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JOLIMARK HOLDINGS LIMITED

映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2028)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

UNAUDITED CONSOLIDATED RESULTS

The board (the “Board”) of directors (the “Directors”) of Jolimark Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (the “Period”) together with the comparative figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2023	2022
		Unaudited	Unaudited
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	117,988	151,755
Cost of goods sold		(95,707)	(108,837)
Gross profit		22,281	42,918
Other income		1,023	1,349
Selling and marketing costs		(15,709)	(15,517)
Administrative expenses		(25,923)	(18,119)
Research and development expenses		(11,644)	(15,168)
Net impairment losses on financial assets		(317)	(1,604)
Other gains – net		468	1,840

		Six months ended 30 June	
		2023	2022
		Unaudited	Unaudited
		RMB'000	RMB'000
	<i>Note</i>		
Operating loss		(29,821)	(4,301)
Finance expenses – net		(3,195)	(2,605)
Share of loss of associates accounted for using the equity method		(58)	(106)
Impairment loss on investment in associate		(1,299)	–
		<hr/>	<hr/>
Loss before income tax		(34,373)	(7,012)
Income tax expenses	5	(58)	(2,561)
		<hr/>	<hr/>
Loss for the period		(34,431)	(9,573)
		<hr/> <hr/>	<hr/> <hr/>
Loss attributable to:			
– Shareholders of the Company		(34,232)	(9,554)
– Non-controlling interests		(199)	(19)
		<hr/>	<hr/>
		(34,431)	(9,573)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share for loss attributable to the shareholders of the Company (expressed in RMB per share)			
– Basic	6	(0.056)	(0.016)
– Diluted	6	(0.056)	(0.016)
		<hr/> <hr/>	<hr/> <hr/>

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	RMB'000
Loss for the period	(34,431)	(9,573)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	1,719	(11,728)
Income tax relating to these items	(515)	2,535
Other comprehensive gain/(loss) for the period, net of tax	1,204	(9,193)
Total comprehensive loss for the period	(33,227)	(18,766)
Total comprehensive loss for the period attributable to:		
– Shareholders of the Company	(33,099)	(18,456)
– Non-controlling interests	(128)	(310)
	(33,227)	(18,766)

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

		As at	
	<i>Note</i>	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		86,820	96,284
Right-of-use assets		10,248	11,121
Investment properties		1,055	1,161
Intangible assets		3,246	3,997
Investments accounted for using the equity method		5,493	6,850
Financial assets at fair value through other comprehensive income		19,886	18,167
Deferred income tax assets		4,072	4,110
Other assets		921	984
		131,741	142,674
Current assets			
Inventories		95,542	101,399
Trade and other receivables	8	31,887	43,550
Cash and cash equivalents		89,203	68,974
		216,632	213,923
Total assets		348,373	356,597

		As at	
	<i>Note</i>	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		9,155	9,155
Other reserves		267,786	265,872
Accumulated losses		(153,181)	(118,175)
		<u>123,760</u>	<u>156,852</u>
Non-controlling interests		(905)	(777)
		<u>122,855</u>	<u>156,075</u>
LIABILITIES			
Non-current liabilities			
Borrowings		24,840	1,110
Lease liabilities		1,913	2,467
Deferred income tax liabilities		2,632	2,117
		<u>29,385</u>	<u>5,694</u>
Current liabilities			
Trade and other payables	9	61,822	66,156
Contract liabilities		19,494	8,973
Lease liabilities		1,835	2,062
Borrowings		112,982	117,637
		<u>196,133</u>	<u>194,828</u>
Total liabilities		225,518	200,522
		<u>348,373</u>	<u>356,597</u>
Total equity and liabilities		348,373	356,597

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

1. GENERAL INFORMATION

Jolimark Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 22 July 2004 as an exempted company with limited liability under the Companies Law (2003 Revision) of the Cayman Islands. The address of its registered offices is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are the manufacture and sale of printers, other electronic products and other non-electronic products mainly in the mainland of the People’s Republic of China (the “Chinese Mainland”).

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 29 June 2005.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”), and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622 (“HKCO”).

3. ACCOUNTING POLICIES

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

3.1 New and amended standards adopted by the Group

The following new and amended standards are mandatory for adoption for the financial year beginning 1 January 2023 for the Group:

HKFRS 17	Insurance contracts(new standard)
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of accounting policies
HKAS 8 (Amendment)	Definition of accounting estimates
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction

The Group has assessed the impact of the adoption of these new and amended standards that are effective for the first time for this financial year and has concluded that they do not have significant impact on the Group’s accounting policies and do not require retrospective amendments and interpretation adjustments.

3.2 New and amended standards, and interpretations to standards issued but are not effective for financial year beginning 1 January 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Classification of Liabilities as current or non-current	1 January 2024
HKAS 1 (Amendment)	Non-current liabilities with covenants	1 January 2024
HKFRS 16 (Amendment)	Lease liability in sale and leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing this condensed consolidated interim financial information. None of these is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

4. SEGMENT INFORMATION

The directors and chief executive officer of the Group are the chief operating decision-makers (the “CODM”) of the Group. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM manages the Group’s business from the perspective of different product lines of the Group, i.e. printers and others. The CODM assesses the performances of the operating segments based on a measure of segment revenue and segment results.

The segment revenue and results and the reconciliation with loss for the six months ended 30 June 2023 are as follows:

	Printers <i>RMB'000</i>	Other products <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue (from external customers) (note (a))	<u>104,227</u>	<u>13,761</u>	<u>117,988</u>
Segment results	<u>(7,190)</u>	<u>2,118</u>	<u>(5,072)</u>
Other income			1,023
Administrative expenses			(25,923)
Net impairment losses on financial assets			(317)
Other gains-net			468
Finance expenses – net			(3,195)
Share of losses of associates accounted for using the equity method			(58)
Impairment loss on investment in associate			(1,299)
Income tax expenses			<u>(58)</u>
Loss for the period			<u>(34,431)</u>
Segment results include:			
Selling and marketing costs	(14,269)	(1,440)	(15,709)
Research and development expenses	<u>(9,873)</u>	<u>(1,771)</u>	<u>(11,644)</u>

The segment revenue and results and the reconciliation with profit for the year ended 30 June 2022 are as follows:

	Printers <i>RMB'000</i>	Other products <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue (from external customers) (note (a))	<u>138,818</u>	<u>12,937</u>	<u>151,755</u>
Segment results	<u>9,685</u>	<u>2,548</u>	12,233
Other income			1,349
Administrative expenses			(18,119)
Net impairment losses on financial assets			(1,604)
Other gains-net			1,840
Finance expenses – net			(2,605)
Share of losses of associates accounted for using the equity method			(106)
Income tax expenses			<u>(2,561)</u>
Loss for the period			<u>(9,573)</u>
Segment results include:			
Selling and marketing costs	(14,972)	(545)	(15,517)
Research and development expenses	<u>(14,653)</u>	<u>(515)</u>	<u>(15,168)</u>

(a) Revenues from external customers are for sales of goods. There is no inter-segment sales for the six months ended 30 June 2023 and 2022.

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
In the Chinese Mainland	111,397	143,819
In overseas	6,591	7,936
	117,988	151,755

- (c) For the six months ended 30 June 2023, approximately 19% of total revenue (six months ended 30 June 2022: 19%) are derived from a single external customer, which is attributable to the segment of printers.
- (d) For the six months ended 30 June 2023, the Group's non-current assets were mainly located in the Chinese Mainland

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– Corporate income tax	20	8
Deferred income tax	38	2,553
	58	2,561

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2023 (six months ended 30 June 2022: same).

Corporate income tax

During the six months ended 30 June 2023 and 2022, the Group's subsidiaries in the Chinese Mainland are subject to the China corporate income tax ("CIT") at a rate of 25% on estimated assessable profits, except that Kong Yue Electronics & Information Industry (Xinhui) Limited, the Group's major subsidiary in the Chinese Mainland, is qualified for high and new technology enterprise status and is therefore subject to a preferential income tax rate of 15%.

Dividend withholding tax

Dividends distributed out from the profits generated by the Chinese Mainland companies to their foreign investors should be subject to a withholding income tax of 10%, and a lower 5% withholding tax rate may be applied when the immediate holding companies of the Chinese Mainland subsidiaries are established in Hong Kong and meet the requirements to the tax treaty arrangements between the Chinese Mainland and Hong Kong.

During the six months ended 30 June 2023 and 2022, no provision for dividend withholding tax is necessary.

Overseas income tax

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

6. LOSS PER SHARE

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

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding on an assumption of conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The options granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the six months ended 30 June 2023.

	Six months ended 30 June	
	2023	2022
Loss attributable to the shareholders of the Company (<i>RMB'000</i>)	(34,232)	(9,554)
Weighted average number of ordinary shares in issue (<i>shares in thousands</i>)	612,882	612,882
Basic and diluted loss per share (<i>RMB per share</i>)	<u>(0.056)</u>	<u>(0.016)</u>

7. DIVIDENDS

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

8. TRADE AND OTHER RECEIVABLES

		As at	
	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Current			
Trade receivables – third parties	a	13,774	24,262
Less: loss allowance of trade receivables		<u>(1,649)</u>	<u>(1,310)</u>
		<u>12,125</u>	<u>22,952</u>
Bills receivables	b	7,508	9,459
Less: loss allowance of bills receivables		<u>(24)</u>	<u>(30)</u>
		<u>7,484</u>	<u>9,429</u>
Prepayments			
– Third parties		5,322	3,682
– Related parties		<u>22</u>	<u>20</u>
		<u>5,344</u>	<u>3,702</u>
Other receivables			
– Third parties		6,620	6,952
– Related parties		645	862
Less: loss allowance of other receivables			
– Third parties		(322)	(335)
– Related parties		<u>(9)</u>	<u>(12)</u>
		<u>6,934</u>	<u>7,467</u>
		<u>31,887</u>	<u>43,550</u>

- (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 30 June 2023 and 31 December 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at	
	30 June 2023 RMB'000	31 December 2022 RMB'000
Less than 30 days	9,105	18,907
31–90 days	3,014	3,609
91–180 days	603	727
181–365 days	78	405
Over 365 days	<u>974</u>	<u>614</u>
	<u>13,774</u>	<u>24,262</u>

The Group applies the simplified approach prescribed by HKFRS 9 to provide for expected credit losses. As at 30 June 2023, trade receivables of approximately RMB2,302,000 (31 December 2022: RMB3,223,000) were past due respectively.

- (b) As at 30 June 2023, bills receivables represent bank acceptance bills (31 December 2022: bank acceptance bills).

As at 30 June 2023, the transferred or discounted receivables recognised in bills receivable amounted to RMB6,720,000 (31 December 2022: RMB2,267,000). The cash received by transferring or discounting such bills receivables are presented as secured borrowing.

9. TRADE AND OTHER PAYABLES

	As at	
	30 June 2023 <i>RMB'000</i>	31 December 2022 <i>RMB'000</i>
Trade payables – third parties	45,108	32,593
Other payables		
– Third parties	16,043	32,463
– Related parties	275	704
Dividends payable	396	396
	61,822	66,156

At 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date is as follows:

	As at	
	30 June 2023 <i>RMB'000</i>	31 December 2022 <i>RMB'000</i>
Less than 30 days	29,030	18,278
31–90 days	13,961	12,669
91–180 days	808	172
181–365 days	105	44
Over 365 days	1,204	1,430
	45,108	32,593

MANAGEMENT’S DISCUSSION AND ANALYSIS

Business Review

Printer Business

For the six months ended 30 June 2023, the revenue of the Group derived from the printer business was approximately RMB104,227,000, which accounted for approximately 88% of the total revenue of the Group and represented a decrease of approximately 25% as compared with that of the corresponding period in 2022. The decrease was mainly attributable to the sluggish market demand in the Chinese Mainland and the unexpected slow pace of economic recovery of the prevailing market in 2023.

Other Products

For the six months ended 30 June 2023, the revenue of the Group derived from the other products business amounted to approximately RMB13,761,000, which accounted for approximately 12% of the total revenue of the Group and represented an increase of approximately 6% as compared with that of the corresponding period in 2022. The increase was mainly attributable to the increase in sales of medical devices in 2023.

Future Business Outlook

The Company’s business during the first half of 2023 was subject to immense challenges, as the demand for invoice printer continued to decline, given the general trend of the use of electronic invoices across the board in China. Retail and commercial activities in the market also diminished amidst lacklustre consumer spending in the nation. Looking to the second half of 2023, as the Chinese Government continues to launch a series of policies aimed at stimulating consumer spending and in assisting the manufacturing sector, it is to be hoped that resumption of economic activities and market recovery will materialize. In view of such recovery coupled with planned launch of our medical products, we continue to be confident in our future business development.

Printing Equipment and Printing Solutions

In view of the growing application of electronic invoices and electronic bills for financial operations, the Company has been exploring demands for dot-matrix printers in sub-segment sectors and has achieved considerable results in the markets for electrical products, weighing instruments, and the printing of identification documents for public security and hospitals. In the meantime, the Company has been engaged vigorously in the development of the inkjet printing business, underpinned by the development of new products such as red and black dual-colour inkjet printers with continuous paper feed features for the medical sector, printers for clinics and colour printers for medication bags, “Golden Red“ red letter-head inkjet printers specially designed for IT innovation in government and industries, red and black dual-colour or colour inkjet printers for corporate and office use complemented by the “Hassle-free Reimbursement” and “Jolimark Cloud Printing” software, as well as colour label printers for the manufacturing and commercial sectors.

As an important strategic partner of WeChat and Alipay, the Company has continued to be deeply engaged and has continued to maintain its edge in the electronic invoice cloud printing segment. Jolimark electronic invoice cloud printers and cloud printing solutions have also been widely adopted by leading customers in many industries, such as Southern Power Grid, State Grid, China Telecom, Aisino of China, PetroChina, Sinopec, Shell, State Taxation Administration, Walmart, Construction Bank and other large customers.

The Company's "PC cloud printer", scheduled to come online in the third quarter of 2023, is set to raise the status of the traditional Jolimark printer to a cloud printer. This will significantly enhance the market competitiveness of Jolimark printers. Meanwhile, in line with the nation's policies on the digitalisation of taxation, the Company will continue to research and launch products featuring software/hardware integration to provide digitalised electronic invoicing services to the dining, retail and commercial supermarket sectors.

Self-serviced Terminals

Offered in a range of formats, including desktop, cabinet, operating platform and screenless terminals by leveraging the Company's unique core technologies such as red and black dual-colour inkjet printing, cloud printing, 2000-page paper feed and remote error alert, the Jolimark self-serviced terminal product line has already been successfully adopted in smart government services, medical care, State Grid service hall, tax administration halls and welfare lottery centres.

Big Data and SAAS Cloud Application

By taking advantage of Jolimark's expertise in cloud printing, the Company has developed a variety of SAAS cloud applications as one of the directions in future business development. Applications that are already in current operation include the "E Invoicing (E開單)" app which is specifically tailored for small to medium wholesalers to enable them to print invoices remotely through mini-programs and to facilitate management of store commodities and customers. The "Hassle-free reimbursement" app for financial reimbursement is targeted at small and medium enterprises enabling them to support online reimbursement approvals, to print reimbursement bills and invoices remotely and to conduct verification and duplication checks on invoices. "Jolimark Cloud Printing", a platform which provide shared paid printing and advertising functions, is also already available online.

Medical Equipment Products

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

In early 2022, the Company successfully obtained the medical product registration permit and production permit (models PMO30 and PMO50) for its 3L medical portable oxygen concentrator. On the back of the core technology of balanced four-cylinder oil-free compressor and AI smart pulse technology, our oxygen concentrators are able to maintain an impressive oxygen concentration level of $93\pm 3\%$. This minute-size and lightweight product equipped with a built-in lithium battery provides a convenient and relaxed experience of free oxygen inhalation for users. Given the enhanced availability of oxygen patients can remain socially engaged. This device also alleviates altitude sickness associated with mountaineering and high-latitude tourism and can also be used privately in the office or in domestic oxygen bars as a healthcare product.

Since the launch of its compressor-based nebuliser and medical portable oxygen concentrator, the Company has continued to enhance its marketing efforts and has established an extensive presence for Jolimark medical devices through offline sales and service outlets such as pharmacy chains, large hospitals and community hospitals. We have also entered cooperation arrangements with more than 230 medical product distributors including Jointown Pharmaceutical Group, China National Pharmaceutical Group, Guangzhou Pharmaceutical Group, Liuyao Group, Shanghai First Pharmaceutical and others. These products are now distributed through over 160 pharmacy chain stores. Meanwhile, the Company has been engaged in active research and development for its range of medical equipment products. For example, development of the 5L and 7L medical portable oxygen concentrators was completed during the first half of 2023. Pending the completion of applications for relevant approvals of the medical product registration permits, market launch is scheduled for the end of 2023. In addition, the Company has been expediting project listing and research and development for the 10L medical portable oxygen concentrator and upright 5L low-noise indoor model, which are scheduled to be launched in mid-2024, thus completing a full range of medical oxygen concentrator products for use at clinics, homes, outdoors, in emergency situations without power supply and at high-latitude locations.

Financial Review

Results Summary

For the six months ended 30 June 2023, the Group's turnover amounted to approximately RMB117,988,000, representing a decrease of approximately 22% as compared to that of the corresponding period of last year. The loss attributable to shareholders of the Company amounted to approximately RMB34,232,000, as compared with a loss of approximately RMB9,554,000 in the first half of 2022. The basic loss per share as at 30 June 2023 was approximately RMB0.056 (the basic loss per share as at 30 June 2022: RMB0.016). The loss attributable to shareholders for the first half of 2023 was mainly due to the sluggish market demand in the Chinese Mainland and the unexpected slow pace of economic recovery of the prevailing market as well as provision of impairment for printer-related assets.

Analysis of Sales and Gross Profit

Compared with the first half of 2022, due to the sluggish market demand and the unexpected slow pace of economic recovery of the prevailing market, the Group's total sales revenue in the first half of 2023 was RMB 117,988,000, represented a decrease of approximately 22% as compared with that of the corresponding period in 2022. At the same time, the Group's consolidated gross profit margin decreased to 19% due to the provision of impairment for printer-related assets recognized in the current period.

Capital Expenditure

For the six months ended 30 June 2023, capital expenditure of the Group amounted to approximately RMB2,360,000, which was mainly used for the acquisitions of production equipment and customization of product molds.

Financial and Liquidity Position

As at 30 June 2023, the total assets of the Group amounted to approximately RMB348,373,000 (31 December 2022: RMB356,597,000), controlling shareholder's interests amounted to approximately RMB123,760,000 (31 December 2022: RMB156,852,000); non-controlling interests amounted to approximately RMB(905,000) (31 December 2022: RMB(777,000)); current liabilities amounted to approximately RMB196,133,000 (31 December 2022: RMB194,828,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.10 (31 December 2022: 1.10), almost remained stable.

As at 30 June 2023, the cash and cash equivalents and restricted cash of the Group amounted to approximately RMB89,203,000 (31 December 2022: RMB68,974,000) in aggregate. The outstanding bills receivables from customers amounted to approximately RMB7,484,000 (31 December 2022: approximately RMB9,429,000). The bank loans amounted to approximately RMB137,822,000 (31 December 2022: approximately RMB118,747,000). The gearing ratio of the Group was 112.2% as at 30 June 2023 (31 December 2022: 76.1%), being a ratio of sum of bank loans of RMB137,822,000 (31 December 2022: RMB118,747,000) to total equity.

Financial Assets at Fair Value through Other Comprehensive Income

The amount represents the Group's medium to long term equity investments in private enterprises.

As at 30 June 2023, the fair value of the Company's investment was RMB19,886,000 (31 December 2022: RMB18,167,000). Of which, the Group's holding of 1.76% interest in 廣東航天信息愛信諾科技有限公司 (Guangdong Aerospace Information Aisino Technology Co., Ltd.) ("Guangdong Aisino"), a company that is engaged in electronic invoices and related software development business, accounted for RMB11,916,000, (31 December 2022: RMB10,016,000) representing approximately 59.92% (31 December 2022: 55.13%) of the Group's financial assets at fair value through other comprehensive income. The original investment cost of the Company in Guangdong Aisino in February 2018 was RMB528,000. Save for the investments in Guangdong Aisino, the Company also hold minority interests in four other companies, ranging from 0.35% to 10%.

The investment strategy of the Company is to invest in companies that are engaged in upstream or downstream industries and have synergy effects to the business of the Group.

Pledge of Assets

As at 30 June 2023, property, plant and equipment and right-of-use assets of RMB40,327,000 (31 December 2022: RMB41,370,000) were pledged as collateral for the Group's bank borrowings of RMB129,700,000 (31 December 2022: RMB114,800,000). As at 30 June 2023, the transferred or discounted receivables recognised in bills receivable amounted to RMB6,720,000 (31 December 2022: 2,267,000). The amounts repayable under these agreements are presented as secured borrowing of RMB6,672,000 (31 December 2022: RMB2,255,000).

Foreign Currency Risks

The Group mainly operates in the Chinese Mainland with most of the transactions denominated and settled in RMB. However, the Group is exposed to foreign exchange risks for assets and liabilities denominated in Hong Kong dollars, United States dollars, Taiwanese dollars and Euro arising from the import of certain raw materials and machinery, sales of goods to overseas customers and borrowings that are denominated in foreign currencies. As at 30 June 2023, the Group had more monetary financial assets than financial liabilities outside the Chinese Mainland.

The Group manages and monitors its foreign exchange risks by performing regular review of the Group's net foreign exchange exposures and mitigates the impact of exchange rate fluctuations by reducing the financial liabilities if needed.

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2023 (31 December 2022: nil).

Staff

As at 30 June 2023, the Group employed a total of 778 staff members (31 December 2022: 768 staff members). Apart from 17 employees employed in Hong Kong and overseas, all employees of the Group were based in the Chinese Mainland. The Group applies its remuneration and bonus policies for employees with reference to business results and individual staff performance. In addition, fringe benefits, such as social security insurance, medical allowance and housing provident fund, were provided to ensure the Group remains as a competitive employer. In addition, the Group has maintained a share option scheme to reward and incentivize its employees.

Events after the Period

There were no other significant events after the Period and up to the date of this announcement.

Interim Dividend

The Board of directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Compliance with the Corporate Governance Code

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high corporate governance standard and has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as in effect from time to time (the "CG Code") during the six months ended 30 June 2023, save for the deviation from code provision F.2.2 of the CG Code:

In accordance with the requirements of code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. However, due to the other business commitments, the chairman of the Board, Mr. Au Pak Yin, was unable to attend the annual general meeting of the Company held on 25 May 2023. Mr. Au Kwok Lun, an executive Director, acted as chairman at the annual general meeting.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Model Code for Securities Transactions

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries with all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2023 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the six months ended 30 June 2023.

Review of Condensed Consolidated Interim Financial Information

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors namely, Ms. Kan Lai Kuen, Alice, Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2023 had been reviewed by the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2023 had also been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jolimark.com). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the above websites in due course.

By order of the Board
Jolimark Holdings Limited
Au Pak Yin
Chairman

Hong Kong, 29 August 2023

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.