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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)

## 2020 ANNUAL RESULTS ANNOUNCEMENT

### CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	5	<b>275,967</b>	297,064
Cost of goods sold		<b>(191,069)</b>	(212,208)
<b>Gross profit</b>		<b>84,898</b>	84,856
Other income		<b>8,077</b>	6,793
Selling and marketing expenses		<b>(32,889)</b>	(40,240)
Administrative expenses		<b>(42,110)</b>	(39,646)
Research and development expenses		<b>(37,360)</b>	(44,441)
Other gains/(losses) – net	6	<b>222</b>	(765)
<b>Operating loss</b>		<b>(19,162)</b>	(33,443)
Finance expenses – net	8	<b>(5,201)</b>	(6,356)
Share of gains of investments accounted for using the equity method		<b>112</b>	77
Impairment of investment in associates		<b>–</b>	(1,388)
<b>Loss before income tax</b>		<b>(24,251)</b>	(41,110)
Income tax (expense)/credit	9	<b>(1,183)</b>	4,666
<b>Loss for the year</b>	7	<b>(25,434)</b>	(36,444)

	<i>Note</i>	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
<b>Loss attributable to:</b>			
– Shareholders of the Company		<b>(25,113)</b>	(36,057)
– Non-controlling interests		<b>(321)</b>	(387)
		<u><b>(25,434)</b></u>	<u>(36,444)</u>
 <b>Loss per share for loss attributable to the shareholders of the Company during the year</b> <i>(expressed in RMB per share)</i>			
– Basic	10	<b>(0.041)</b>	(0.059)
– Diluted	10	<b>(0.041)</b>	(0.059)
		<u><b>(0.041)</b></u>	<u>(0.059)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
<b>Loss for the year</b>	<b>(25,434)</b>	(36,444)
<b>Other comprehensive income</b>		
<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	<b>213</b>	(258)
Income tax relating to these items	<b>(74)</b>	6
<b>Other comprehensive income for the year, net of tax</b>	<b>139</b>	(252)
<b>Total comprehensive income for the year</b>	<b>(25,295)</b>	(36,696)
<b>Total comprehensive income for the year attributable to:</b>		
– Shareholders of the Company	<b>(24,987)</b>	(36,320)
– Non-controlling interests	<b>(308)</b>	(376)
	<b>(25,295)</b>	(36,696)

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2020

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>107,362</b>	105,823
Right-of-use assets		<b>8,545</b>	10,681
Intangible assets		<b>11,075</b>	13,216
Investments accounted for using the equity method		<b>7,933</b>	7,821
Financial assets at fair value through profit or loss	13	–	463
Financial assets at fair value through other comprehensive income		<b>11,178</b>	5,956
Deferred income tax assets		<b>6,954</b>	8,192
Other receivables	12	<b>1,651</b>	500
Other assets		<b>3,264</b>	3,124
		<u><b>157,962</b></u>	<u>155,776</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	13	<b>386</b>	–
Inventories		<b>101,038</b>	86,320
Trade and other receivables	12	<b>34,457</b>	34,848
Restricted cash		<b>153</b>	7,153
Cash and cash equivalents		<b>104,430</b>	122,474
		<u><b>240,464</b></u>	<u>250,795</u>
<b>Total assets</b>		<u><b>398,426</b></u>	<u>406,571</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium		<b>9,155</b>	9,155
Other reserves		<b>258,226</b>	257,058
Accumulated losses		<b>(50,396)</b>	(24,246)
		<u><b>216,985</b></u>	<u>241,967</u>
<b>Non-controlling interests</b>		<u><b>(872)</b></u>	<u>(564)</u>
<b>Total equity</b>		<u><b>216,113</b></u>	<u>241,403</u>

	<i>Note</i>	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>1,108</b>	–
Lease liabilities		–	1,363
Deferred income tax liabilities		<b>382</b>	363
		<u><b>1,490</b></u>	<u>1,726</u>
<b>Current liabilities</b>			
Trade and other payables	14	<b>84,124</b>	68,053
Contract liabilities		<b>10,557</b>	1,497
Lease liabilities		<b>1,154</b>	1,645
Borrowings		<b>84,988</b>	92,247
		<u><b>180,823</b></u>	<u>163,442</u>
<b>Total liabilities</b>		<u><b>182,313</b></u>	<u>165,168</u>
<b>Total equity and liabilities</b>		<u><b>398,426</b></u>	<u>406,571</u>

## 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 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 and other 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) These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 23 March 2021.

### 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.

#### (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 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 2020.

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKFRS 3 (Amendments)	Definition of a business
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest rate reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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. The adoption of these 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 2020 and have not been early adopted by the Group**

		<b>Effective for annual periods beginning on or after</b>
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
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2021 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. 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:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Printers	<b>265,128</b>	291,390
Other electronic products	<b>7,703</b>	2,619
Other non-electronic products	<b>3,136</b>	3,055
	<b>275,967</b>	297,064

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
In the PRC	262,726	291,203
In other countries	<u>13,241</u>	<u>5,861</u>
	<u><b>275,967</b></u>	<u><b>297,064</b></u>

(c) For the year ended 31 December 2020, approximately 15% of total revenue are derived from a single external customer (2019: 13%), which is attributable to the sales of printers.

#### 6. OTHER GAINS/(LOSSES) – NET

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Losses on financial assets at fair value through profit or loss	(77)	–
Foreign exchange gains/(losses) – net	169	(837)
Gains/(losses) from disposal of machinery and equipment	69	(12)
Others	<u>61</u>	<u>84</u>
	<u><b>222</b></u>	<u><b>(765)</b></u>

#### 7. LOSS FOR THE YEAR

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
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 amortisation of intangible assets	<u>16,551</u>	<u>13,663</u>

#### 8. FINANCE EXPENSES – NET

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest expenses on bank borrowings	(5,097)	(5,421)
Interest expenses on borrowings from a non-controlling shareholder	(94)	(86)
Exchange gains/(losses) on bank borrowings	90	(706)
Interest expense on lease liabilities	<u>(100)</u>	<u>(143)</u>
	<u><b>(5,201)</b></u>	<u><b>(6,356)</b></u>



## 9. INCOME TAX (EXPENSE)/CREDIT

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current income tax expenses		
– Hong Kong profits tax ( <i>note (a)</i> )	–	(21)
– PRC corporate income tax ( <i>note (b)</i> )	–	1,658
– PRC dividend withholding tax ( <i>note (c)</i> )	–	(920)
	<hr/>	<hr/>
	–	717
Deferred income tax	<b>(1,183)</b>	3,949
	<hr/>	<hr/>
	<b>(1,183)</b>	4,666
	<hr/> <hr/>	<hr/> <hr/>

### (a) Hong Kong profits tax

The applicable Hong Kong tax rate is 16.5% for the year ended 31 December 2020 (2019: 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 2020 to 2022, it enjoys a preferential CIT rate at 15% for the year ended 31 December 2020 (2019: 15%). The effective CIT rate of other group entities in the PRC is 25% (2019: 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 nil (2019: RMB920,000). No deferred income tax has been provided for PRC dividend withholding tax as at 31 December 2020.

### (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

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

	2020	2019
Loss attributable to the shareholders of the Company ( <i>RMB'000</i> )	<b>(25,113)</b>	(36,057)
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<b>612,882</b>	612,882
Basic losses per share ( <i>RMB per share</i> )	<b><u>(0.041)</u></b>	<b><u>(0.059)</u></b>

### 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.

	2020	2019
Losses attributable to the shareholders of the Company ( <i>RMB'000</i> )	<b>(25,113)</b>	(36,057)
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<b>612,882</b>	612,882
Adjustments for share options ( <i>shares in thousands</i> )	<b><u>744</u></b>	<u>–</u>
After adjustments	<b><u>613,626</u></b>	<u>612,882</u>
Diluted losses per share ( <i>RMB per share</i> )	<b><u>(0.041)</u></b>	<b><u>(0.059)</u></b>

## 11. DIVIDENDS

No dividend was recommended by the board of directors for the year ended 31 December 2020 (for the year ended 31 December 2019: nil).

## 12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current</b>		
Other receivables		
– Third parties	359	500
– Related parties	<u>1,292</u>	<u>–</u>
	<u><b>1,651</b></u>	<u><b>500</b></u>
<b>Current</b>		
Trade receivables		
– Third parties ( <i>note (a)</i> )	19,329	22,145
Less: provision for impairment of trade receivables	<u>(224)</u>	<u>–</u>
Trade receivables – net	19,105	22,145
Bills receivable ( <i>note (b)</i> )	302	1,649
Prepayments		
– Third parties	4,288	1,508
– Related parties	20	–
Other receivables		
– Third parties	10,665	8,204
– Related parties	797	2,062
Less: provision for impairment of other receivables		
– Third parties	(720)	(720)
– Related parties	–	–
	<u><b>34,457</b></u>	<u><b>34,848</b></u>
	<u><b>36,108</b></u>	<u><b>35,348</b></u>

- (a) The Group's sales to customers are generally granted with credit terms within 180 days or extended as considered appropriate by the directors of the Company. As at 31 December 2020, the ageing analysis of the trade receivables is as follows:

	<b>As at 31 December</b>	
	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Less than 30 days	<b>13,803</b>	19,715
31–90 days	<b>3,327</b>	2,032
91–180 days	<b>1,182</b>	174
181–365 days	<b>702</b>	17
Over 365 days	<b>91</b>	207
	<u><b>19,105</b></u>	<u>22,145</u>

The credit quality of trade receivables within credit limit are assessed by reference to historical information about counterparty default rates. As at 31 December 2020, these trade receivables were related to major customers of the Group and without indication of default in settlement.

As at 31 December 2020, trade receivables of RMB 793,000 were past due but not impaired (31 December 2019: RMB224,000). The ageing analysis of these trade receivables is as follows:

	<b>As at 31 December</b>	
	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Past due but not impaired:</b>		
181–365 days	<b>702</b>	17
Over 365 days	<b>91</b>	207
	<u><b>793</b></u>	<u>224</u>

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

- (b) As at 31 December 2020 and 2019, bills receivable represent bank acceptance bills.

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
A put option	<b>386</b>	463

Amount represents 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.

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

### 14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
– Third parties	<b>45,695</b>	30,872
– Related parties	–	286
	<b>45,695</b>	31,158
Other payables to third parties	<b>38,033</b>	36,499
Dividends payable	<b>396</b>	396
	<b>84,124</b>	68,053

At 31 December 2020, 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	<b>25,110</b>	25,790
31–90 days	<b>17,295</b>	2,945
91–180 days	<b>376</b>	498
181–365 days	<b>990</b>	172
Over 365 days	<b>1,924</b>	1,753
	<b>45,695</b>	31,158

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business Review

#### *Printer Business*

For the year ended 31 December 2020, the revenue of the Group derived from the printer business was approximately RMB265,128,000, and accounted for approximately 96% of the total revenue of the Group, representing a decrease of approximately 9% as compared with 2019. The decrease in revenue was mainly attributable to the impact of COVID-19 epidemic in 2020.

#### *Other Products Business*

For the year ended 31 December 2020, the revenue of the Group derived from the other products business amounted to approximately RMB10,839,000, which accounted for approximately 4% of the total revenue of the Group and represented an increase of approximately 91% over the year of 2019. It was mainly attributable to the increased revenue from the production of masks and household supplies.

### Future Business Outlook

In 2020, the Company proactively responded to the epidemic. With the concerted efforts of all employees our operating conditions have improved significantly against that for last year. The Company has also been proactively fulfilling its corporate social responsibilities by actively contributing to the epidemic control initiatives in Wuhan through the donation of over one thousand printers in support of hospitals in Hubei and other regions in China in their battle against the epidemic. The Company has at the same time obtained a medical equipment production certificate (Category II) in 2020, which was a positive progress in our business transformation, upgrade and to become a sustainable business.

### Printing Equipment and Printing Solutions

As electronic invoices and financial electronic bills are becoming standard practices, the Company expects the market demand for dot-matrix printers to gradually weaken. In 2020, the Company strived in expanding those sub-sectors that have potentials for dot-matrix printing demands and achieved satisfactory outcomes in power generation, measurement instruments, household register printing for public security systems and in the hospital markets. Meanwhile, we endeavour to explore new applications for inkjet printers and have launched or will soon be launching continuous paper feed inkjet printers for the medical market, electronic medical history record printers and official "red letterheaded" printers for government and industries. We will also be introducing colour inkjet homework printers for the household, colour label printers for the manufacturing and commercial sectors and colour medicine bag printers in the medical sector. The Company is exploring further applications of these inkjet printers in various industries to fill the vacuum created by the possible shrinking of dot-matrix printers market in the future.

## **Electronic Invoice Cloud Printer**

The Company has all along been cultivating the electronic invoice cloud printing sector and has continued to maintain this competitive advantage. We are proud that the technical standards of Jolimark electronic invoice cloud printing have found their way into 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. Meanwhile, Jolimark 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. As the State Administration of Taxation has notified that the electronicization of special value-added tax invoices will be fully implemented in 2021, the market for electronic invoice printers can be expected to grow significantly as a consequence. Given that electronic invoices are gateways to fiscal and tax data and their applications, Jolimark will strive to capture any new opportunities and new value created by the Internet and big data.

## **SAAS Cloud Printer**

Remote commercial printing has become popular as a consequence of the development of mobile Internet and the adoption of SAAS with multi-terminal and multi-network segment. In 2021, the Company will steadfastly adhere to its strategic guiding principle that “printing is all about cloud applications”. Based on our core competitive strength for having been in the printer sector for more than 30 years, the Company continue to position itself as a cloud printing application service provider with in-depth knowledge in the integration of software and hardware and will remain fully committed to empowering software developers to provide cloud printers to suit every printing need. The Company has created the Jolimark Cloud Printing Open Platform for SAAS software developers with more than 1,000 registered software developer partners. The Company’s SAAS cloud printer sales has continued to grow rapidly in 2020.

## **Big Data and SAAS Cloud Application**

The printer itself is a data processing terminal, and the application of cloud printing will transform offline isolated data into cloud based intelligently interconnected big data, which could generate value in different applications. Without any software modification, the USB cloud printer launched by the Company can help different cashier systems and business systems to achieve broader applications such as self-service electronic invoice issuance, O2O online membership marketing system, smart parking and smart shopping mall management.

The Company has also targeted to develop SAAS applications. Taking cloud printing as the entry point, the Company has successively launched a variety of SAAS cloud applications. The Company’s “E Invoicing (E開單)” mini-program was launched during the epidemic in April 2020 and is positioned as an SAAS application for purchasing, sales and inventory management that is extremely easy to use by small and medium sized wholesalers. In just a

few months, it has secured more than 2,000 registered merchants and more than 500 cloud printers have been sold. The “Hassle-free reimbursement” mini-program launched in the first quarter of 2021 is a remote SAAS system for convenient reimbursement and electronic invoice printing. It facilitates remote reimbursements during business travels, and performs extensive core functions such as invoice authenticity checking and repeated reimbursement prevention of electronic invoices, remote approval and payment, and convenient remote batch printing of electronic invoices, thus boosting the efficiency of reimbursement procedures of corporates. The Company is also planning to launch the “Jolimark Cloud Printing” SAAS mini-program in the first quarter of 2021 to provide shared paid printing and paid advertising functions and an operating platform integrating software and hardware for third-party operators. To further promote SAAS cloud applications, the Company will set up a new media operation department to undertake precision marketing through content operations on platforms such as Kuaishou and Douyin.

### **New Retail System and Platform**

The Jolimark cloud printed self-serviced terminal effectively eases the need for touch screen devices and reduces the corresponding development and maintenance costs. Customers can operate through their phones after scanning the QR code and be presented with customized ads. Our cloud printed self-serviced terminal has been launched in the medical industry, bookstores, tax administration halls, welfare lottery centres. The service provides personalized advertising while satisfying printing needs. In cooperation with Beijing Welfare Lottery, Heilongjiang Welfare Lottery and China Sports Lottery, the lottery self-service printing terminal business has achieved breakthrough sales. The Company’s medical financial electronic bill self-service terminal with red and black printing outputs is currently the only device on the market that can print red seals. Under the policy of the Ministry of Finance, to vigorously promoting medical electronic bills, the Company expects this business to develop well in 2021. The market for cloud-based self-serviced terminals will be enormous and the Company will position it as one of our core business products.

The Jolimark coffee art machine and Jolimark manicure machine are a new generation of interactive experience 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 after uploading pictures by scanning a WeChat barcode, which are of artistic and interactive nature, and these new products will drive the Company to welcome the new retail traffic as well as consumer industry transformation and upgrade in the future.

Meanwhile, the Company uses electronic invoice printing, personalized interactive experience printing, shared file printing and other cloud printing features as entry points to develop a new retail platform with O2O functions, including a QR code ordering cashier system and a sharing-style fan fission marketing platform.



## **Video Interactive Education System**

Jolimark's remote teaching system is an one-to-many video interactive education platform introduced through the effective integration of a variety of equipments developed by the Company, including projector camera, camera scanner and education system console. It allows teachers to interact through video with students located in different places. Through a projector camera or a camera scanner, teachers can achieve a virtual presence effect as in live teaching. It is especially suitable for teaching and instant instruction of art, calligraphy, musical performance and indoor exercise, and is also capable to support product training and business meetings. Owing to the pandemic in 2020, we expect to launch the system in 2021.

## **Medical Equipment Products**

In 2020, the Company obtained the license for producing medical masks, the medical equipment production certificate (Category II) as well as the CE certification of the EU, and was also whitelisted by the PRC Ministry of Commerce for medical supply exports. The Company will continue to launch variety of medical equipment products. The medical-grade noiseless compressor-based nebuliser is expected to hit the market in the first half of 2021. The nebuliser is mainly used for nebulized inhalation therapy, which 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 by the human body. With a 25% greater noise-reduction ratio, this Jolimark device performs way better than other ultrasonic nebulisers in the market. Treating COVID-19 patients with nebulised therapies have shown to produce prominent results in researches conducted both domestically and abroad, and the Company expects that the device can be used to treat COVID-19 patients and similar patients. Further, it is expected that a portable medical-grade ventilator will be launched in 2021. This product is mainly designed for patients with retarded lung functions and are dependent on breathing support. The minute size and light weighted product enables patients to remain socially engaged, and is also suitable for mountaineering, high-latitude tourism, for use personally, in the office or in domestic oxygen bars. The launch of medical equipment products will enrich the Company's business scope and create opportunities for profit growth.

## **Financial Review**

### ***Results Summary***

For the year ended 31 December 2020, the Group's turnover amounted to approximately RMB275,967,000 representing a decrease of approximately 7% as compared with last year. The loss attributable to shareholders of the Company amounted to approximately RMB25,113,000, as compared to a loss of RMB36,057,000 last year. The basic loss per share was approximately RMB0.041 (the basic loss per share as at 31 December 2019: RMB0.059). The decrease in loss attributable to shareholders was mainly due to a decrease in operating costs in 2020.

### ***Analysis of Sales and Gross Profit***

Compared with 2019, the consolidated revenue of the Group decreased by approximately 7%. Gross profit margin increases slightly from approximately 29% in 2019 to approximately 31%.

### ***Capital Expenditure***

For the year ended 31 December 2020, capital expenditure of the Group amounted to approximately RMB12,063,000, which was mainly used for the acquisition of production equipment and customised production of product molds.

### ***Financial and Liquidity Position***

As at 31 December 2020, the total assets of the Group amounted to approximately RMB398,426,000 (31 December 2019: RMB406,571,000), controlling shareholder's interests amounted to approximately RMB216,985,000 (31 December 2019: RMB241,967,000); non-controlling interests amounted to approximately RMB(872,000) (31 December 2019: RMB(564,000)); current liabilities amounted to approximately RMB180,823,000 (31 December 2019: RMB163,442,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.33 (31 December 2019: 1.53). The decrease in current ratio was mainly attributable to an increase in current liabilities of RMB17,381,000 for the year.

As at 31 December 2020, the cash and cash equivalents and restricted cash of the Group amounted to approximately RMB104,583,000 (31 December 2019: RMB129,627,000) in aggregate, whereas the bank loans of the Group amounted to approximately RMB86,096,000 (31 December 2019: RMB92,247,000). The Group was in a net cash position after deducting the loans.

As at 31 December 2020, the Group received outstanding bank acceptance bills from customers amounted to approximately RMB302,000 (31 December 2019: RMB1,649,000).

### ***Pledge of Assets***

As of 31 December 2020, no deposit with banks (31 December 2019: RMB7,000,000) was used as security for bank loans facilities. The relevant bank deposits used as security for bank loans facilities disclosed in the annual report for the year ended 31 December 2019 were released upon the settlement of relevant bank loans during the year.

### ***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 2020, the Group had more monetary financial liabilities than financial assets 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***

On 18 December 2020, a wholly-owned subsidiary of the Company, acquired through bidding on SUAEE 0.36% of the equity interest in 大象慧雲信息技術有限公司 (Ele-Cloud Information Technology Co., Ltd.) for an aggregate consideration of RMB5,000,000. Such company is a leading tax digitalisation service provider in China. For further details, please refer to the announcement of the Company dated 18 December 2020.

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 2020 (31 December 2019: nil).

### ***Staff***

As at 31 December 2020, the Group employed a total of 858 staff members (2019: 976 staff members). Apart from 27 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.

### ***Subsequent events***

There were no other significant events 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 2020 (Year ended 31 December 2019: nil).

## **Closure of Register of Members**

The annual general meeting of the Company will be held on Monday, 24 May 2021. 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, 18 May 2021 to Monday, 24 May 2021, 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, 17 May 2021.

## **Scope of work of PricewaterhouseCoopers**

The figures in respect of this announcement of the Group's results for the year ended 31 December 2020 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 2020. 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 2020.

## **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 2020, 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 the ongoing restrictions on cross border travels and social distancing caused by 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 22 May 2020. Mr. Au Kwok Lun, an executive Director, acted as chairman at the annual general meeting.

Further information on the corporate governance practice of the Company will also be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2020.

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

During the year ended 31 December 2020, 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 2020 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2020.

## **Publication of annual results announcement and annual report**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jolimark.com](http://www.jolimark.com)). The annual report of the Company for the year ended 31 December 2020 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 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.*