounting Guideline 5	Merger accounting for common control combination	1 January 2022
HKFRS 3 (Amendment)	Business combinations	1 January 2022
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2022
HKAS 37 (Amendment)	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements	Annual Improvements to HKFRS standards 2018–2020 cycle	1 January 2022
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 adoption of the new and amended standards and interpretation did not have a material impact on the consolidated financial statements of the Group.

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 90% 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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales of goods – at a point in time		
– Printers	314,805	265,128
– Other products	29,801	10,839
	<u>344,606</u>	<u>275,967</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
In the PRC	337,609	262,726
In other countries	6,997	13,241
	<u>344,606</u>	<u>275,967</u>

(c) For the year ended 31 December 2021, approximately 25% (2020: 15%) of total revenue was derived from a single external customer, for sales of printers.

6. OTHER GAINS – NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Fair value gains/(losses) on financial assets at fair value through profit or loss	912	(77)
Foreign exchange (losses)/gains – net	(142)	169
(Losses)/gains from disposal of machinery and equipment	(58)	69
Compensation income	236	2
Others	390	59
	<u>1,338</u>	<u>222</u>

7. EXPENSES BY NATURE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Depreciation and amortisation	17,099	17,604
Raw materials and consumables recognised in cost of goods sold and expenses	220,418	169,302
Employee benefit expenses	85,932	75,123
Transportation expenses	6,926	6,867
Travel and entertainment expenses	5,007	4,825
Repairs and maintenance	2,377	2,280
Subcontracting charges	1,124	1,131
Operating leases	2,074	4,986
Provision for/(reversal of) inventories	2,074	(4,528)
Service fees for product development	2,491	3,646
Auditor's remuneration	1,520	1,440
– Audit services	1,500	1,400
– Non-audit services	20	40
Advertising and promotion fees	2,197	3,005
Impairment of goodwill	4,217	2,262
Impairment of intangible assets and property, plant and equipment	555	631
Others	12,782	14,630
	<u>366,793</u>	<u>303,204</u>

8. FINANCE EXPENSES – NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest expenses		
– bank borrowings	(5,852)	(5,097)
– loan from a non-controlling shareholder	(91)	(94)
– lease liabilities	(226)	(100)
Exchange losses on bank borrowings	51	90
	<u>(6,118)</u>	<u>(5,201)</u>

9. INCOME TAX EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current income tax expenses		
– PRC corporate income tax (<i>note (b)</i>)	(37)	–
Deferred income tax	(316)	(1,183)
	<u>(353)</u>	<u>(1,183)</u>

(a) **Hong Kong profits tax**

The applicable Hong Kong tax rate is 16.5% for the year ended 31 December 2021 (2020: 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 2021 (2020: 15%). The effective CIT rate of other group entities in the PRC is 25% (2020: 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 no withholding income tax (2020: nil). No deferred income tax has been provided for PRC dividend withholding tax as at 31 December 2021.

(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 2,400,000 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 2021. These options could potentially dilute basic (loss)/earnings per share in the future.

	2021	2020
Loss attributable to the shareholders of the Company (<i>RMB'000</i>)	(25,139)	(25,113)
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>(0.041)</u>	<u>(0.041)</u>

11. DIVIDENDS

No dividend was recommended by the board of directors for the year ended 31 December 2021 (for the year ended 31 December 2020: nil).

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current		
Other receivables		
– Third parties	–	359
– Related parties	–	1,292
	<u>–</u>	<u>1,651</u>
	–	1,651
Current		
Trade receivables		
– Third parties (<i>note(a)</i>)	22,784	19,329
Less: loss allowance of trade receivables	(472)	(224)
	<u>22,312</u>	<u>19,105</u>
	22,312	19,105
Bills receivables	10,863	302
Less: loss allowance of bills receivables	(29)	–
	<u>10,834</u>	<u>302</u>
	10,834	302
Prepayments		
– Third parties	4,840	4,288
– Related parties	20	20
	<u>4,860</u>	<u>4,308</u>
	4,860	4,308
Other receivables		
– Third parties	7,856	10,665
– Related parties	1,415	797
Less: loss allowance of other receivables		
– Third parties	(420)	(720)
– Related parties	(21)	–
	<u>8,830</u>	<u>10,742</u>
	8,830	10,742
Current portion	<u>46,836</u>	<u>34,457</u>
	46,836	36,108

- (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 2021 and 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Less than 30 days	8,669	13,803
31–90 days	8,259	3,327
91–180 days	2,831	1,182
181–365 days	1,373	702
Over 365 days	1,180	91
	<u>22,312</u>	<u>19,105</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021 a provision of RMB472,000 (31 December 2020: RMB224,000) was made against the gross amounts of trade receivables.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Level 3		
Balance at 1 January	386	463
Additions	223,000	–
Disposals	(161,000)	–
Fair value losses – net	(216)	(77)
	<u>62,170</u>	<u>386</u>
Balance at 31 December	<u>62,170</u>	<u>386</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.
- (b) Balances as at 31 December 2020 represented a put option embedded in the Group's investment in Kaiyi, a limited partnership set up for investing in an education consulting company, pursuant to which the Group has a right to put the Group's equity interest in Kaiyi to the controlling shareholder of the education consulting company at a price of the Group's original capital contribution plus a return of 10% per annum on and after the third anniversary of the investment. During the year ended 31 December 2021, the Group did not exercise the put option with the option lapsed, resulting in the fair value losses amounting to RMB386,000 recognised in the Other Gain – net.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current Liabilities		
Trade payables		
– Third parties	66,502	45,695
Other payables		
– Third parties	36,974	38,033
– Related parties	593	–
Dividends payable	396	396
	<u>104,465</u>	<u>84,124</u>

At 31 December 2021, the ageing analysis of the trade payables based on invoice date, including amounts due to related parties of trading nature, is as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	35,931	25,110
31–90 days	24,724	17,295
91–180 days	2,454	376
181–365 days	1,040	990
Over 365 days	2,353	1,924
	<u>66,502</u>	<u>45,695</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Printer Business

For the year ended 31 December 2021, the revenue of the Group derived from the printer business was approximately RMB314,805,000, which accounted for approximately 91% of the total revenue of the Group and represented an increase of approximately 19% as compared with that in 2020. The increase in revenue was mainly attributable to the easing of the COVID-19 pandemic and the recovery of market demand in 2021.

Other Products

For the year ended 31 December 2021, the revenue of the Group derived from the other products business amounted to approximately RMB29,801,000, which accounted for approximately 9% of the total revenue of the Group and represented an increase of approximately 175% over the year of 2020. The increase was mainly attributable to the sale to suppliers of raw materials originally intended for processing by third parties.

Future Business Outlook

Thanks to concerted staff effort to vigorously address the challenge of new businesses, the Company reported rapid development in its self-serviced terminal business in 2021 and reported notable year-on-year growth in its consolidated turnover for 2021. The Company obtained the registration permits for its medical-grade nebuliser and medical portable oxygen concentrator the first half of 2021 and early 2022, respectively, marking significant progress in the development of its medical product business.

Printing Equipment and Printing Solutions

With the promotion of electronic invoices and financial electronic bills, the Company's exploration of the demand for dot-matrix printers in a broad range of sub-sectors has achieved considerable success in the power generation, measurement instruments, public security system household register printing and hospital markets. Meanwhile, the Company has made vigorous efforts in developing the inkjet printer business with the launch of continuous paper feed inkjet printers, electronic medical history record printers and colour printers for labelling medicine bags in the medical market. The Company has also launched official "red letter-headed" printers for government and industries, colour inkjet homework printers for the household market and colour label printers for the manufacturing and commercial sectors.

The Company has been deeply engaged in and has maintained its advantageous position in the electronic invoice cloud printing sector. The technical standards of Jolimark electronic invoice cloud printing have found their way into standard tutorial materials in WeChat and Alipay open platforms for developers. Jolimark has become an important strategic partner for WeChat and Alipay in electronic invoice cloud printing. Meanwhile, our electronic invoice cloud printers and cloud printing solutions have been widely adopted by leading customers in many industries, such as China Southern Power Grid, State Grid, China Telecom, Aisino of China (中國航天信息), PetroChina, Sinopec, Shell, National Taxation Bureau, Wal-Mart, and China Construction Bank and other large customers. With the full implementation of the electronization of special value-added tax invoices in 2021 in accordance with the notification of the State Administration of Taxation, the Company expects substantial growth in the market for electronic invoice printers in the future. Given that electronic invoices are the gateways to fiscal and tax data and their applications, the Company will identify new values in the broad application of cloud printing technologies associated with the era of the Internet and big data.

Medical Equipment Products

In the first half of 2021, the Company launched its medical-grade low-noise compressor-based nebuliser (models HN300 and HN320) after obtaining the registration permit for this product. In the support of nebulised inhalation therapy, the nebuliser is capable of generating particles with an average diameter of 3.5 micrometres, a size that can easily enter the alveoli and the lower respiratory tract for ready absorption. It also has a noise reduction ratio which is 25% better than similar products. Research findings in China and elsewhere have indicated that nebulised therapies have distinctive effects on treating COVID-19 patients, and the Company expects the device to be applied to the treatment of COVID-19 patients and patients with similar needs in the future.

The Company has successfully obtained medical product registration permit and production permit (model MOP30) for its medical portable oxygen concentrator in early 2022 after nearly a year of rigorous national testing and examination process for medical equipment. This product is mainly designed for patients suffering from retarded lung functions, chronic obstructive pulmonary disease and asthma and are therefore dependent on oxygen concentrators for breathing support. This minute size and light weighted product allows patients to remain socially engaged. It is also useful for mountaineering, high-latitude tourism, or for use personally, in the office or in domestic oxygen bars. It also helps to improve memory and reduce fatigue for overstressed brain workers and enhance the arterial blood oxygen content of expectant mothers for the benefit of their babies' growth. The Company plans to further improve its product series in 2022 with the development of wearable ring oxygen monitors, heart-rate monitors, portable oxygen concentrators with smart control of oxygen supply volume at a competitive price/performance. There will also be small-size desktop oxygen concentrators for domestic application to provide a range of oxygen-based health protection equipment for patients recuperating at home, senior citizens and other people who need oxygen supplement. The Company expects the medical equipment segment to be an important niche for profit growth in the future.

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.

The self-serviced terminal supplied to the Beijing Municipal Administrative Center in 2021 in support of for government services is a high-performance man-machine interactive product developed to facilitate the digitization of the "Five-One" platform and a self-serviced government service terminal which integrates administrative approval, process management and self-servicing to enable citizens to handle administrative and civic affairs by using a round the clock self-serviced government service terminal and second-generation identity cards or citizen cards. Currently, other Jolimark self-serviced terminals have been deployed in the servicing scenarios such as the State Grid service hall, tax administration halls and others. The Company has developed new self-serviced lottery printer terminals, including CSLCMT and TBC-100A in 2021 which are expected to be operational in self-serviced welfare lottery centres and the China Sports Lottery outlets in numerous provinces in 2022. The Company's medical financial electronic bill self-serviced terminal with red and black printing outputs launched in 2021, such as BSPM-21W, is currently the only device on the market that can print red seals and has been purchased for use by numerous hospitals.

The Jolimark coffee art machine and Jolimark manicure machine are new-generation interactive experience products for internet key opinion leaders (KOLs). These artistic and interactive products, which are capable of quickly printing high-definition images and patterns on coffee, biscuits and other food surfaces or on finger nails in ten seconds and delivering independent printing after uploading pictures by scanning a WeChat barcode, are important self-serviced terminal products of the Company catering to the new retail traffic and consumer sectors.

Big Data and SAAS Cloud Application

Leveraging our expertise in cloud printing, the Company has also been actively engaged in the research and promotion of SAAS applications as one of the directions of its future business development. Currently, the Company has launched a variety of SAAS cloud applications, such as the "E Invoicing (E開單)" app and the "Hassle-free reimbursement" app for small and medium sized wholesalers. These apps enhance the operating efficiency of enterprises by facilitating remote cargo management, remote invoice printing and invoice authenticity checking. Currently, the Company has developed a "Jolimark Cloud Printing" SAAS platform which could provide shared paid printing and advertising functions, and a number of business partners, including M.Y.J. and others, which are expected to go online and operate on this platform in 2022. To promote SAAS cloud applications, the Company has set up a new media operation department to facilitate precision marketing through content operations in collaboration with various KOLs and KOCs on platforms such as Kuaishou and Douyin.

Video Interactive Education System

Jolimark's remote teaching system is a one-to-many video interactive education platform introduced through the integration of projector camera, camera scanner and education system console. It allows teachers to interact through video with students located in different places. Through the projector camera or camera scanner, teachers can achieve a virtual presence effect as in live teaching. It is especially suitable for teaching of hobbies such as art, calligraphy and musical and other performances and live instruction for indoor exercise. It is also capable of supporting product training and business meetings.

Financial Review

Results Summary

For the year ended 31 December 2021, the Group's turnover amounted to approximately RMB344,606,000 representing an increase of approximately 25% as compared with last year. The loss attributable to shareholders of the Company amounted to approximately RMB25,139,000, representing a slight increase in loss by RMB26,000 as compared to 2020. The basic loss per share as at 31 December 2021 was approximately RMB0.041 (the basic loss per share as at 31 December 2020: RMB0.041). Loss in 2021 was mainly attributable to the undersupply of and rising prices for printer chips, as well as the recognition of goodwill impairment.

Analysis of sales and gross profit

As compared with 2020, the Group's total revenue increased by approximately 25% following the easing of the COVID-19 pandemic and the recovery of market demand. However, gross profit margin decreased to 28% owing to the price hike of chips.

Capital Expenditure

For the year ended 31 December 2021, capital expenditure of the Group amounted to approximately RMB13,118,000, which was mainly used for the purchase of production equipment and customized manufacturing of product moulds.

Financial and Liquidity Position

As at 31 December 2021, the total assets of the Group amounted to approximately RMB457,133,000 (31 December 2020: RMB398,426,000), controlling shareholder's interests amounted to approximately RMB206,015,000 (31 December 2020: RMB216,985,000); non-controlling interests amounted to approximately RMB(129,000) (31 December 2020: RMB(872,000)); current liabilities amounted to approximately RMB225,692,000 (31 December 2020: RMB180,823,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.27 (31 December 2020: 1.33). The decrease in current ratio was mainly attributable to the increase in contract liabilities for the year by RMB16,432,000.

As at 31 December 2021, the cash and cash equivalents, restricted cash and short-term wealth management products included in financial assets at fair value through profit or loss of the Group amounted to approximately RMB126,091,000 (31 December 2020: RMB104,583,000) in aggregate. Together with outstanding bills receivables from customers amounting to approximately RMB10,834,000 (31 December 2020: RMB302,000) and after deducting bank loans of approximately RMB109,469,000 (31 December 2020: approximately RMB86,096,000), the Group's net cash amounted to approximately RMB27,456,000.

Pledge of Assets

As at 31 December 2021, property, plant and equipment of RMB4,339,000 (2020: nil) were pledged as collateral for the Group's bank borrowings of RMB15,000,000.

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 2021, 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 2021 (31 December 2020: nil).

Staff

As at 31 December 2021, the Group employed a total of 781 staff members (2020: 858 staff members). Apart from 20 employees employed in Hong Kong and overseas, all employees of the Group were based in mainland China. The Group determined its remuneration and bonus policies for all employees with reference to business results and individual performance of the staff. 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 2021 (Year ended 31 December 2020: nil).

Closure of Register of Members

The annual general meeting of the Company will be held on Wednesday, 25 May 2022. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 19 May 2022 to Wednesday, 25 May 2022, 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 Wednesday, 18 May 2022.

Scope of work of PricewaterhouseCoopers

The figures in respect of this announcement of the Group's results for the year ended 31 December 2021 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 2021. 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 2021.

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 2021, save for the deviation from code provision E.1.2 of the CG Code that was in force in 2021 below:

In accordance with the requirements of code provision E.1.2 of the CG Code that was in force in 2021, 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 24 May 2021. Mr. Yeung Kwok Keung, an independent non-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 2021.

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

During the year ended 31 December 2021, 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 2021 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2021.

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 2021 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, 23 March 2022

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.