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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

UNAUDITED CONSOLIDATED RESULTS

The board (the “Board”) of directors (the “Directors”) of Jolimark Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Period”) together with the comparative figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in Renminbi Yuan thousands unless otherwise stated)

		Six months ended 30 June	
	<i>Note</i>	2021	2020
		Unaudited	Unaudited
Revenue	5	142,003	102,059
Cost of goods sold		(98,683)	(72,026)
Gross profit		43,320	30,033
Other income		1,586	2,280
Selling and marketing costs		(18,992)	(15,575)
Administrative expenses		(17,984)	(20,444)
Research and development expenses		(15,371)	(20,069)
Other (losses)/gains – net		(37)	292

		Six months ended 30 June	
	<i>Note</i>	2021	2020
		Unaudited	Unaudited
Operating loss		(7,478)	(23,483)
Finance costs – net		(3,100)	(1,973)
Share of (losses)/gains of investments accounted for using the equity method		<u>(190)</u>	<u>28</u>
Loss before income tax		(10,768)	(25,428)
Income tax credits	6	<u>14</u>	<u>3,898</u>
Loss for the period		<u>(10,754)</u>	<u>(21,530)</u>
Loss attributable to:			
– Shareholders of the Company		(10,703)	(21,177)
– Non-controlling interests		<u>(51)</u>	<u>(353)</u>
		<u>(10,754)</u>	<u>(21,530)</u>
Loss per share for loss attributable to the shareholders of the Company (expressed in RMB per share)			
– Basic	7	(0.017)	(0.035)
– Diluted	7	<u>(0.017)</u>	<u>(0.035)</u>

The above condensed consolidated interim income statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Loss for the period	(10,754)	(21,530)
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	(148)	802
Income tax relating to these items	(63)	(188)
Other comprehensive income for the period, net of tax	(211)	614
Total comprehensive income for the period	(10,965)	(20,916)
Total comprehensive income for the period attributable to:		
– Shareholders of the Company	(10,948)	(20,588)
– Non-controlling interests	(17)	(328)
	(10,965)	(20,916)

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in Renminbi Yuan thousands unless otherwise stated)

		As at	
	Note	30 June 2021 Unaudited	31 December 2020 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		107,877	107,362
Right-of-use assets		13,149	8,545
Intangible assets		12,301	11,075
Investments accounted for using the equity method		7,743	7,933
Financial assets at fair value through other comprehensive income		11,030	11,178
Deferred income tax assets		6,988	6,954
Other receivables	9	1,620	1,651
Other non-current assets		2,984	3,264
Total non-current assets		163,692	157,962
Current assets			
Financial assets at fair value through profit or loss		350	386
Inventories		109,593	101,038
Trade and other receivables	9	37,897	34,457
Restricted cash		594	153
Cash and cash equivalents		119,612	104,430
Total current assets		268,046	240,464
Total assets		431,738	398,426

		As at	
	<i>Note</i>	30 June 2021 Unaudited	31 December 2020 Audited
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		9,155	9,155
Other reserves		257,989	258,226
Accumulated losses		<u>(61,099)</u>	<u>(50,396)</u>
		206,045	216,985
Non-controlling interests		<u>(889)</u>	<u>(872)</u>
Total equity		<u>205,156</u>	<u>216,113</u>
LIABILITIES			
Non-current liabilities			
Borrowings		2,191	1,108
Lease liabilities		4,405	–
Deferred income tax liabilities		<u>465</u>	<u>382</u>
Total non-current liabilities		<u>7,061</u>	<u>1,490</u>
Current liabilities			
Trade and other payables	10	72,133	84,124
Contract liabilities		30,857	10,557
Lease liabilities		1,531	1,154
Borrowings		<u>115,000</u>	<u>84,988</u>
Total current liabilities		<u>219,521</u>	<u>180,823</u>
Total liabilities		<u>226,582</u>	<u>182,313</u>
Total equity and liabilities		<u>431,738</u>	<u>398,426</u>
Net current assets		<u>48,525</u>	<u>59,641</u>
Total assets less current liabilities		<u>212,217</u>	<u>217,603</u>

The above condensed consolidated interim balance sheet should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

- (a) 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.
- (b) The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are manufacture and sale of printers, other electronic products and other non-electronic products in the People’s Republic of China (the “PRC”).
- (c) The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 29 June 2005.
- (d) This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, this condensed consolidated interim financial information is to be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”), and any public announcements made by the Company during the interim reporting period.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

3.1 New and amended standards adopted by the Group

The following new and amended standards are mandatory for adoption for the financial year beginning 1 January 2021 for the Group:

Amendment to HKFRS 16	IFRS 16-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 Group has assessed the impact of the adoption of these new and amended standards that are effective for the first time for this financial year and has concluded that they do not have any impact on the Group's accounting policies and do not require retrospective amendments and interpretation adjustments.

3.2 The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted:

		Effective for annual periods beginning on or after
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 to HKFRS 1	First-time Adoption of IFRS	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendment)	Presentation of financial statements' on classification of liabilities	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 announced

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these condensed consolidated interim financial information. None of these is expected to have a significant effect on the condensed consolidated interim financial information 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) Revenues from external customers are for sales of goods as below:

	Six months ended 30 June	
	2021	2020
Printers	138,316	96,529
Other products	3,687	5,530
	<u>142,003</u>	<u>102,059</u>

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

	Six months ended 30 June	
	2021	2020
In the PRC	137,619	95,975
In other countries	4,384	6,084
	<u>142,003</u>	<u>102,059</u>

(c) For the six months ended 30 June 2021, approximately 19% (six months ended 30 June 2020: 10%) of total revenue are derived from a single external customer.

6. INCOME TAX CREDITS

	Six months ended 30 June	
	2021	2020
Deferred income tax	14	3,898

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2021 (six months ended 30 June 2020: same).

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 Xinhui 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 six months ended 30 June 2021 (six months ended 30 June 2020: 15%). The effective CIT rate of other group entities in the PRC is 25% (six months ended 30 June 2020: 25%).

PRC dividend withholding 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 should be subject to a 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 meet the requirements to the tax treaty arrangements between the PRC and Hong Kong.

During the six months ended 30 June 2021, no provision for PRC dividend withholding tax is necessary.

Overseas income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2003 Revision) of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. Subsidiaries of the Company in the British Virgin Islands (the “BVI”) are incorporated under the International Business Companies Act of the BVI and, accordingly, are exempted from income tax in the BVI.

7. LOSS PER SHARE

Basic

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.

	Six months ended 30 June	
	2021	2020
Loss attributable to the shareholders of the Company (<i>RMB'000</i>)	(10,703)	(21,177)
Weighted average number of ordinary shares in issue (<i>shares in thousands</i>)	612,882	612,882
Basic loss per share (<i>RMB per share</i>)	<u>(0.017)</u>	<u>(0.035)</u>

Diluted

Diluted earnings 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. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company for the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2021	2020
Loss attributable to the shareholders of the Company (<i>RMB'000</i>)	(10,703)	(21,177)
Weighted average number of ordinary shares in issue (<i>shares in thousands</i>)	612,882	612,882
Adjustments for share options (<i>shares in thousands</i>)	1,073	–
Weighted average number of ordinary shares for diluted earnings per share (<i>shares in thousands</i>)	613,955	612,882
Diluted loss per share (<i>RMB per share</i>)	(0.017)	(0.035)

8. DIVIDENDS

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2021	31 December 2020
Non-current		
Other receivables		
– Third parties	308	359
– Related parties	<u>1,312</u>	<u>1,292</u>
	<u>1,620</u>	<u>1,651</u>
Current		
Trade receivables from third parties (<i>note (a)</i>)	18,484	19,329
Less: provision for impairment of trade receivables	<u>(713)</u>	<u>(224)</u>
Trade receivables – net	<u>17,771</u>	<u>19,105</u>
Bills receivable (<i>note (b)</i>)	2,169	302
Prepayments		
– Third parties	9,870	4,288
– Related parties	20	20
Other receivables		
– Third parties	8,339	10,665
– Related parties	448	797
Less: provision for impairment of other receivables		
– Third parties	<u>(720)</u>	<u>(720)</u>
Other receivables – net	<u>8,067</u>	<u>10,742</u>
	<u>37,897</u>	<u>34,457</u>

- (a) The Group's sales to customers are generally granted with credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. As at 30 June 2021, the ageing analysis of the trade receivables-net is as follows:

	As at	
	30 June 2021	31 December 2020
Less than 30 days	10,798	13,803
31–90 days	3,837	3,327
91–180 days	1,078	1,182
181–365 days	1,732	702
Over 365 days	<u>326</u>	<u>91</u>
	<u>17,771</u>	<u>19,105</u>

The credit quality of trade receivables within credit limit is assessed by reference to historical information about counterparty default rates. As at 30 June 2021, these trade receivables were related to the major customers of the Group and without indication of default in settlement.

As at 30 June 2021, trade receivables of RMB2,159,000 (31 December 2020: RMB793,000) were past due but not impaired, which were related to a number of independent customers with no recent history of default.

(b) As at 30 June 2021 and 31 December 2020, bills receivables represent bank acceptance bills.

10. TRADE AND OTHER PAYABLES

	As at	
	30 June 2021	31 December 2020
Trade payables to third parties	48,338	45,695
Other payables		
– Third parties	23,316	38,033
– Related parties	83	–
Dividends payable	396	396
	72,133	84,124
	72,133	84,124

At 30 June 2021, the ageing analysis of the trade payables based on invoice date, is as follows:

	As at	
	30 June 2021	31 December 2020
Less than 30 days	26,716	25,110
31–90 days	16,861	17,295
91–180 days	769	376
181–365 days	1,630	990
Over 365 days	2,362	1,924
	48,338	45,695
	48,338	45,695

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Printer Business

For the six months ended 30 June 2021, the revenue of the Group derived from the printer business amounted to approximately RMB138,316,000, which accounted for approximately 97% of the total revenue of the Group and represented an increase of approximately 43% as compared with that for the corresponding period in 2020. The increase in revenue was attributable mainly to the easing of the COVID-19 pandemic and market recovery in 2021.

Other Products

For the six months ended 30 June 2021, the revenue of the Group derived from the business of other products amounted to approximately RMB3,687,000, which accounted for approximately 3% of the total revenue of the Group and represented a decrease of approximately 33% as compared with that for the corresponding period in 2020. The decrease was mainly due to the decrease in demand for medical masks following the easing of the COVID-19 pandemic in the first half of 2021.

Future Business Outlook

Marked improvement in the Company's business is expected for 2021 in anticipation of growth in cloud printing and self-serviced terminal businesses following market recovery in the wake of the easing of the COVID-19 pandemic, coupled with the launch of the medical-grade compressor-based nebulizer and medical-grade portable ventilator.

Printing Equipment and Printing Solutions

In 2021, the Company endeavored to explore the demand for dot-matrix printing in some sub-sectors with the introduction of a number of printer models for applications, such as the LQ-350K/K+ drum dot-matrix printer to be used in conjunction with electrical monitoring and measurement instruments, the BP-900KII/KII+ ID dual colour document printer (red/black) for the printing of file cases and residence booklets by government authorities and corporate entities. The Company also has the PP-57D/76D portable dot-matrix printer for instant printing of delivery notes with counterfoils. In the meantime, vigorous effort was devoted to the development of inkjet printing applications with the launch of a full range of printing products for the medical industry, such as the IP-800+ continuous paper feed inkjet printers which are ideal for the printing of tabulated contents, medical instructions, electronic health records and test reports. Moreover, the Company has also launched inkjet printers for color medicine pack labels, the G102 red-letterhead inkjet printers for governments and industries, the color label inkjet printers for the manufacturing and commercial sectors, and dual colour (red/black) printers for accounting vouchers in finance departments. The Company has explored other new applications of the inkjet technology in various industries to fill the vacuum left by the likely dwindling demand in the dot-matrix printer's market.

Electronic Invoice Cloud Printer

The Company has been cultivating the electronic invoice cloud printing sector with sustained competitive advantage. The technical standards of Jolimark electronic invoice cloud printing have been adopted as standard tutorial materials in the WeChat and Alipay open platforms for developers. The Company is also an important strategic partner for WeChat and Alipay in electronic invoice cloud printing service. Meanwhile, Jolimark electronic invoice cloud printers and cloud printing solutions, such as cloud printers TP108W, HX109W and CTP-180UWE, have been widely implemented by leading customers in many industries, including 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, China Construction Bank and other large customers. The market for electronic invoice printers is anticipated to witness significant growth in the future following the announcement by the State Taxation of Administration of Taxation of the full implementation of electronicization of special value-added tax invoices in all provinces and municipalities in early 2021. As electronic invoices are gateways to fiscal and tax data and their applications, the Company will strive to capture any new opportunities and new value created by the Internet and big data.

SAAS Cloud Printer

Multi-terminal, multi-network section and remote commercial printing has become popular following the development of mobile Internet and software as a service (“SAAS”). In 2021, the Company has continued to persist in the strategic guiding principle that “printing is all about cloud applications”. Based on the core competitive strengths forged over a period of more than 30 years in the printer sector, the Company continued to position itself as a cloud printing application service provider offering sophisticated software/hardware integration with the development of customized models such as CFP-535W/536W and CLP-180W, empowering software developers for various industries with the supply of cloud printers catering to a variety of printing scenarios. The Jolimark Cloud Printing Open Platform, created by the Company exclusively for SAAS software developers, currently has over 1,500 registered software developer partners. In 2021, the Company reported sustained rapid growth in the sales of SAAS cloud printers.

Medical Devices

The Company obtained a production permit (Category II) for its medical-grade compressor-based nebulizer HN300 during the first half of 2021. The product is mainly used to facilitate nebulizer treatment. It is capable of sending medicine in the form of nebulized granules with an average diameter of 3.5 micrometres directly to the alveoli and the lower respiratory tract for ready absorption by the human body. The product outperforms nebulizers of well-known brands in the market in key indicators, such as the proportion of nebulized granules under 5µm, noise vibration and residual drug in liquid form. The Company also expects to launch the portable medical-grade ventilator in 2021. The product is mainly designed for patients with compromised lung functions who are dependent on breathing support. Its small size and light weight allows patients to remain mobile and socially engaged as a normal person. It is

also suitable for mountaineering and high-latitude tourism, as well as healthcare applications such as personal, office and domestic oxygen bars. The launch of these medical devices will provide a new niche for the Company's profit growth.

Big Data and SAAS Cloud Application

The printer itself is a data processing terminal. The application of cloud printing transforms offline isolated data into cloud-based intelligently – interconnected big data through multi-terminal, multi-network section and cross-regional printing that facilitates the interconnection of data across different applications. The USB cloud printer (MPU-58WC/MPU-330W) launched by the Company can facilitate, without any software modification, the upgrade of different cashier systems and business systems to support applications such as self-service electronic invoice issuance, O2O online membership marketing system, smart parking and smart shopping mall management. On the basis of cloud printing, the Company has successively launched a variety of SAAS cloud applications. The Company's "E-Invoicing" mini-program (KFP-536W/KLQ-200) is positioned as an extremely user-friendly SAAS application for purchasing, sales and inventory management for small and medium sized wholesalers, allowing them to handle the entire process of invoice issuance, invoice printing, stock management, dispatch, account records and business statements using one single handset. The application frees small and medium sized wholesalers from manual invoicing work and facilitates informatization for the wholesaling sector. The "Hassle-free reimbursement" mini-program (S-100W/HX-100W/BW-100W) launched in 2021 is a remote SAAS system for convenient reimbursement and electronic invoice printing which enables remote reimbursements during business travels and performs other functions such as invoice authenticity checking, prevention of repeated reimbursement of electronic invoices and remote approval. It also allows convenient remote printing of electronic invoices in batches, thereby enhancing the efficiency of corporate reimbursement procedures. The "Jolimark Cloud Printing" SAAS mini-program (SS-101) launched in the first half of 2021 provides shared paid printing and paid advertising functions as an operating platform integrating software and hardware for third-party operators. Operations have been rolled out in numerous regions, including Zhejiang, Guizhou and Hunan. To promote SAAS cloud applications, the Company has set up a new media operation department to undertake precision marketing through content operations on platforms such as Kuaishou and Douyin. Meanwhile, on the back of electronic invoice printing, customized interactive printing, shared file printing and other cloud printing, the Company has developed a precision smart marketing advertisement platform and a new retail platform with O2O functions, such as the scanning system for dining orders and payments and the shared "fans fission" marketing platform.

New Retail System and Platform

The Jolimark cloud printed self-serviced terminal series comprises terminals in a variety of formats, such as screenless self-serviced terminal, desktop self-serviced terminal, cabinet self-serviced terminal and lottery self-serviced terminal. They have been extensively applied in multiple scenarios such as smart government affairs, the medical sector, tax administration halls, welfare lottery centres and bookstores, providing tailor-made advertising services while facilitating self-serviced operations and printing applications. The lottery self-service printing terminals are in full operation at the centres of Beijing Welfare Lottery and Heilongjiang Welfare Lottery, and the Company has achieved breakthrough in sales and secured cooperation with China Sports Lottery. The smart government affairs terminal is the first integrated terminal that connects services relating to people's livelihood, such as public security, industry and commerce, taxation, land and social insurance, providing one-stop services such as the handling of various government affairs, receipt cabinet and document log-in, scanning and printing. Given that the market for cloud-based self-serviced printing terminals is enormous, the Company plans to develop this segment into one of its core businesses. Elsewhere, the coffee art machine ((LAP-200D) and Jolimark manicure machine (NP-200/NP-101D) currently offered by the Company are new-generation interactive products for the Internet key opinion leaders (KOLs). These products can quickly print high-definition images and patterns on coffee, biscuits and other food surfaces or on finger nails in ten seconds, and realize independent printing of pictures uploaded via scanning of WeChat barcode, offering users both artistic and interactive features. The Company has plans to develop self-serviced coffee equipment in the future.

Video Interactive Art Education System

The Jolimark art remote education system is a one-to-many video interactive education platform introduced through the effective integration of the projector camera, camera scanner and education system console developed by the Company. It allows teachers to interact through video with students in different locations. Through the projector camera or camera scanner, teachers can achieve a virtual presence effect as if he/she is teaching live. It is especially suitable for teaching and real-time instruction in art, calligraphy, recital, performance and indoor sports, and is also capable of supporting product trainings and business meetings of corporations. An art education outreach system and a platform of premium resources for remote art education will be developed in association with renowned art colleges.

Financial Review

Results Summary

For the six months ended 30 June 2021, the Group's turnover amounted to approximately RMB142,003,000, representing an increase of approximately 39% as compared to that of the corresponding period of last year. The Group's consolidated gross profit margin increased from approximately 29% to approximately 31% as compared to the corresponding period of last year. The loss attributable to shareholders of the Company amounted to approximately RMB10,703,000, as compared to a loss of approximately RMB21,177,000 for the corresponding period of last year. The basic loss per share as at 30 June 2021 was approximately RMB0.017 (the basic loss per share as at 30 June 2020: RMB0.035). The decrease in loss attributable to shareholders was mainly due to an improvement in operation in the first half of 2021.

Capital Expenditure

For the six months ended 30 June 2021, capital expenditure of the Group amounted to approximately RMB7,811,000, which was mainly used for the acquisitions of production equipment and molds as well as intangible assets investment.

Financial and Liquidity Position

As at 30 June 2021, the total assets of the Group amounted to approximately RMB431,738,000 (31 December 2020: RMB398,426,000), controlling shareholder's interests amounted to approximately RMB206,045,000 (31 December 2020: RMB216,985,000); non-controlling interests amounted to approximately RMB(889,000) (31 December 2020: RMB(872,000)); current liabilities amounted to approximately RMB219,521,000 (31 December 2020: RMB180,823,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.22 (31 December 2020: 1.33). The decrease in current ratio was mainly attributable to the increase in short term bank loans of approximately RMB30,000,000 for the Period.

As at 30 June 2021, the cash and cash equivalents and restricted cash of the Group amounted to approximately RMB120,206,000 (31 December 2020: RMB104,583,000) in aggregate, whereas the bank loans of the Group amounted to approximately RMB117,191,000 (31 December 2020: RMB86,096,000). The Group was in a net cash position after deducting the loans.

As at 30 June 2021, the Group received outstanding bank acceptance bills from customers amounting to approximately RMB2,169,000 (31 December 2020: RMB302,000).

Pledge of Assets

As at 30 June 2021, no asset of the Company (31 December 2020: Nil) was pledged as security for bank loan facilities.

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 United States dollars, Taiwanese dollars, Euro and Hong Kong dollars 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 30 June 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 Period.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2021 (31 December 2020: nil).

Staff

As at 30 June 2021, the Group employed a total of 862 staff members (31 December 2020: 858 staff members). Apart from 21 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 the 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 Period and up to the date of this announcement.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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 six months ended 30 June 2021, save for the deviation from code provision E.1.2 below.

In accordance with the requirements of code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. 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.

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

During the six months ended 30 June 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 six months ended 30 June 2021 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the six months ended 30 June 2021.

Review of Condensed Consolidated Interim Financial Information

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors namely, Ms. Kan Lai Kuen, Alice, Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 had been reviewed by the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 had also been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jolimark.com). The interim report of the Company for the six months ended 30 June 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 August 2021

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.