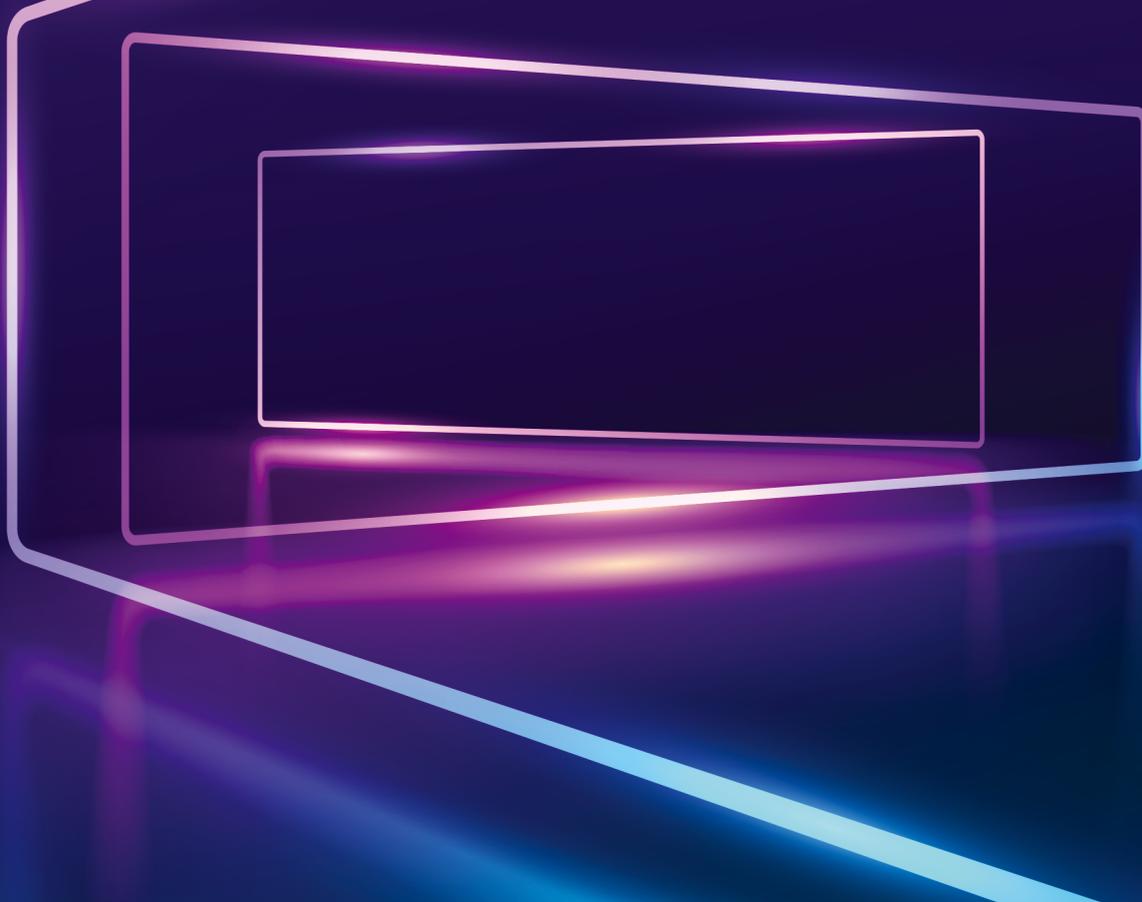


Jolimark

Jolimark Holdings Limited
映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2028

2023
Interim Report



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Corporate Information

Directors

Executive Directors

Mr. Au Pak Yin (*Chairman*)
Mr. Au Kwok Lun (*Chief Executive Officer*)

Non-Executive Director

Mr. Ou Guo Liang

Independent Non-Executive Directors

Ms. Kan Lai Kuen, Alice
Dr. Zhong Xiaolin
Mr. Yeung Kwok Keung

Registered Office

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal Place of Business in Hong Kong

Unit 07, 21 Floor
K. Wah Centre
191 Java Road
North Point
Hong Kong

Company Secretary

Mr. Lai Sai Wo, Ricky

Authorised Representatives

Mr. Au Kwok Lun
Mr. Lai Sai Wo, Ricky

Audit Committee

Ms. Kan Lai Kuen, Alice (*Chairman*)
Dr. Zhong Xiaolin
Mr. Yeung Kwok Keung

Remuneration Committee

Mr. Yeung Kwok Keung (*Chairman*)
Dr. Zhong Xiaolin
Ms. Kan Lai Kuen, Alice
Mr. Au Kwok Lun

Nomination Committee

Ms. Kan Lai Kuen, Alice (*Chairman*)
Dr. Zhong Xiaolin
Mr. Yeung Kwok Keung

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

Legal Adviser to the Company as to Hong Kong Law

Sidley Austin
Level 39
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal Bankers

China Construction Bank
Agricultural Bank of China
Nanyang Commercial Bank
Xiamen International Bank
China Guangfa Bank
Shanghai Pudong Development Bank

Stock Code

2028

Website

www.jolimark.com

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.

Management's Discussion and Analysis (continued)

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±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.

Management's Discussion and Analysis (continued)

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 RMB117,988,000, 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.

Management's Discussion and Analysis (continued)

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: RMB2,267,000). 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.

Future Plans for Material Investments or Capital Assets

As at the date of this report, the Group did not have any plan for any material investments or capital assets.

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.

Miscellaneous

The board of Directors (the "Board") is of the opinion that there have been no material changes to the information published in the Company's annual report for the year ended 31 December 2022, other than those disclosed in this report.

Events after the Period

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

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).

Condensed Consolidated Interim Balance Sheet

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	As at	
		30 June 2023 Unaudited	31 December 2022 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	8	86,820	96,284
Right-of-use assets	8	10,248	11,121
Investment properties		1,055	1,161
Intangible assets	8	3,246	3,997
Investments accounted for using the equity method	9	5,493	6,850
Financial assets at fair value through other comprehensive income	11	19,886	18,167
Deferred income tax assets		4,072	4,110
Other assets		921	984
		131,741	142,674
Current assets			
Inventories	12	95,542	101,399
Trade and other receivables	13	31,887	43,550
Cash and cash equivalents	14	89,203	68,974
		216,632	213,923
Total assets		348,373	356,597
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)
		123,760	156,852
Non-controlling interests		(905)	(777)
Total equity		122,855	156,075

Condensed Consolidated Interim Balance Sheet (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	As at	
		30 June 2023 Unaudited	31 December 2022 Audited
LIABILITIES			
Non-current liabilities			
Borrowings	15	24,840	1,110
Lease liabilities		1,913	2,467
Deferred income tax liabilities		2,632	2,117
		29,385	5,694
Current liabilities			
Trade and other payables	16	61,822	66,156
Contract liabilities		19,494	8,973
Lease liabilities		1,835	2,062
Borrowings	15	112,982	117,637
		196,133	194,828
Total liabilities		225,518	200,522
Total equity and liabilities		348,373	356,597

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

The interim financial information on pages 8 to 29 were approved by the Board of Directors on 29 August 2023 and were signed on its behalf:

Mr. Au Pak Yin
Director

Mr. Au Kwok Lun
Director

Condensed Consolidated Interim Income Statement

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2023 Unaudited	2022 Unaudited
Revenue	6	117,988	151,755
Cost of goods sold	7	(95,707)	(108,837)
Gross profit		22,281	42,918
Other income		1,023	1,349
Selling and marketing costs	7	(15,709)	(15,517)
Administrative expenses	7	(25,923)	(18,119)
Research and development expenses	7	(11,644)	(15,168)
Net impairment losses on financial assets		(317)	(1,604)
Other gains – net		468	1,840
Operating loss		(29,821)	(4,301)
Finance expenses – net	17	(3,195)	(2,605)
Share of loss of associates accounted for using the equity method	9	(58)	(106)
Impairment loss on investment in associate	9	(1,299)	–
Loss before income tax		(34,373)	(7,012)
Income tax expenses	18	(58)	(2,561)
Loss for the period		(34,431)	(9,573)
Loss attributable to:			
– Shareholders of the Company		(34,232)	(9,554)
– Non-controlling interests		(199)	(19)
		(34,431)	(9,573)
Loss per share for loss attributable to the shareholders of the Company (expressed in RMB per share)			
– Basic	19	(0.056)	(0.016)
– Diluted	19	(0.056)	(0.016)

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

Condensed Consolidated Interim Statement of Comprehensive Income

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2023 Unaudited	2022 Unaudited
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 Statement of Changes in Equity

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Attributable to shareholders of the Company					
	Share capital and premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2023 (Audited)	9,155	265,872	(118,175)	156,852	(777)	156,075
Comprehensive income/(loss)						
Loss for the period	–	–	(34,232)	(34,232)	(199)	(34,431)
Other comprehensive income	–	1,133	–	1,133	71	1,204
Total comprehensive income/(loss)	–	1,133	(34,232)	(33,099)	(128)	(33,227)
Transactions with shareholders						
Transfer to the statutory reserve and enterprise expansion fund	–	774	(774)	–	–	–
Employee share option scheme – value of employee services	–	7	–	7	–	7
Transactions with shareholders	–	781	(774)	7	–	7
Balance at 30 June 2023 (Unaudited)	9,155	267,786	(153,181)	123,760	(905)	122,855
Balance at 1 January 2022 (Audited)	9,155	274,447	(77,587)	206,015	(129)	205,886
Comprehensive loss						
Loss for the period	–	–	(9,554)	(9,554)	(19)	(9,573)
Other comprehensive loss	–	(8,902)	–	(8,902)	(291)	(9,193)
Total comprehensive loss	–	(8,902)	(9,554)	(18,456)	(310)	(18,766)
Transactions with shareholders						
Employee share option scheme – value of employee services	–	9	–	9	–	9
Transactions with shareholders	–	9	–	9	–	9
Balance at 30 June 2022 (Unaudited)	9,155	265,554	(87,141)	187,568	(439)	187,129

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

Condensed Consolidated Interim Statement of Cash Flows

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2023 Unaudited	2022 Unaudited
Cash flows from operating activities			
Cash used in operations		5,547	(56,813)
Income tax paid		(767)	(767)
Interest paid		(3,097)	(2,475)
Net cash generated from/(used in) operating activities		1,683	(60,055)
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss	10	–	(75,000)
Maturity of financial assets at fair value through profit or loss	10	–	137,485
Purchase of property, plant and equipment		(2,360)	(2,414)
Purchase of intangible assets		–	(51)
Purchase of other assets		–	(386)
Disposals of property, plant and equipment		6	3
Interests received		446	225
Net cash (used in)/generated from investing activities		(1,908)	59,862
Cash flows from financing activities			
Proceeds from borrowings		91,672	107,703
Repayments of borrowings		(70,387)	(92,771)
Principal elements of lease payments		(1,036)	(913)
Net cash generated from financing activities		20,249	14,019
Net increase in cash and cash equivalents		20,024	13,826
Cash and cash equivalents at beginning of the period	14	68,974	63,325
Exchange gains on cash and cash equivalents		205	123
Cash and cash equivalents at end of the period	14	89,203	77,274

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

Notes to the Condensed Consolidated Interim Financial Information

(All amounts in Renminbi Yuan thousands unless otherwise stated)

1. General information

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

3. Accounting policies (Continued)

3.1 New and amended standards adopted by the Group (Continued)

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. Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing of this condensed consolidated interim financial information, significant judgments were made by management in applying the Group's accounting policies and the key sources of estimation uncertainty was the same as those applied to the preparation of the consolidated financial statements for the year ended 31 December 2022.

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

There have been no significant changes in risk management policies during the six months ended 30 June 2023.

(a) Liquidity risk

The group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the group's products; and (b) the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the group could renew its banking facilities when they expire and therefore has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its interim condensed consolidated financial information.

5.2 Fair value estimation

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVOCI"). The Group's financial liabilities include trade and other payables and borrowings. The fair value for financial assets and liabilities with maturities less than one year are assumed to approximate their carrying amounts due to their short term maturities.

The different levels of fair value hierarchy are defined as below:

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

	As at	
	30 June 2023	31 December 2022
Level 3		
Financial assets at FVOCI		
– unlisted equity securities (note 11)	19,886	18,167
	19,886	18,167

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. At each reporting date, the Group would assess the fair value of the Group's level 3 instruments by using valuation techniques, including:

- the use of quoted market prices or dealer quotes for similar instruments
- the recent market transactions for the same or a similar asset
- for other financial instruments – discounted cash flow analysis or market approach.

Quantitative information about fair value measurement using significant unobservable inputs (Level 3) is as follow:

Description	Fair value at 30 June 2023	Fair value at 31 December 2022	Valuation techniques	Unobservable inputs	Range of inputs at 30 June 2023	Range of inputs at 31 December 2022	Relationship of unobservable inputs to fair value
Financial assets at FVOCI – unlisted equity securities	11,916*	10,016	Market approach	Price Earnings Ratio ("P/E")	10.84–20.06	8.92–22.56	The higher P/E, the higher fair value
	1,898	2,343	Market approach	Price-to-Book Ratio ("P/B")	0.55–1.62	0.68–1.31	The higher P/B, the higher fair value
	138	105	Market approach	Price-to-Sales Ratio ("P/S")	0.26–1.36	0.31–1.50	The higher P/S, the higher fair value
	5,934	5,703	Market approach	Price Earnings Ratio ("P/E")	10.57–28.06	8.92–28.06	The higher P/E, the higher fair value

* Balance represents the Group's equity investment 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.), which is engaged in electronic invoices and related software development business.

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

6. 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	Other products	Total
Revenue (from external customers) (note (a))	104,227	13,761	117,988
Segment results	(7,190)	2,118	(5,072)
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			(58)
Loss for the period			(34,431)
Segment results include:			
Selling and marketing costs	(14,269)	(1,440)	(15,709)
Research and development expenses	(9,873)	(1,771)	(11,644)

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

6. Segment information (Continued)

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

	Printers	Other products	Total
Revenue (from external customers) (note (a))	138,818	12,937	151,755
Segment results	9,685	2,548	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			(2,561)
Loss for the period			(9,573)
Segment results include:			
Selling and marketing costs	(14,972)	(545)	(15,517)
Research and development expenses	(14,653)	(515)	(15,168)

(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
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

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

7. Expenses by Nature

	Six months ended 30 June	
	2023	2022
Raw materials and consumables recognised in cost of goods sold and expenses	76,934	104,231
Employee benefit expenses	28,515	29,982
Provision for inventories	14,754	823
Depreciation and amortisation	8,473	8,265
Impairment of property, plant and equipment	5,242	–
Transportation expenses	2,651	3,244
Travel and entertainment expenses	2,452	1,747
Advertising and promotion fees	1,302	1,331
Repairs and maintenance	1,122	1,219
Operating leases	1,012	1,015
Service fees for product development	706	829
Auditor's remuneration	764	822
Subcontracting charges	163	271
Others	4,893	3,862
	148,983	157,641

8. Property, plant and equipment, right-of-use assets and intangible assets

	Property, plant and equipment	Right-of-use assets	Intangible assets		Total
			Goodwill	Others	
Six months ended 30 June 2023					
Opening net book amount as at 1 January 2023	96,284	11,121	48	3,949	111,402
Additions	2,360	255	–	–	2,615
Disposals	(94)	–	–	–	(94)
Depreciation and amortisation	(6,488)	(1,128)	–	(751)	(8,367)
Impairment losses	(5,242)	–	–	–	(5,242)
Closing net book amount as at 30 June 2023	86,820	10,248	48	3,198	100,314
Six months ended 30 June 2022					
Opening net book amount as at 1 January 2022	105,928	11,891	48	5,841	123,708
Additions	2,414	1,522	–	51	3,987
Disposals	(47)	–	–	–	(47)
Depreciation and amortisation	(6,298)	(1,100)	–	(867)	(8,265)
Closing net book amount as at 30 June 2022	101,997	12,313	48	5,025	119,383

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

8. Property, plant and equipment, right-of-use assets and intangible assets (Continued)

As at 30 June 2023, property, plant and equipment of RMB33,615,000 (31 December 2022: RMB34,513,000) and right-of-use assets of RMB6,712,000 (31 December 2022: RMB6,857,000) were pledged as collateral for the Group's bank borrowings (note 15).

9. Investments accounted for using the equity method

	Six months ended 30 June	
	2023	2022
Balance at 1 January	6,850	7,094
Share of loss – net	(58)	(106)
Impairment charged	(1,299)	–
Balance at 30 June	5,493	6,988

- (a) During the six months ended 30 June 2023, the Group performed an impairment assessment of its investment in Wuhan Hong Rui Da Information Technology Limited Company since it has not met its operation target for the period and has made an impairment provision of RMB1,299,000.

10. Financial assets at fair value through profit or loss

	Six months ended 30 June	
	2023	2022
Level 3		
Balance at 1 January	–	62,170
Additions	–	75,000
Maturity	–	(137,485)
Fair value gains – net	–	315
Balance at 30 June	–	–

During the six months ended 30 June 2022, the Group's financial assets at fair values through profit or loss included wealth management products sponsored and managed by banks.

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

11. Financial assets at fair value through other comprehensive income

	Six months ended 30 June	
	2023	2022
Balance at 1 January	18,167	31,195
Fair value gains/(losses) – net	1,719	(11,728)
Balance at 30 June	19,886	19,467

As at 30 June 2023 and 31 December 2022, amounts represent the Group's medium to long term equity investments in private enterprises.

12. Inventories

During the six months ended 30 June 2023, the cost of inventories recognised in consolidated income statement amounted to approximately RMB95,835,000 (six months ended 30 June 2022: RMB108,837,000), which included provision for inventories amounting to approximately RMB14,754,000 (six months ended 30 June 2022: RMB823,000).

13. Trade and other receivables

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

13. Trade and other receivables (Continued)

- (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	31 December 2022
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	974	614
	13,774	24,262

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.

14. Cash and cash equivalents

	As at	
	30 June 2023	31 December 2022
Cash at bank and in hand	89,203	68,974

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

15. Borrowings

	As at	
	30 June 2023	31 December 2022
Non-current		
Guaranteed bank borrowings (note (a))	1,450	1,692
Secured bank borrowing	44,700	14,800
Less: current portion of non-current borrowings	(21,310)	(15,382)
	24,840	1,110
Current		
Secured bank borrowings (note (b))	91,672	102,255
Add: current portion of non-current borrowings	21,310	15,382
	112,982	117,637
	137,822	118,747

- (a) Bank borrowings of HKD1,573,000 (RMB1,450,000) were guaranteed by a director of the Company, Mr. Au Pak Yin. The borrowings bear an interest rate of 2.5% per annum below the prime lending rate for HK dollars.
- (b) Of the current secured bank borrowings, RMB6,672,000 (31 December 2022: RMB2,255,000) is related to transferred or discounted bills receivables, which are recognised as bills receivables and bear an annualised interest rate from 1.70% to 2.65%.
- (c) Save as the guaranteed bank borrowings disclosed in note (a) and note (b), bank borrowings bear fixed interest rates ranging from 3.65% to 4.05%.

As at 30 June 2023, the remaining bank borrowings of RMB129,700,000 (31 December 2022: RMB114,800,000) were secured by certain property, plant and equipment and right-of-use assets (Note 8).

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

16. Trade and other payables

	As at	
	30 June 2023	31 December 2022
Trade payables – third parties	45,108	32,593
Other payables		
– Third parties	16,043	32,463
– Related parties (note 22)	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	31 December 2022
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

17. Finance expenses – net

	Six months ended 30 June	
	2023	2022
Interest expenses		
– bank borrowings	3,006	2,351
– loan from a non-controlling shareholder	53	47
– lease liabilities	91	124
Exchange losses on bank borrowings	45	83
	3,195	2,605

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

18. Income tax expenses

	Six months ended 30 June	
	2023	2022
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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

19. 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 (RMB'000)	(34,232)	(9,554)
Weighted average number of ordinary shares in issue (shares in thousands)	612,882	612,882
Basic and diluted loss per share (RMB per share)	(0.056)	(0.016)

20. 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).

21. Commitments

Capital commitment

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	As at	
	30 June 2023	31 December 2022
Capital commitments		
No later than 1 year	50	223

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

22. Significant related party transactions

The ultimate holding company of the Company is Au Pak Yin, Tai Noi Kit Family Holdings Limited, which is incorporated in the British Virgin Islands.

Major related parties that had transactions with the Group during the six months ended 30 June 2023 and 2022 were Au Family, the parties controlled by Au Family* and an associate.

* Mr. Au Pak Yin, Ms. Tai Noi Kit, Mr. Au Kwok Lun, Mr. Ou Guo Liang and Ms. Ou Ri Ai (together, "Au Family") are the beneficial owner of the Company.

(a) Transactions with related parties

Save as disclosed elsewhere in the interim financial information, during the six months ended 30 June 2023 and 2022, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Six months ended 30 June	
	2023	2022
Parties controlled by the Au Family		
Purchases of goods and services	1,009	437
Lease Income	129	263
Rental expense (short-term leases)	455	658

(b) Key management compensation

	Six months ended 30 June	
	2023	2022
Salary and other short-term employee benefits	1,378	1,811
Retirement scheme contribution	54	62
	1,432	1,873

Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

22. Significant related party transactions(Continued)

(c) Balances with related parties

	As at	
	30 June 2023	31 December 2022
Other receivables		
– An associate (note (b))	645	862
Prepayments	22	20
	667	882
Other payables (note (a))	275	704

- (a) These amounts due from/to related parties are unsecured and interest free; amounts due from related parties are repayable on demand.
- (b) The balance represents a secured loan to an associate company, Wuhan Hong Rui Da Information Technology Limited Company, which was originally interest free with three-year maturity due in July 2020 and was extended for another 4.5 years upon the original due date. The renewed loan is due in five instalments in July 2021, July 2022, July 2023, July 2024 and January 2025 with interest rate of 4.65% per annum.

Other Information

Disclosure of Interests

(a) Interests and Short Positions of the Directors and chief executive of the Company

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set forth in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Company/Name of associated corporation	Capacity	Number of ordinary shares held ^(Note 1)	Percentage in the relative class of share capital (approx.)
Mr. Au Pak Yin (“Mr. Au”)	Company	Interest in controlled corporation ^(Note 2)	445,027,533 (L)	72.61%
Mr. Au	Kytronics Holdings Limited (“Kytronics”)	Beneficial owner	5 (L)	100%

Notes:

1. The letter “L” denotes the Director’s long position in such securities.
2. 445,027,533 Shares were owned by Kytronics. The issued share capital of Kytronics is owned as to 100% by Kytronics Growth Limited, which in turn is 100% held by Au Pak Yin, Tai Noi Kit Family Holdings Limited, a company wholly-owned by Mr. Au. Mr. Au is therefore deemed to be interested in these shares by virtue of his interests in Kytronics pursuant to Part XV of the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interest in the Shares

As at 30 June 2023, as far as is known to the Directors and the chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Company/Name of associated corporation	Capacity	Number of ordinary shares held	Percentage in the relevant class of share capital (approx.) ^(Note 1)
Kytronics	Company	Beneficial Owner	445,027,533 ^(Note 2)	72.61%(L)
Kent C. McCarthy	Company	Interest in controlled corporation	31,200,000 ^(Note 3)	5.09%(L)

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. 445,027,533 Shares were owned by Kytronics. The issued share capital of Kytronics is owned as to 100% by Kytronics Growth Limited, which in turn is 100% held by Au Pak Yin, Tai Noi Kit Family Holdings Limited, a company wholly-owned by Mr. Au. Mr. Au is therefore deemed to be interested in these shares by virtue of his interests in Kytronics pursuant to Part XV of the SFO. Ms. Tai Noi Kit is the spouse of Mr. Au. Accordingly, Ms. Tai Noi Kit is deemed to be interested in all the shares in which Mr. Au is interested.
3. 31,200,000 Shares were held by Jayhawk Private Equity Fund II, L.P. which is wholly-owned by Kent C. McCarthy.

Saved as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at 30 June 2023, had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Other Information (continued)

Share Option Scheme

Details of the share option scheme adopted on 18 May 2015 (the “2015 Scheme”) were set out in the published annual report of the Company for the year ended 31 December 2022. Since adoption, 2,900,000 share options have been granted on 25 September 2020 under the 2015 Scheme.

The following table summarizes the movements in the Company’s share options during the six months ended 30 June 2023:

Name	Date of grant	Exercise price HK\$	Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2023	Percentage of the issued share capital of the Company as at the date of this report	Exercise period
Employees	25 September 2020	0.130 <small>(Note 2 and 3)</small>	2,150,000	-	-	-	-	2,150,000	0.35%	25 September 2021 to 25 September 2026 ^(Note 1)
Total			2,150,000	-	-	-	-	2,150,000	0.35%	

Notes:

1. The first 25% of the option can be exercisable at any time on and after the first anniversary of the date of grant. The next 25% of the option can be exercisable at any time commencing from the second anniversary of the date of grant. The third 25% of the option can be exercisable at any time commencing from the third anniversary of the date of grant. The remaining 25% of the option can be exercisable at any time commencing from the fourth anniversary of the date of grant.
2. The closing price immediately before the date of grant was HK\$0.130.
3. The exercise price was determined by the Board and was fixed at HK\$0.130 per share.

Changes in Information of Directors

There is no change in the directors’ information to be disclosed since the publication of the 2022 Annual Report pursuant to Rule 13.51B(1) of the Listing Rules.

Continuing Disclosure Obligations Pursuant to the Listing Rules

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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.

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.

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.

Other Information (continued)

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.

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

Hong Kong, 29 August 2023