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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)

2019 ANNUAL RESULTS ANNOUNCEMENT

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000
Revenue	6	**297,064**	329,621
Cost of goods sold		**(212,208)**	(224,595)
Gross profit		**84,856**	105,026
Other income		**6,793**	5,765
Selling and marketing expenses		**(40,240)**	(40,130)
Administrative expenses		**(39,646)**	(40,375)
Research and development expenses		**(44,441)**	(44,523)
Other (losses)/gains – net	7	**(765)**	440
Operating loss		**(33,443)**	(13,797)
Finance expenses – net	9	**(6,356)**	(10,138)
Share of gains/(losses) of investments accounted for using the equity method		**77**	(1,081)
Impairment of investment in associates		**(1,388)**	(3,586)
Loss before income tax		**(41,110)**	(28,602)
Income tax credit/(expense)	10	**4,666**	(439)
Loss for the year	8	**(36,444)**	(29,041)

	Note	**2019** **_RMB'000_**	2018 *RMB'000*
Loss attributable to:			
– Shareholders of the Company		**(36,057)**	(28,274)
– Non-controlling interests		**(387)**	(767)
		(36,444)	(29,041)
Loss per share for loss attributable to the shareholders of the Company during the year *(expressed in RMB per share)*			
– Basic and diluted	11	**(0.059)**	(0.045)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	RMB'000	*RMB'000*
Loss for the year	**(36,444)**	(29,041)
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	**(258)**	1,130
Income tax relating to these items	**6**	(311)
Other comprehensive income for the year, net of tax	**(252)**	819
Total comprehensive income for the year	**(36,696)**	(28,222)
Total comprehensive income for the year attributable to:		
– Shareholders of the Company	**(36,320)**	(27,508)
– Non-controlling interests	**(376)**	(714)
	(36,696)	(28,222)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	**2019** **RMB'000**	2018 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**105,823**	103,640
Right-of-use assets		**10,681**	–
Land use rights		**–**	8,010
Intangible assets		**13,216**	11,726
Investments accounted for using the equity method		**7,821**	9,132
Financial assets at fair value through profit or loss	14	**463**	463
Financial assets at fair value through other comprehensive income		**5,956**	6,214
Deferred income tax assets		**8,192**	4,349
Restricted cash		**–**	7,000
Other receivables		**500**	3,158
Other assets		**3,124**	3,038
		155,776	156,730
Current assets			
Inventories		**86,320**	91,876
Trade and other receivables	13	**34,848**	27,390
Time deposits		**–**	57,960
Restricted cash		**7,153**	254
Cash and cash equivalents		**122,474**	95,388
		250,795	272,868
Total assets		**406,571**	429,598
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		**9,155**	12,814
Other reserves		**257,058**	256,185
(Accumulated losses)/retained earnings		**(24,246)**	8,799
		241,967	277,798
Non-controlling interests		**(564)**	(119)
Total equity		**241,403**	277,679

	Note	2019 RMB'000	2018 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**–**	31,543
Lease liabilities		**1,363**	–
Deferred income tax liabilities		**363**	475
		1,726	32,018
Current liabilities			
Trade and other payables	15	**68,053**	62,076
Contract liabilities		**1,497**	4,010
Lease liabilities		**1,645**	–
Current income tax liabilities		**–**	3,815
Borrowings		**92,247**	50,000
		163,442	119,901
Total liabilities		**165,168**	151,919
Total equity and liabilities		**406,571**	429,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Clifton House, 75 Fort Street, 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 and other 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) These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 23 March 2020.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

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 2019.

HKFRS 16	Leases
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKAS 19 (Amendments)	Employee Benefits
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
Annual Improvements to 2015–2017 Cycle	Improvements to HKFRS
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

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. Except for the impact of adoption of HKFRS 16 set out in note 4, the adoption of other standards, amendments and interpretations did not have any impact on the Group's accounting policies and did not require retrospective amendments and interpretation adjustments.

(b) New and amended standards and interpretations issued but are not effective for financial year ended 31 December 2019 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of material	1 January 2020
HKFRS 3 (Amendments)	Definition of a business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 10 and HKAS 28	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 on or after 1 January 2020 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

4. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

As indicated in note 3 above, the Group applied the simplified approach to adopt HKFRS 16 without restating comparative information, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.40%.

(a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(b) Measurement of lease liabilities

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	1,832
Discounted using the lessee's incremental borrowing rate of the date of initial application	1,752
Add: adjustments as a result of a different treatment of extension and termination options	1,824
Less: short-term leases recognised on a straight-line basis as expense	(90)
Less: low-value leases recognised on a straight-line basis as expense	(2,330)
Lease liability recognised as at 1 January 2019	1,156
Of which are:	
Current lease liabilities	1,053
Non-current lease liabilities	103
	1,156

(c) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

(d) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- land use rights – decreased by RMB8,010,000
- lease liabilities – increased by RMB1,156,000
- right-of-use assets (including land and buildings) – increased by RMB9,166,000

(e) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

5. 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.

6. REVENUE

(a) Revenues from external customers are for sales of goods as below:

	2019	2018
	RMB'000	*RMB'000*
Printers	**291,390**	326,591
Other electronic products	**2,619**	2,923
Other non-electronic products	**3,055**	107
	297,064	329,621

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

	2019	2018
	RMB'000	*RMB'000*
In the PRC	**291,203**	326,993
In other countries	**5,861**	2,628
	297,064	329,621

(c) For the year ended 31 December 2019, approximately 13% of total revenue are derived from a single external customer (2018: 13%), which is attributable to the sales of printers.

7. OTHER (LOSSES)/GAINS – NET

	2019	2018
	RMB'000	*RMB'000*
Gains on financial assets at fair value through profit or loss – net	**–**	747
Foreign exchange losses – net	**(837)**	(56)
Losses from disposal of machinery and equipment	**(12)**	(62)
Others	**84**	(189)
	(765)	440

8. LOSS FOR THE YEAR

	2019	2018
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging the following items:		
Depreciation of property, plant and equipment and right-of-use assets and amortization of intangible assets	**13,663**	11,221

9. FINANCE EXPENSES – NET

	2019	2018
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**(5,421)**	(5,062)
Interest expenses on borrowings from a non-controlling shareholder	**(86)**	(192)
Exchange losses on bank borrowings	**(706)**	(4,884)
Interest expense on lease liabilities	**(143)**	–
	(6,356)	(10,138)

10. INCOME TAX CREDIT/(EXPENSE)

	2019	2018
	RMB'000	*RMB'000*
Current income tax expenses		
– Hong Kong profits tax *(note (a))*	**(21)**	–
– PRC corporate income tax *(note (b))*	**1,658**	(653)
– PRC dividend withholding tax *(note (c))*	**(920)**	(2,612)
	717	(3,265)
Deferred income tax	**3,949**	2,826
	4,666	(439)

(a) Hong Kong profits tax

The applicable Hong Kong tax rate is 16.5% for the year ended 31 December 2019 (2018: 16.5%).

(b) PRC corporate income tax

Pursuant to the PRC Corporate Income Tax Law (the "**CIT Law**"), the CIT rate is 25%. As Kong Yue Electronics & Information Industry (Xinhui) Limited ("**Kongyue Information**") has been qualified as High and New Technology Enterprises ("**HNTE**") for three years from 2017 to 2019, it enjoys a preferential CIT rate at 15% for the year ended 31 December 2019 (2018: 15%). The effective CIT rate of other group entities in the PRC is 25% (2018: 25%).

(c) 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 shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

During the year, the Group incurred withholding income tax of RMB920,000 (2018: RMB2,612,000). No deferred income tax has been provided for PRC dividend withholding tax as at 31 December 2019.

(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.

11. LOSS PER SHARE

Basic earnings 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. The calculation of basic and diluted loss per share attributable to the shareholders of the Company is based on the following data:

	2019	2018
Loss attributable to the shareholders of the Company *(RMB'000)*	**(36,057)**	(28,274)
Weighted average number of ordinary shares in issue *(shares in thousands)*	**612,882**	632,260
Basic and diluted loss per share *(RMB per share) (note (a))*	**(0.059)**	(0.045)

(a) As there was no potential dilutive ordinary shares for the years ended 31 December 2019 and 2018, respectively, diluted loss per share equals basic loss per share.

12. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend *(note (a))*	**–**	–
Final dividend in respect of previous financial year, approved and paid during the year	**–**	12,500

(a) No dividend was recommended by the board of directors for the year ended 31 December 2019 (for the year ended 31 December 2018: nil).

13. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Non-current		
Other receivables		
– Third parties	**500**	500
– Related parties	**–**	2,658
	500	3,158
Current		
Trade receivables		
– Third parties *(note (a))*	**22,145**	8,150
Less: provision for impairment of trade receivables	**–**	–
Trade receivables – net	**22,145**	8,150
Bills receivable *(note (b))*	**1,649**	6,494
Prepayments		
– Third parties	**1,508**	1,281
– Related parties	**–**	792
Other receivables		
– Third parties	**8,204**	11,314
– Related parties	**2,062**	1,672
Less: provision for impairment of other receivables		
– Third parties	**(720)**	(720)
– Related parties	**–**	(1,593)
	34,848	27,390
	35,348	30,548

(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 2019, the ageing analysis of the trade receivables is as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Less than 30 days	**19,715**	5,249
31–90 days	**2,032**	1,424
91–180 days	**174**	325
181–365 days	**17**	52
Over 365 days	**207**	1,100
	22,145	8,150

The credit quality of trade receivables within credit limit are assessed by reference to historical information about counterparty default rates. As at 31 December 2019, these trade receivables were related to major customers of the Group and without indication of default in settlement.

As at 31 December 2019, trade receivables of RMB224,000 were past due but not impaired (31 December 2018: RMB1,152,000). The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Past due but not impaired:		
181–365 days	**17**	52
Over 365 days	**207**	1,100
	224	1,152

Trade receivables past due but not impaired relate to a number of customers with no recent history of default.

(b) As at 31 December 2019 and 2018, bills receivable represent bank acceptance bills.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
A put option *(note (a))*	**463**	463

(a) Amount represents a put option embedded in the Group's investment in Xinyu Kaiyi Education Investment Limited Partnership ("**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.

The option is stated at fair value which is within level 3 of fair value hierarchy.

15. TRADE AND OTHER PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade payables		
– Third parties	**30,872**	26,324
– Related parties	**286**	1,864
	31,158	28,188
Other payables to third parties	**36,499**	32,913
Dividends payable	**396**	975
	68,053	62,076

At 31 December 2019, 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	
	2019	2018
	RMB'000	*RMB'000*
Less than 30 days	**25,790**	19,002
31–90 days	**2,945**	7,448
91–180 days	**498**	612
181–365 days	**172**	141
Over 365 days	**1,753**	985
	31,158	28,188

16. EVENTS AFTER THE REPORTING PERIOD

Following the outbreak of Coronavirus Disease 2019 ("**the COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across China, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

In order to minimise the impact of the COVID-19 outbreak and changes in the market, the Group has actively coordinated relevant resources and adjusted production and operation arrangements in a timely manner. Despite the Group has postponed the resumption of production in certain factories, the production resumed after the Chinese New Year on 17 February 2020. The delivery of goods and supply of certain production materials have also experiencing delayed for a short period which then delayed the completion of certain sales contracts in recent months.

Following the COVID-19 outbreak, the Group is experiencing longer accounts receivable turnover time and some have become overdue, which led to an increase in the expected credit risks of accounts receivables. Up to the date on which this set of financial statements were authorised for issue, the impact of the COVID-19 outbreak on the Group's customers' financial positions and the macro-economic conditions as a whole are still uncertain, the Group is unable to quantify the related financial effects. The Group has been proactively negotiating with customers and suppliers, respectively, for collection of overdue debts and delay of purchase payments to minimise the impact to the cash flow of the Group.

In preparing this set of financial statements, the Group tested goodwill for impairment, the recoverable amount of the relevant CGUs exceeds their carrying amount and thus no provision for impairment is made. In performing this assessment, the Group estimated the present value of future cash flows of the CGUs based on the conditions as at 31 December 2019. Up to the date on which this set of financial statements were authorised for issue, the Group is still in the process of assessing the impacts of the COVID-19 on the performance of the relevant CGUs and is currently unable to estimate the financial impact to the Group.

The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the financial position and operating results of the Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Printer Business

For the year ended 31 December 2019, the revenue of the Group derived from the printer business amounted to approximately RMB291,390,000, accounted for approximately 98% of the total revenue of the Group, and representing a decrease of approximately 11% as compared with 2018. The decrease in revenue was mainly attributable to the weak demand for invoicing printers in the domestic market in 2019.

Other Products Business

For the year ended 31 December 2019, the revenue of the Group derived from the other products business amounted to approximately RMB5,674,000, accounted for approximately 2% of the total revenue of the Group.

Future Business Outlook

Guided by the strategic principle of "printer as cloud application", in 2019 the Company put developmental emphasis on the R&D and marketing of our self-operated terminals and new retail printers, as well as the development of health and medical equipment products. We made considerable progress with a customer-oriented approach which strived to bring to customers a faultless user experience with our one-of-a-kind products and services. The following is our business outlook for 2020:

Printing Equipment

After years of development, the Company acquired a series of core technologies for printing equipment, including driving technology for dot-matrix, thermal, and inkjet printers, specialised technologies for different types of dot-matrix inkjet heads, electric high-speed running time-precise step algorithm, specialised ASIC controlling chips, inkjet automatic interpolating printing technology, and our sole-proprietary continuous-inkflow processor, among others. For a mechanical and electronic based product like the printer, the Company possesses a design technology platform for integrating complex mechanical structures, as well as four-axes paper feeding, auto-shifting paper feeding passage, large ink cartridge continuous ink-feeding anti-spilling technologies and automatic clay/alloy paper cutter. As for compatible platforms or specifications, it is equipped with Android and iOS wireless printing solutions, uninterrupted printing during power outage or reboot, insertive printing system, power saving management solutions, and missing dot-matrix repair technology. Among our new products, in the first half of 2019 we launched the high-speed high-load flatbed paper feeding dot-matrix printer series, which comprises 80-column, 110-column and 136-column models. They can support 1+6 joint invoice printing as well as 2mm-thick passport printing, adjusting automatically to the thickness of the medium and capable of continuous printing for 24 hours. Addressing the demands for invoice printing to maintain consistency between printed number and punched number or printing pre-made invoices according to barcodes, the Company launched a series of printers with the function of OCR automatic recognition of printed numbers and barcode reading. Such new products solve major problems for customers from public security, taxation, political administration, medicine, disease prevention and real estate management as well as office administration in businesses and enterprises, and have achieved immense popularity. One-of-a-kind products were also introduced to the mini-printers: the self-operated thermal mini-printer, which is equipped with the function of electronically controlled paper storage, anti-invoice loss, and the automatic clay paper cutter, making it suitable for self-operated machines for transport tickets, lottery tickets, and queuing machines; the self-operated driverless mini-printer in metal housing will be launched in the second quarter of 2020; the portable mini dot-matrix printer, which supports dual-connection printing, supports a invoice which can be kept for a long time, giving it a particular edge in the market for inventory invoices for logistics, delivery postage, confirmation bill for delivery and transportation, ambulance bills, among other situations where on-site printing is required for seamless transactions. For inkjet printers, we launched a number of unique products such as the flatbed inkjet printer, which overcomes the challenge of printing on thick paper sheets, continuous feeding and low-noise printing which is rarely achieved in dot-matrix, laser, inkjet and thermal printers, making it unrivalled for deployment in hospitals and nurse stations. It also supports a variety of texture and large-area printing and is of great help to manufacturing, logistics, hotels, florist boutiques and marriage planning companies, among others. In the second half of 2020, a colour-printing version of this printer will be launched to meet a greater scope of applications. The Company already launched the dual-colour ink-jet printing capable of printing in red and black on both sides. With an extra-large ink cartridge and water-proof anti-UV ink, it is most suited for official “red document” printing because the cost of printing is much lower than ink-jet colour printing. These printers are also more eco-friendly than laser printing because it does not emit ozone and dust. In the second half of 2020, the Company will launch its A4 colour inkjet printer to diversify its product lines for ink-jet printer products and enhance its overall competitiveness. To address the rapidly developing demands for self-operated terminals, the Company also completed the research and development of its 300mm wide-page automated paper-cutting process following the release of its automated clay cutter technology in the first quarter of 2020. The clay cutter technology set to become a key component in the Company’s self-operated terminal machine products.

Cloud Printing and Cloud Printing Application Solutions

With cloud printing being one of the essential services in the era of SaaS, the Company has transformed itself into a cloud printing service provider. We are one of the first to set a firm footing in the market as a fully integrated software and hardware vendor. Moreover, the Company takes pride in its advocacy of the ground-breaking principle of “printer as cloud application”: (1) by scanning the QR code on the printer with a smartphone or mobile terminal, the printer can be connected automatically to an operating system as an access-point to the Internet without installing apps; (2) by intelligent extraction and analysis of massive printing through our cloud printers, they become access-points for smart Big Data. Furthermore, we have also developed products or systems including the SaaS cloud printing, general-use cloud printing, tax control printing solutions, lottery cloud-based self-operated lottery betting terminals, cloud-based self-operated terminals and printing Big Data AI applications. Our SaaS and general-use printers include dot-matrix flatbeds, rolling-drum cloud printers and dox-matrix mini cloud-based printers, as well as thermal cloud-based printers, cloud-based tag printers and inkjet cloud printers. Targeting specific application scenarios, the Company also developed document-sharing cloud-based printers, business reimbursement cloud printers, homework cloud printers and couplet and banner cloud printers. For cloud printing technologies, the Company's innovative PC cloud-driven printers require only simple installation and original PC software (including ERP, financial software, CRM, invoicing software and office administration software) to achieve remote printing and contactless transmission of business invoices across departments without changing usage patterns or habits or requiring any development, turning the home office into a reality. Our lottery self-operated terminals have already been fully launched in Beijing and released on a trial basis in a number of different regions as well. The cloud-based self-operated terminals have been developed into desktop-form, wall-hung form, and kiosk form, with printing outputs compatible with dot-matrix, thermal and ink-jet technologies. It also supports the fully-automated self-operated terminals in metal housings to satisfy demands in different environments. Our USB cloud printer is connected to the server-side AI to extract and intelligently analyse massive printing output data and turning it into a Big Data access point, serving as the basis for the Company's next upgrade. Meanwhile, promotional QR codes can be embedded in printed small-sized electronic invoice which can capitalize on printing e-invoices for precision deployment of advertisements with big data analysis, realizing "printing as marketing".

Tax Control Solution

As a major tax control solution and product provider in the country, the Company has been engaged for many years in the research, development and promotion of tax control products and the provision of tax control solutions. In the traditional realm of tax control dot-matrix printers, the Company developed an integrated scan-print machine with a built-in camera to support OCR automatic recognition of invoice print numbers to solve a major hiccup in tax control with its ability to ensure consistency in print number and punched number to minimize waste in invoices. The Company strictly adheres to national tax control policies with timely development of self-operated electronic invoice printers compatible with Wechat, Alipay, mail, and SMS for electronic invoice transmission. Self-operated printing can be achieved with active or passive scanning. It has become an de facto option for businesses and tax control service providers and is being greatly promoted among telecommunications, gas station, food and beverage, retail stores and supermarkets and public utilities (water, electricity, gas, heating). During self-operated printing of e-invoices, it automatically integrates the insertion of advertisements to the front page of the code scanning on the customer's phone to help the customers launch their advertising campaigns and promotional activities as a notion of "ticketing is marketing". A major hiccup despite many years of promoting tax control which remains unresolved is the separation between vendors' business system and the tax control system. As the invoice content to be issued needs to be entered manually, which slows down the process and also subject to human errors. The USB cloud printer derives invoice-related data from the small ticket and achieves automatic connection with the tax control system, which has become the most preferred tax control solution. Moreover, the Company is able to connect its invoicing system with Kamo (卡莫), the Company's own viral campaigning scan-to-order system, restaurant cashier system, vendor management and hotel management systems, etc., to achieve seamless connectivity between cashier accounting and invoice issuance. It has become the best option for newly opened stores in need of cashier and invoicing management. Furthermore, the Company also offers a general-purpose solution for integrating mobile invoicing and tax control in most other businesses. In 2020, the Company will have better market opportunities in tax control sector.

New Retail Business

As the core product of the Company's new retail business, Kamo is a new retail viral marketing system which supports customisable, socialised viral marketing through fanbase creation, sharing, coupon gifting, rewards and bonuses, and "show and tell" which allow customers/employees/agents to be mobilized in viral transmission of share-based marketing, forging a marketing platform controlled by the business. In particular, "show-and-tell" allows everybody to share different interesting or valuable video clips, pictures, and text messages to facilitate the transmission and circulation of product marketing messages. Different combinations of functional modules and hierarchical authorisation management modes to enable the formulation of different solutions specific to different industries and usages, including self-branding mini official site and mini e-mall, conglomerated payment, and payment page ad links and self-operated e-invoice issuance, etc. The planning is light and customisable for connection with existing public WeChat public accounts and apps, facilitating consolidation and transformation of traffic. Systems developed based on practical application scenarios by the Company for Kamo viral campaigning and invoicing systems include the scan-to-order system, food and beverage management, convenience store management and hotel management. After the Company's efforts in 2019, our new retail business has formed sizable products: (1) Jolimark Coffee Art Printer. Substituting ink with all-natural caramel in food-safe cartridges, it is spongeless in design and has the ink-jets and cartridges fully integrated and replaceable after use. It is safe from bacteria and fully compliance with food safety requirements. It supports a variety of materials, such as coffee foam, milk cap, dark lager, biscuits, brioche, yogurt and ice cream. Besides catering businesses in their daily operation, it also finds usage among other businesses such as banks, insurance companies, hotels, 4S stores, and property sellers for their reception room and conferences, especially for making customised gifts and preparing for drinks to receive guests to show respect and care for their customers. It is compatible with WeChat public accounts, small programmes and mobile applications which support multiple languages for global use. (2) Jolimark Colour Manicure Machine. It can paint and dry in one machine using the ink in three primary colours. It gives colours in high saturation and perfectly replicates the image. It is approved by CFDA and ROHS after testing. The Company also operates an image gallery for nail manicure, combining new images from third-party original manicure designs to bring fashion and surprises to manicure stores and customers. Moreover, a domestic version of the manicure machine will be released in the first half of 2020 with greater price performance ratio and may become a consumer-oriented electronic appliance. (3) Consumables: the coffee art machine requires specialised caramel ink which is estimated to generate revenues not lower than the product price based on regular usage and consumption; the manicure machine also requires nail polish cartridge and packaged polish plastic, which is estimated to generate twice the product price based on regular usage and consumption. Consumable-generated revenues may exceed sales of products. (4) Other traditional retail equipment, such as 5-inch hand-held dot-matrix Android-based smart terminal, 7-inch thermal/dot-matrix POS all-in-one machine, 10- inch smart cashier machine with printer, 13-inch smart cashier, and 43-inch touch-screen self-operated terminal. Among them, the 13-inch and 43-inch products support both Windows and Android.

Video Interactive Education Platform and Conference System

The Company strives to develop the one-to-many video interactive education platform with main application in training and consulting, seeking to replicate the on-site experience as if the instructor is physically present for the student's class or consultation. The system developed and designed by the Company is unique. First, the teacher is able to interact with the students, because the system supports not only one-to-many teaching it is also able to cater for interaction on a one-on-one basis. In other words, the teacher can interact with students any time as if in real life. The teacher can use the one-to-many functionality in centralized instruction or consultation to increase the usage of teacher resources. When individual students need special instructions, the teacher can choose the one-to-one mode to reduce unnecessary interruption of other students. Second, in simulation of real-life education or consultation, the teacher side is equipped with tablet camera and detail camera (such as projector) so that the teacher can demonstrate the tablet, desktop writing, drawing, performance, playing musical instruments on the whiteboard, desktop or in real life. The student side is equipped with detail camera so that the teacher can directly check the students' assignments, practices or performances. Third, in the principle of practicality, different priorities are assigned to audio, video definition and frames-per-second in the case of poor connection, and the priorities for guaranteeing video definition and frames-per-second can be adjusted according to the actual need in the scenario. Fourth, in the principle of user-friendliness, the system is operated intuitively through the video window, operating on the object as the cursor is pointing. Since teachers are usually experienced individuals who are more senior in age who may be less familiar with modern equipment and new systems, user-friendly operation will be their preference in system choice. Therefore, the video interactive education platform developed by the Company has integrated multiple advanced technologies in online interactive videos. It supports multiple control unit (MCU) which allows real-time interaction between different points. The technology also supports MVV (multiple viewpoint video) which allows the user to manipulate and control the viewpoint from which to view the video within a certain range. The system features an AR (augmented reality) system which allows users to make the otherwise bland and monotonous background of the lecture video more interesting. There are many similarities between the video interactive education platform and video interactive conference system, sharing basic technologies and strategic principles in common and can be quickly transformed into a unique video interactive conference system with slight changes or adjustment to user functions or names.

Health and Medicine Equipment and Preventive Mask Products

The Company has obtained the international patented exclusive right to use the revolve-balance four-tank oil-free compressor, which in its initial phase becomes a new product in the Company's brand new sector of health and medical equipment after a few years of product research and development. The revolve-balance four-tank oil-free compressor adopts a four-tank compression technique, with strengths in even release and high compression, relatively small size (compared to other four-tank structures), ultra-low noise, high efficiency and high reliability. This patent can be used to develop portable oxygen generators, medical-grade noiseless compressor-based nebulisers, and noiseless craft air bumps and other new products to great diversity. Portable oxygen generators will fill in a gap in the market which currently lacks domestically produced portable oxygen generators with performance on par with imported products at a lower cost. It detects the breathing pattern of the user to synchronize its production and supply of oxygen to minimise power waste. A physical atomic sieve generates oxygen by extracting it from the atmosphere directly which is much more reliable and cost-effective. The four-tank compression creates a greater amount of oxygen and releases evenly. It has wide application potential such as medicine, hiking, high altitude tourism, personal office and home oxygen bar. The medical-grade noiseless compressor-based nebulizer creates nano-level nebulised particles of medicine through the four-tank compressor with its even release and high pressure, allowing for easy absorption by the human body. The machine can be adjusted to gear towards adults and children, and continuously operate for 24 hours to suit different needs. The noiseless craft air bump is small, portable, with multiple gears for air volume, and is suitable for nail manicure stations, body painting, cosmetics, craft baking, artistic face paint, leather colouring, and model colouring. In addition, the Company has made full use of its emergency capacity and capitalised on its existing dust-free workshops resources to establish medical face mask production lines to produce urgent resources for epidemic control. It is projected that products can be released in the first quarter of 2020 with daily capacity reaching 200,000. Subsequently more masks of different protection levels and models will be produced.

Financial Review

Results Summary

For the year ended 31 December 2019, the Group's turnover amounted to approximately RMB297,064,000, representing a decrease of approximately 10% as compared with last year. The loss attributable to shareholders of the Company amounted to approximately RMB36,057,000, as compared to a loss of RMB28,274,000 last year. The basic loss per share was approximately RMB0.059 (the basic loss per share as at 31 December 2018: RMB0.045). The increase in loss attributable to shareholders was mainly due to the decrease in income from sales and gross profit and the provisions of assets in 2019.

Analysis of Sales and Gross Profit

Compared with 2018, the consolidated revenue of the Group decreased by approximately 10%. Gross profit margin decreases from approximately 32% in 2018 to approximately 29%. The decrease in gross profit margin as compared to 2018 is mainly due to the strengthening of promotion policies.

Capital Expenditure

For the year ended 31 December 2019, capital expenditure of the Group amounted to approximately RMB12,730,000, which was mainly used for the acquisition of production equipment, construction of new office building and customised production of product molds.

Financial and Liquidity Position

As at 31 December 2019, the total assets of the Group amounted to approximately RMB406,571,000 (31 December 2018: RMB429,598,000), controlling shareholder's interests amounted to approximately RMB241,967,000 (31 December 2018: RMB277,798,000); non-controlling interests amounted to approximately RMB(564,000) (31 December 2018: RMB(119,000)); current liabilities amounted to approximately RMB163,442,000 (31 December 2018: RMB119,901,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.53 (31 December 2018: 2.28). The decrease in current ratio was mainly attributable to the transfer from long-term borrowings of approximately RMB32,247,000 to current liabilities in current year and the increase in short-term borrowings of RMB10,000,000 in current year.

As at 31 December 2019, the cash and cash equivalents, restricted cash and time deposits of the Group amounted to approximately RMB129,627,000 (31 December 2018: RMB160,602,000) in aggregate, whereas the bank loans of the Group amounted to approximately RMB92,247,000 (31 December 2018: RMB81,543,000). The Group was in a net cash position after deducting the loans.

As at 31 December 2019, the Group received outstanding bank acceptance bills from customers amounted to approximately RMB1,649,000 (31 December 2018: RMB6,494,000).

Pledge of Assets

As of 31 December 2019, deposits with certain banks totaling RMB7,000,000 (31 December 2018: RMB7,000,000) were used as security for bank loans facilities, i.e. onshore guarantees for offshore loans. The relevant bank deposits will be released upon the settlement of relevant bank loans.

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 ("**US$**"), Taiwanese dollars ("**TWD**"), Euro and Hong Kong dollars ("**HK$**") arising from the importation of certain raw materials and machinery from overseas suppliers, sales of goods to overseas customers and borrowings that are denominated in foreign currencies. As at 31 December 2019, the Group had more monetary financial assets than financial liabilities outside the 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.

Acquisition and Disposal

In November 2018, the Group entered into an agreement with an associate of the Group, Wuhan Hong Rui Da Information Technology Limited Company ("**Hong Rui Da**"), to acquire its interactive live video business at a consideration of RMB2,640,000. The acquisition was completed on 26 February 2019.

Save as disclosed otherwise, the Group did not have any other material acquisitions or disposals during the year under review.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2019 (31 December 2018: nil).

Staff

As at 31 December 2019, the Group employed a total of 976 staff members (2018: 1,061 staff members). Apart from 30 employees employed in Hong Kong and overseas, all of the 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 competitiveness of the Group. In addition, the Group has adopted a share option scheme with the objective to reward and incentivize its employees.

Final Dividend

The Board of directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2019 (Year ended 31 December 2018: nil).

Closure of Register of Members

The annual general meeting of the Company will be held on Friday, 22 May 2020. 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, 19 May 2020 to Friday, 22 May 2020, 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, 18 May 2020.

Scope of work of PricewaterhouseCoopers

The figures in respect of this announcement of the Group's results for the year ended 31 December 2019 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 2019. 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, Mr. Meng Yan 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 2019.

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**") in effect (the "**CG Code**") during the year ended 31 December 2019, 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 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 21 May 2019. Mr. Au Kwok Lun, an executive Director, acted as the Chairman of the meeting. In addition, independent non-executive Directors were also present at the meeting to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

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 2019.

Buy-Back, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries bought back, 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 2019 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2019.

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 2019 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 2020

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