Jolimark Holdings Limited
映美控股有限公司

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

2021
Annual Report

Contents

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

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PO Box 1350
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Cayman Islands

Principal Place of Business in Hong Kong

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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

Stock Code

2028

Website

www.jolimark.com

Chairman's Statement

Dear Shareholders,

In 2021, the Group recorded revenue of approximately RMB344,606,000, representing an increase of approximately 25% from 2020. Loss attributable to shareholders of the Company during the year was approximately RMB25,139,000. In 2021, the Group's total revenue increased following the easing of the COVID-19 pandemic and the recovery of market demand. However, the operating margin for the year remained in a loss position and gross profit margin decreased to 28% owing to the price hike and acute undersupply of chips, as well as goodwill impairment, although a positive operating cash flow was sustained.

Revenue generated from our printer business was approximately RMB314,805,000, representing approximately 91% of the Group's revenue and an increase of approximately 19% from 2020. Revenue generated from other products business was approximately RMB29,801,000.

With the promotion of electronic invoices and financial electronic bills, the Company explored the demand for dot-matrix printers in sub-sectors and achieved considerable progress. In the meantime, the Company made vigorous effort to develop the inkjet printer business, while maintaining its advantageous position in the electronic invoice cloud printing sector, as Jolimark electronic invoice cloud printers and cloud printing solutions have been widely adopted by leading customers in many industries. The Company will also identify new values in the broad application of cloud printing technologies associated with the era of the Internet and big data.

The Group obtained the registration permit for its medical-grade nebulisers and launched the product in 2021 and expects application of the device in the treatment of COVID-19 patients and similar patients. The Group also successfully obtained the registration and production permits for its medical portable oxygen concentrator in early 2022, marking significant progress in the development of its medical product business. The Company plans to further improve its oxygen concentrator series in 2022 to provide a range of oxygen-based health protection equipment for patients recuperating at home, senior citizens and other people who need oxygen supplement. The Company expects the medical equipment segment to become an important direction for development in the future.

Jolimark self-serviced terminal products have been put to application in multiple scenarios for sectors on the back of the Group's unique core technologies such as red and black inkjet printing and cloud printing. Given the enormous market demand for self-serviced terminals, the Group is planning to forge it into a core business. The Company developed new self-serviced lottery printer terminals in 2021 and expects to provide self-services at the welfare lottery centres and China Sports Lottery outlets in 2022. The Company's financial electronic bill self-serviced terminal with red and black printing outputs has been adopted by numerous hospitals. The Jolimark coffee art machine and Jolimark manicure machine, as new-generation interactive experience products for internet key opinion leaders (KOLs) offering artistic and interactive features, are important self-serviced terminal products of the Group catering to the new retail traffic and consumer sectors.

Through cloud printing, the Group has also been actively engaged in the research and promotion of SAAS applications as one of the directions of its future business development. Currently, the Group has launched a variety of SAAS cloud applications. Meanwhile, the Company has also developed the "Jolimark Cloud Printing" SAAS operating platform which could provide shared paid printing and advertising functions, and a number of business partners are expected to go online and operate on this platform in 2022. To promote SAAS cloud applications, the Group has set up a new media operation department to facilitate precision marketing through content operations in collaboration with various KOLs and KOCs on platforms such as Kuaishou and Douyin.

The mutation of the COVID-19 virus and the fluctuating epidemic conditions have imposed constraints on retail spending, resulting in a material adverse impact on the overall development of the market and the economy and considerably affecting the Group's sales in turn. The Group places strong emphasis on its work in daily epidemic prevention and control, while being vigorously engaged in the development, manufacturing and marketing of medical care and health products. The national medical instrument registration permit and production permit received for the Group's medical-grade nebulisers and medical portable oxygen concentrator have enriched the product offerings of the Group and alleviated the impact of the epidemic on the Group. Looking to 2022, with the transformation and upgrade of the Group and sound opportunities procured by efforts to develop new markets and new customers, I am confident that the Group will continue to secure sustainable and stable development and effectively address all kinds of challenges.

Finally, on behalf of the Board, I would like to express my gratitude to our shareholders, the management team, all employees and customers for their support for the Group over the past year. With the diligence, energy and optimism of our employees, the Group is confident that its dedicated effort will continue to generate more long-term and satisfactory returns for our shareholders.

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

Hong Kong, 23 March 2022

Management's Discussion and Analysis

Business Review

Printer Business

For the year ended 31 December 2021, the revenue of the Group derived from the printer business was approximately RMB314,805,000, which accounted for approximately 91% of the total revenue of the Group and represented an increase of approximately 19% as compared with that in 2020. The increase in revenue was mainly attributable to the easing of the COVID-19 pandemic and the recovery of market demand in 2021.

Other Products

For the year ended 31 December 2021, the revenue of the Group derived from the other products business amounted to approximately RMB29,801,000, which accounted for approximately 9% of the total revenue of the Group and represented an increase of approximately 175% over the year of 2020. The increase was mainly attributable to the sale to suppliers of raw materials originally intended for processing by third parties.

Future Business Outlook

Thanks to concerted staff effort to vigorously address the challenge of new businesses, the Company reported rapid development in its self-serviced terminal business in 2021 and reported notable year-on-year growth in its consolidated turnover for 2021. The Company obtained the registration permits for its medical-grade nebuliser and medical portable oxygen concentrator the first half of 2021 and early 2022, respectively, marking significant progress in the development of its medical product business.

Printing Equipment and Printing Solutions

With the promotion of electronic invoices and financial electronic bills, the Company's exploration of the demand for dot-matrix printers in a broad range of sub-sectors has achieved considerable success in the power generation, measurement instruments, public security system household register printing and hospital markets. Meanwhile, the Company has made vigorous efforts in developing the inkjet printer business with the launch of continuous paper feed inkjet printers, electronic medical history record printers and colour printers for labelling medicine bags in the medical market. The Company has also launched official "red letter-headed" printers for government and industries, colour inkjet homework printers for the household market and colour label printers for the manufacturing and commercial sectors.

The Company has been deeply engaged in and has maintained its advantageous position in the electronic invoice cloud printing sector. The technical standards of Jolimark electronic invoice cloud printing have found their way into standard tutorial materials in WeChat and Alipay open platforms for developers. Jolimark has become an important strategic partner for WeChat and Alipay in electronic invoice cloud printing. Meanwhile, our electronic invoice cloud printers and cloud printing solutions have been widely adopted by leading customers in many industries, such as China Southern Power Grid, State Grid, China Telecom, Aisino of China (中國航天信息), PetroChina, Sinopec, Shell, National Taxation Bureau, Wal-Mart, and China Construction Bank and other large customers. With the full implementation of the electronization of special value-added tax invoices in 2021 in accordance with the notification of the State Administration of Taxation, the Company expects substantial growth in the market for electronic invoice printers in the future. Given that electronic invoices are the gateways to fiscal and tax data and their applications, the Company will identify new values in the broad application of cloud printing technologies associated with the era of the Internet and big data.

Medical Equipment Products

In the first half of 2021, the Company launched its medical-grade low-noise compressor-based nebuliser (models HN300 and HN320) after obtaining the registration permit for this product. In the support of nebulised inhalation therapy, the nebuliser is capable of generating particles with an average diameter of 3.5 micrometres, a size that can easily enter the alveoli and the lower respiratory tract for ready absorption. It also has a noise reduction ratio which is 25% better than similar products. Research findings in China and elsewhere have indicated that nebulised therapies have distinctive effects on treating COVID-19 patients, and the Company expects the device to be applied to the treatment of COVID-19 patients and patients with similar needs in the future.

The Company has successfully obtained medical product registration permit and production permit (model MOP30) for its medical portable oxygen concentrator in early 2022 after nearly a year of rigorous national testing and examination process for medical equipment. This product is mainly designed for patients suffering from retarded lung functions, chronic obstructive pulmonary disease and asthma and are therefore dependent on oxygen concentrators for breathing support. This minute size and light weighted product allows patients to remain socially engaged. It is also useful for mountaineering, high-latitude tourism, or for use personally, in the office or in domestic oxygen bars. It also helps to improve memory and reduce fatigue for overstressed brain workers and enhance the arterial blood oxygen content of expectant mothers for the benefit of their babies' growth. The Company plans to further improve its product series in 2022 with the development of wearable ring oxygen monitors, heart-rate monitors, portable oxygen concentrators with smart control of oxygen supply volume at a competitive price/performance. There will also be small-size desktop oxygen concentrators for domestic application to provide a range of oxygen-based health protection equipment for patients recuperating at home, senior citizens and other people who need oxygen supplement. The Company expects the medical equipment segment to be an important niche for profit growth in the future.

Self-serviced Terminals

Offered in a range of formats, including cabinet, desktop and screenless, among others, the Jolimark self-serviced terminal product line has been successfully applied in multiple scenarios for sectors such as smart government service, medical care, State Grid service hall, tax administration halls and welfare lottery centres, using the Company's unique core technologies such as red and black inkjet printing and cloud printing. Given the enormous market demand for self-serviced terminals, the Company is planning to forge it into a core business.

The self-serviced terminal supplied to the Beijing Municipal Administrative Center in 2021 in support of for government services is a high-performance man-machine interactive product developed to facilitate the digitization of the "Five-One" platform and a self-serviced government service terminal which integrates administrative approval, process management and self-servicing to enable citizens to handle administrative and civic affairs by using a round the clock self-serviced government service terminal and second-generation identity cards or citizen cards. Currently, other Jolimark self-serviced terminals have been deployed in the servicing scenarios such as the State Grid service hall, tax administration halls and others. The Company has developed new self-serviced lottery printer terminals, including CSLCMT and TBC-100A in 2021 which are expected to be operational in self-serviced welfare lottery centres and the China Sports Lottery outlets in numerous provinces in 2022. The Company's medical financial electronic bill self-serviced terminal with red and black printing outputs launched in 2021, such as BSPM-21W, is currently the only device on the market that can print red seals and has been purchased for use by numerous hospitals.

The Jolimark coffee art machine and Jolimark manicure machine are new-generation interactive experience products for internet key opinion leaders (KOLs). These artistic and interactive products, which are capable of quickly printing high-definition images and patterns on coffee, biscuits and other food surfaces or on finger nails in ten seconds and delivering independent printing after uploading pictures by scanning a WeChat barcode, are important self-serviced terminal products of the Company catering to the new retail traffic and consumer sectors.

Big Data and SAAS Cloud Application

Leveraging our expertise in cloud printing, the Company has also been actively engaged in the research and promotion of SAAS applications as one of the directions of its future business development. Currently, the Company has launched a variety of SAAS cloud applications, such as the "E Invoicing (E開單)" app and the "Hassle-free reimbursement" app for small and medium sized wholesalers. These apps enhance the operating efficiency of enterprises by facilitating remote cargo management, remote invoice printing and invoice authenticity checking. Currently, the Company has developed a "Jolimark Cloud Printing" SAAS platform which could provide shared paid printing and advertising functions, and a number of business partners, including M.Y.J. and others, which are expected to go online and operate on this platform in 2022. To promote SAAS cloud applications, the Company has set up a new media operation department to facilitate precision marketing through content operations in collaboration with various KOLs and KOCs on platforms such as Kuaishou and Douyin.

Video Interactive Education System

Jolimark's remote teaching system is a one-to-many video interactive education platform introduced through the integration of projector camera, camera scanner and education system console. It allows teachers to interact through video with students located in different places. Through the projector camera or camera scanner, teachers can achieve a virtual presence effect as in live teaching. It is especially suitable for teaching of hobbies such as art, calligraphy and musical and other performances and live instruction for indoor exercise. It is also capable of supporting product training and business meetings.

Financial Review

Results Summary

For the year ended 31 December 2021, the Group's turnover amounted to approximately RMB344,606,000 representing an increase of approximately 25% as compared with last year. The loss attributable to shareholders of the Company amounted to approximately RMB25,139,000, representing a slight increase in loss by RMB26,000 as compared to 2020. The basic loss per share as at 31 December 2021 was approximately RMB0.041 (the basic loss per share as at 31 December 2020: RMB0.041). Loss in 2021 was mainly attributable to the undersupply of and rising prices for printer chips, as well as the recognition of goodwill impairment.

Analysis of Sales and Gross Profit

As compared with 2020, the Group's total revenue increased by approximately 25% following the easing of the COVID-19 pandemic and the recovery of market demand. However, gross profit margin decreased to 28% owing to the price hike of chips.

Capital Expenditure

For the year ended 31 December 2021, capital expenditure of the Group amounted to approximately RMB13,118,000, which was mainly used for the purchase of production equipment and customized manufacturing of product moulds.

Financial and Liquidity Position

As at 31 December 2021, the total assets of the Group amounted to approximately RMB457,133,000 (31 December 2020: RMB398,426,000), controlling shareholder's interests amounted to approximately RMB206,015,000 (31 December 2020: RMB216,985,000); non-controlling interests amounted to approximately RMB(129,000) (31 December 2020: RMB(872,000)); current liabilities amounted to approximately RMB225,692,000 (31 December 2020: RMB180,823,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.27 (31 December 2020: 1.33). The decrease in current ratio was mainly attributable to the increase in contract liabilities for the year by RMB16,432,000.

As at 31 December 2021, the cash and cash equivalents, restricted cash and short-term wealth management products included in financial assets at fair value through profit or loss of the Group amounted to approximately RMB126,091,000 (31 December 2020: RMB104,583,000) in aggregate. Together with outstanding bills receivables from customers amounting to approximately RMB10,834,000 (31 December 2020: RMB302,000) and after deducting bank loans of approximately RMB109,469,000 (31 December 2020: approximately RMB86,096,000), the Group's net cash amounted to approximately RMB27,456,000.

Pledge of Assets

As at 31 December 2021, property, plant and equipment of RMB4,339,000 (2020: nil) were pledged as collateral for the Group's bank borrowings of RMB15,000,000.

Foreign Currency Risks

The Group mainly operates in mainland China with most of the transactions denominated and settled in RMB. However, the Group is exposed to foreign exchange risks for assets and liabilities denominated in 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 31 December 2021, the Group had more monetary financial liabilities than financial assets outside mainland China.

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

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Contingent Liabilities

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

Staff

As at 31 December 2021, the Group employed a total of 781 staff members (2020: 858 staff members). Apart from 20 employees employed in Hong Kong and overseas, all employees of the Group were based in mainland China. The Group determined its remuneration and bonus policies for all employees with reference to business results and individual performance of the staff. In addition, fringe benefits, such as social security insurance, medical allowance and housing provident fund, were provided to ensure the Group remains as a competitive employer. In addition, the Group has maintained a share option scheme to reward and incentivize its employees.

Subsequent Events

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

Final Dividend

The Board of directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2021 (Year ended 31 December 2020: nil).

Closure of Register of Members

The annual general meeting of the Company will be held on Wednesday, 25 May 2022. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 19 May 2022 to Wednesday, 25 May 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 18 May 2022.

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises Ms. Kan Lai Kuen, Alice, as the chairman, Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung. All of them are independent non-executive Directors. The Audit Committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the results of the Group for the year ended 31 December 2021.

Report of the Directors

The Board is pleased to present its report together with the audited financial statements of the Group for the year ended 31 December 2021.

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 9 to the financial statements.

An analysis on sales and gross profit of the Group using financial key performance indicators for the year ended 31 December 2021 is set out in the section headed Management's Discussion and Analysis of this annual report.

Results and Appropriations

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement on page 54.

No interim dividend for the six months ended 30 June 2021 was paid by the Company. At the Board meeting held on 23 March 2022, the Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (Year ended 31December 2020: nil).

Reserves

Movements in the reserves of the Group during the year under review are set out in Note 19 to the financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 6 to the financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in Note 18 to the financial statements.

Distributable Reserves

As at 31 December 2021, the Company's reserve available for cash distribution as computed in accordance with the Companies Law of the Cayman Islands (2013 Revision), amounted to approximately RMB226,811,000.

Charitable Donations

Charitable donations made by the Group during the year amounted to RMB300,000.

Pre-Emptive Rights and Tax Relief

There is no provision regarding pre-emption rights under the Company's Article of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Major Risks and Uncertain Factors

The operations and results of the Group are subject to the effects of various factors, some are specific to the dot-matrix printer sector and some are external. The following are the major risks and uncertain factors identified by the Group:

(a) Policy Risk

The sale of dot-matrix invoice printers is the major business of the Group. The PRC State's taxation policies may affect the above-mentioned business of the Group, in particular currently, the electronic format has been comprehensively adopted for common invoices, while the electronicization of special value-added tax invoices is being promoted in a systematic manner. In response to such risk, the Group actively developed cloud printing technologies with printing as its core technology and market starting point, focusing on developing inkjet printing application. The Company has launched the continuous paper feeding inkjet printers, inkjet printers in red and black colors, electronic invoice cloud printer and electronic invoice self-service cloud printing terminal which are more suitable for electronic invoice printing. The Company developed "Jolimark Invoicing Platform" to support multipoint invoicing for electronic invoices and cloud invoicing interfaces.

(b) Macroeconomic Risk

The domestic macro-economy has been on a downward trend since 2015, which may lead to expenses tightening by the government or other sectors, and the demand in dot-matrix printers may decrease. In its future development plan, the Group has positioned itself as a cloud-based application service provider combining hardware and software. To this end, the Company will expand the application of printing devices, provide cloud printing application services and various tax control solutions, launch other new services, provide new retail solutions concerning software and hardware consolidation as well as online and offline integration, optimize product structures and marketing strategies and expand both domestic and overseas sales channels.

(c) Risk of New Business

Some of the Group's businesses, such as the new retail business, cloud printing applications, interactive education platform, inkjet printers, self-serviced terminals and medical products, are new businesses or products of the Group. Their successful launch or marketing will help the Company transform and upgrade, as well as open up new markets and win new customers. However, their development and prospects are affected by the development progress, technical difficulties and market factors which are subject to uncertainties.

(d) Risk of Supply Chain

To guarantee that the products are of high quality, the Group procures some highly sophisticated parts or chips from overseas. The quality, delivery schedule and the production capacity of the manufacturers of the relevant parts and components, COVID-19 outbreak as well as international trade friction may affect the product quality, production capacity and sales and the implementation of marketing strategies of the Group to a certain extent. The Group controls or reduces the supply chain risk that may exist by measures such as entering into quality guarantee agreement and procurement framework agreement with the suppliers, strengthening purchase of materials and production of planning management, actively identifying high-quality substitute brands for materials and components, stocking buffer inventories, enhancing communications with suppliers as well as enhancing administration and control over the quality of the manufacturing system.

(e) Risk of Competition

With the increasing popularity of Internet marketing and the advent of new, small-scale printer manufacturers, the printer industry in which the Group operates has become increasingly competitive. Competition in product prices among competitors or other marketing measures might affect the gross profit and market share of the Group's products. In view of the above, the Group has enhanced market survey in relation to its research and development effort and upgraded its core product technologies, expanding its range of printing equipment applications on the back of its strength in cloud printing technology to increase the added-value and differentiation of its products, while developing new models with sound marketability in the industry. We have enhanced regulation over the supply chain and product quality to facilitate reasonable reduction in procurement costs. Marketing in the industry has been strengthened with more rigorous management of distribution channels and retail outlets, while cooperation with tax control service providers and e-commerce platforms has been strengthened. The development of online self-operating shops and malls has also been enhanced in a multi-pronged sales expansion effort, so as to maintain reasonable profitability and strive for greater market shares.

(f) Market Risk

Retail spending has been affected by COVID mutations and fluctuating developments of the pandemic, resulting in a material adverse impact on the overall market and economy and therefore a considerable impact on the Group's sales. With a strong emphasis on daily epidemic prevention and control measures, the Group is actively engaged in the development, production and launch of medical care products, as it has obtained the national medical equipment registration and production permits for its medical-grade face masks, medical-grade compressor-based nebulisers and portable medical-grade ventilators in further diversification of its product offerings and to reduce the impact of the epidemic on the Group. However, uncertainty in the effectiveness of these measures remains due to the changing epidemic situation as well as influence of the market.

There may be other risks and uncertainties which are not known to the Group or which may not be presently material but could turn out to be material in the future.

Discussion on Environmental, Social and Governance Issues

Important Relationship

(i) Employee

Adhering to its "people-oriented" philosophy, the Group places much emphasis on knowledge, talents and innovations, and regards human resources as one of its greatest assets; and aligns the development of the Group with the personal career development of all employees. The Group intends to continue to be an attractive employer which provides a broad development platform and promotion pathway for employees.

We strive to motivate employees with a clear career development path and by offering desirable skills training opportunities and competitive remuneration system. We offer staff with ample opportunities for development, encouraging high-calibre colleagues to seek exposures in different positions such that their talents will be put to best application and staff potentials could be realised in full. We provide all-round orientation training, on-the-job training, and enhancement training for our employees. The training programmes cover practical skills, management skills, operation of management system, sales and production, customer service, quality control, exhibition planning, case analysis, standards and norms, work ethics, environment protection, occupational health and safety and other industry related training.

We have established a trade union and a number of staff clubs, which allocate special funds on a monthly basis to provide a wide variety of leisure and cultural activities to our employees. Free medical check-ups are provided annually for all employees on a regular basis, while pre-job, on-the-job and post-job health examinations are arranged for staff in specific positions. We have appointed an employee representative and set up a suggestion box to understand and collect feedback from employees, and enhanced the conditions of areas which employees are concentrated such as the dormitory, canteen and commuter shuttle bus. We care for our employees in every detail with an aim to enhance their sense of belonging to the Group. We conduct an employee satisfaction survey annually, and take seriously their valuable feedback on how to improve the work environment, enhance efficiency, create a harmonious workplace and so on. Our employee satisfaction scores in recent years are over 90 marks on average, and reached 91.1 marks in 2021.

In addition, we offer competitive remuneration for our employees. At the end of each year, we give year-end bonus to and raise the salary of our employees based on the performance of our operations. In March 2021, the Group offered a universal salary raise to staff at an average increment rate of 5%. We have also adopted a share option scheme and an award and assessment system for outstanding staff and management personnel, to recognize and reward those employees who have contributed to the growth and development of the Group.

(ii) Supplier

The Group has established long-term and close relationships with a number of reputable suppliers with reliable quality, and we do our best to ensure such suppliers comply with our commitments in respect of quality, environmental protection, low carbon operation, safety and ethical conducts. We have developed the Jolimark procurement price enquiry system to enhance the Group's bargaining power in procurement and reduce the risk of fraud in procurement. We select our suppliers carefully and require them to meet a number of assessment indicators, including track record, experience, financial strength, and reputation, the capability to produce high quality products, quality control effectiveness, environmental protection and safety requirements. Onsite evaluations would be arranged as needed to verify if the suppliers meet our assessment standards. We also require our suppliers to comply with our anti-corruption policy. We are dedicated to maintaining a fair partnership which is mutually beneficial to the Group and our suppliers.

(iii) Distributor

We sell our products to end-customers through third-party distributors. We work closely with our distributors to raise the standard of our brand value and customer service by compliance with contracts, credit and management practices, focusing particularly on reaching a mutually agreed approach to attracting and maintaining customers to promote sales growth.

We require distributors and sub-distributors to comply with our retail policy, including but not limited to a national standard retail price, unified store image, marketing rebate initiatives and management against bug-selling, after-sale maintenance and so on.

(iv) Customer

We are committed to the provision of a full range of computer peripherals and cloud printing appliances as well as new products such as latte art machines, manicure machines, medical-grade nebulisers and portable medical-grade ventilators that come with different specifications, competitive pricing, premier product quality and after-sale services. In 2021, we obtained the registration and production permits for medical-grade nebulisers and portable medical-grade ventilators. We regard customer and public needs as our first priority and we seek to improve customer satisfaction. We also provide customized product design and technical support services. We maintain a VIP database and communicate with customers via different channels, such us our website, after-sales service hotline, mail, marketing materials and social media. We also work with distributors to provide trainings for their major frontline sales personnel to offer quality and value-added services to our end users at the retail stores. Besides, we concern the comments from end customers on e-commerce platforms in order to secure feedbacks about our products and services for improvement.

Environmental Protection Policy

The Group focuses on the preservation of natural resources and strives to create an environmentally-friendly work environment. The Group is committed to reducing its impact on the environment through reducing electricity consumption, water consumption, paper consumption, promoting the recycling of packaging materials, office supplies and other materials, and designing and selling products which have passed the environmental labeling certification and energy saving certification.

Our environmental management system has been certified to the ISO14001 standard, and the impact of environmental factors during the whole process of production and sales is under control. All wastes are properly disposed of and hazardous wastes are delivered to qualified recyclers. Strict emission control is also implemented on exhaust gas and domestic wastewater. Every year, a qualified cooperative manufacturer is engaged as testing agency to test the exhaust gas in order to ensure to comply with discharge standards. We have also established and realized our environmental goals, indicators and management plans.

All materials utilized for the renovation of the office building are environmentally-friendly. When introducing the central air-conditioning systems, we give priority to the purchase of advanced energy-saving ventilation equipment and facilities to implement the Group environmental protection philosophy. There is a large area of green space within the production facilities of the Group, which accounts for more than 40% of the total area. We also require our suppliers to strictly abide by the relevant environmental regulations and rules, and provide supervision and encouragement to them in the course of cooperation. We have obtained all the necessary permits and approvals from the relevant regulatory authorities in China.

Compliance with Laws and Regulations

The operations of the Group are primarily conducted by subsidiaries of the Company in Mainland China, and the Company is listed on the Stock Exchange. Therefore, the establishment and operations of the Group are subject to relevant laws and regulations of Mainland China and Hong Kong.

We will gather update information on relevant laws and regulations regularly, which cover issues concerning our products, quality, business management, environment, occupational health and safety, and undergo a compliance assessment to ensure full compliance.

For the year ended 31 December 2021 and as at the date of this annual report, the Group has complied with all relevant laws and regulations in Mainland China and Hong Kong that have significant impact on the operations of the Group.

Share Options

Pursuant to the share option scheme approved by a written resolution of all shareholders of the Company on 13 June 2005 (the "2005 Scheme"), the Company may grant to, amongst others, the Directors and employees of the Company and its subsidiaries, for the recognition of their contribution to the Group, options to subscribe for the Shares. According to the 2005 Scheme, the Board may, at its discretion, invite any eligible participants, including employees and directors, to take up options to subscribe for the Shares in the Company. The total number of Shares which may be issued upon the exercise of all options to be granted under the 2005 Scheme and any other scheme must not, in aggregate, exceed 10% of the number of Shares in issue as at the date dealings in the Shares first commence on the Stock Exchange unless further shareholders' approval had been obtained pursuant to the conditions set out in the 2005 Scheme. Subject to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), the total number of Shares that may be granted to a participant in any 12-month period must not exceed 1% of the issued share capital of the Company.

The offer for the grant of options ("Offer") must be taken up within 28 days from the date of offer, with a payment of HK$1.00 as consideration for the option. The exercise price of the share option will be determined at the higher of (i) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of Offer; (ii) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (iii) the nominal value of the Shares. The total number of shares available for issue should be 50 million which is equivalent to 10% of the shares in issue when the 2005 Scheme was adopted by the shareholders. The share options are exercisable at any time during a period of no more than 10 years from the date of Offer, subject to the terms and conditions of the 2005 Scheme and any conditions of grant as may be stipulated by the Board. Unless terminated by the Company by resolution in general meeting, the 2005 Scheme shall be valid and effective for a period of 10 years commencing on the date on which the 2005 Scheme becomes unconditional. The 2005 Scheme has been terminated on 18 May 2015.

In the annual general meeting of the Company held on 18 May 2015, as the 2005 Scheme was due to expire on 26 June 2015, the shareholders approved to terminate the 2005 Scheme and adopted a new share option scheme (the "2015 Scheme"), which shall be valid and effective until 17 May 2025. The adoption of the 2015 Scheme and the termination of the 2005 Scheme will not in any way affect the terms of the options already granted under the 2005 Scheme, which will continue to be valid and subject to the terms of the 2005 Scheme. The total number of shares available for issue in the 2015 Scheme should be 60,481,950 which is equivalent to 10% of the shares in issue when the 2015 Scheme was adopted by the shareholders. Since adoption, 2,900,000 share options have been granted on 25 September 2020 under the 2015 Scheme.

The following table discloses movements in the Company's share options during the year under audit:

Capacity of the grantees	Date of grant	Exercise price	Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31 December 2021	Percentage of the issued share capital of the Company as at the date of this report	Exercise period
		HK$								
Employees	15 May 2015	2.17 (Note 2 and 3)	9,740,000	–	–	–	(9,740,000)	–	–	15 May 2016 to 15 May 2021 (Note 1)
Employees	25 September 2020	0.130 (Note 4 and 5)	2,900,000	–	–	(500,000)	–	2,400,000	0.39%	25 September 2021 to 25 September 2026 (Note 1)
Total			12,640,000	–	–	(500,000)	(9,740,000)	2,400,000	0.39%	

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$2.17.

3. The exercise price was determined by the Board and was fixed at HK$2.17 per share.

4. The closing price immediately before the date of grant was HK$0.130.

5. The exercise price was determined by the Board and was fixed at HK$0.130 per share.

Directors

As at the date of this annual report, the Directors are as follows:

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

Pursuant to Article 108(a) of the Articles of Association, at each of the annual general meeting, one third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every 3 years. Mr. Ou Guo Liang and Ms. Kan Lai Kuen, Alice will hold office only until the coming annual general meeting of the Company to be held on Wednesday, 25 May 2022 (the "AGM") and, being eligible, will offer themselves for re-election at the AGM.

Indemnity and Insurance Provision

The Articles of Association of the Company provides that every Director shall be entitled to be indemnified out of assets of the Company against any liabilities, action, proceeding, claim, demand or expenses as a result of any act or failure to act in carrying out his functions.

The Company has also arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

Directors' Interests in Competing Business

During the year ended 31 December 2021, none of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

Directors' Service Contracts

Mr. Ou Guo Liang has entered into his service contract with the Company pursuant to which he was appointed as a non-executive Director for a term of three years with effect from 1 January 2021. Ms. Kan Lai Kuen, Alice has entered into her service contract with the Company for a term of 3 years commencing from 21 May 2019 and Dr. Zhong Xiaolin has entered into his service contract with the Company for a term of 3 years commencing from 22 May 2020. Mr. Yeung Kwok Keung and other Directors have renewed their service contracts with the Company for another term of 3 years commencing from 1 August 2020 and 13 June 2020, respectively. Save as above, none of the Directors had entered into a service contract with any member of the Group which does not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

Save as disclosed under the heading "Connected Transactions", no contracts of significance in relation to the Group's business to which the Company, any of its fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Director's Rights to Acquire Shares

Apart from the 2005 Scheme and the 2015 Scheme disclosed in the section headed "Share Options" of this annual report, at no time during the year under review was the Company, its holding company or any its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefit by means of the acquisition of shares in, or debentures of, the Company or in any other body corporate.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on page 22 to page 24.

Employees and Remuneration Policy

Retirement Benefit Plans

As stipulated by the rules and regulations in the PRC, the Group participates in the retirement benefit scheme operated by the relevant local government authorities. The Group is required to make contribution on behalf of its employees in the PRC in accordance with the relevant PRC regulations.

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute 14% of the wages of the employees to fund the retirement benefits of the employees.

In Hong Kong, the Group has set up a retirement scheme according to the mandatory provident fund requirement prescribed by the Mandatory Provident Scheme Ordinance. All the Hong Kong based employees and the Group is required to contribute 5% of their respective monthly wages (up to a maximum contribution of HK$1,500 by each of the employee and the Group) on a monthly basis to the fund.

Disclosure of Interests

(a) Interests and short positions of the Directors and chief executive of the Company

As at 31 December 2021, 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 as set forth in Appendix 10 of the Listing Rules (the "Model Code") 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 31 December 2021, 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 and other person's interest in the Shares

As at 31 December 2021, 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 31 December 2021, 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.

Change in Information of Directors

The change in the information of the Directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the interim report of the Company for the six months ended 30th June, 2021 is set out below:

Name of Directors	Details of changes
Independent Non-Executive Directors:	
Ms. Kan Lai Kuen, Alice	Ceased to be a responsible officer of Asia Investment Management Limited with effect from 8th October, 2021. Accredited as a responsible officer of BLS Capital Limited with effect from 24th February, 2022.
Dr. Zhong Xiaolin	Resigned as an independent non-executive director of Shenzhen Hifuture Information Technology Co., Ltd. (深圳市惠程信息科技股份有限公司), a company listed on the Shenzhen Stock Exchange, with effect from 15th March, 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the section headed "Biographical Details of Directors and Senior Management".

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year.

Major Suppliers and Customers

During the year, the aggregate sales attributable to the Group's five largest customers represented approximately 42% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 25% of total sales. The aggregate purchases attributable to the Group's five largest suppliers during the year represented approximately 19% of the total purchases of the Group and the purchases attributable to the Group's largest supplier were approximately 5% of total purchases.

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Connected Transactions

Several related party transactions as disclosed in Note 35 to the financial statements prepared in accordance with HKFRS fall under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2021 and at any time up to the date of this annual report.

Model code for securities transactions

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries with all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2021 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2021.

Compliance with the corporate governance code

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high corporate governance standard and has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as in effect from time to time (the "CG Code") during the year ended 31 December 2021, save for the deviation from code provision E.1.2 of the CG Code that was in force in 2021 below:

In accordance with the requirements of code provision E.1.2 of the CG Code that was in force in 2021, the chairman of the Board should attend the annual general meeting of the Company. However, due to the ongoing restrictions on cross border travels and social distancing caused by COVID-19 epidemic and other business commitments, the chairman of the Board, Mr. Au Pak Yin, was unable to attend the annual general meeting of the Company held on 24 May 2021. Mr. Yeung Kwok Keung, an independent non-executive Director, acted as chairman at the annual general meeting.

Auditor

The financial statements have been audited by the auditor of the Company, PricewaterhouseCoopers, who, being eligible, will retire and offer themselves for re-appointment at the upcoming AGM.

On behalf of the Board
Au Pak Yin
Chairman

Hong Kong, 23 March 2022

Biographical Details of Directors and Senior Management

Directors

Executive Directors

Mr. Au Pak Yin, aged 75, is the chairman of the Company and a founder of the Group. He is in charge of corporate strategy and planning and the overall development of the Group. He has over 25 years of experience in distribution and manufacturing of business equipment in the PRC. Mr. Au first started to trade in Hong Kong in 1986 and in 1989, he began to engage in the trading of printers in the PRC. In 1997, Mr. Au and his family members commenced the production of SDM printers by establishing Kongyue Printing. The Group was founded by Mr. Au in 1998 through the establishment of Kongyue Information. Since June 2017, Mr. Au has served as the director of Jiangmen Palace International Food Co., Ltd. (江門麗宮國際食品股份有限公司), which was listed on National Equities Exchange and Quotations on 17 November 2017 (stock code: 872325). Mr. Au is an honorary citizen of Jiangmen. He is the father of Mr. Au Kwok Lun and Mr. Ou Guo Liang.

Mr. Au Kwok Lun, aged 49, is an Executive Director and the chief executive officer of the Company. He is primarily in charge of strategy execution and overall management of the Group. Mr. Au obtained a bachelor of arts degree in technical English from Huazhong University of Science & Technology in 1994 and a bachelor of business administration degree in information and system management from the Hong Kong University of Science & Technology in 1998. Prior to joining the Group in May 1999, Mr. Au Kwok Lun worked as a trainee engineer for Motorola Semiconductor Hong Kong Limited and assistant general manager of Kongyue Technology. He has over 15 years of operational experience in the distribution and manufacturing of business equipment in the PRC and has been overseeing the expansion of the Group. He is experienced in marketing and distribution, product development and supply procurement. Mr. Au is a standing member of the China Computer Industry Association, the Vice Chairman of the Printer Profession Committee of the China Computer Industry Association and a standing member of the China Computer Users Association and a standing member of the Printing and Image Display Application Sub-Committee of the China Computer Users Association, a member of the Executive Committee of Jiangmen Division, Pearl River Delta Industries Committee, Hong Kong Federation of Industries, and the Chinese People's Political Consultative Conference of Jiangmen City. In 2005, Mr. Au received the 2005 Young Industrialist Awards of Hong Kong from the Federation of Hong Kong Industries. Mr. Au Kwok Lun is the son of Mr. Au Pak Yin and the brother of Mr. Ou Guo Liang.

Non-Executive Director

Mr. Ou Guo Liang, aged 46, is a Non-Executive Director of the Company. Mr. Ou was the Executive Director of the Company since 2005. From 1 January 2021, Mr. Ou was re-designated from an Executive Director to a Non-Executive Director. Mr. Ou is also the director of Jolimark Technology Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong, and the legal representative of Jiangmen Kong Yue Jolimark Tax Control Services Limited, a non wholly-owned subsidiary of the Company established in the People's Republic of China. He has over 15 years of experience in sales and marketing. Mr. Ou obtained a bachelor of economics degree in international corporate management from the Central University of Finance and Economics (中央財經大學) in 1998. Mr. Ou joined the Group in November 1998. Since June 2017, Mr. Ou has served as the chairman of the board of Jiangmen Palace International Food Co., Ltd. (江門麗宮國際食品股份有限公司), which was listed on National Equities Exchange and Quotations on 17 November 2017 (stock code: 872325). Mr. Ou is the son of Mr. Au Pak Yin, current executive Director and chairman of the Company and the brother of Mr. Au Kwok Lun, current executive Director.

Independent Non-Executive Directors

Ms. Kan Lai Kuen, Alice, aged 67, was appointed as an Independent Non-Executive Director on 21 May 2019. Ms. Kan has over 25 years of experience in corporate finance and is well experienced in both the equity and debt markets. She has held various senior positions in international and local banks and financial institutions. Ms. Kan is a director and a shareholder of BLS Capital Limited and its responsible officer for asset management under the Securities and Futures Ordinance (the "SFO"). Ms. Kan is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Australian Society of Certified Practising Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants. She is also a licensed responsible officer under the SFO.

Ms. Kan currently also serves as independent non-executive director for several listed companies on the Stock Exchange, namely, Cosmopolitan International Holdings Limited (stock code: 120), Regal Hotels International Holdings Limited (stock code: 78), Shimao Property Holdings Limited (stock code: 813), and Shimao Services Holdings Limited (stock code: 873).

Ms. Kan was an independent non-executive Director of Shougang Concord International Enterprises Company Limited (stock code: 697) between September 2004 and May 2018, China Energine International (Holdings) Limited (stock code: 1185) between January 2008 and February 2020, and Mason Group Holdings Limited (stock code: 273) between May 2017 and November 2019. Between April 2011 and April 2020, Ms. Kan was an independent director of AVIC International Maritime Holdings Limited, a company listed on the Catalist Board of the Singapore Stock Exchange.

Dr. Zhong Xiaolin, aged 57, was appointed as an Independent Non-Executive Director on 22 May 2020. Dr. Zhong is currently the chairman of Shenzhen Turing Capital Management Co., Limited and the founding partner of Shenzhen Turing Venture Capital LLP. He is also a member of the Investment Committee of Ningbo Golinx Equity Investment LLP, a venture capital under the National Guidance Fund for Technology Transfer and Commercialisation. From 2005 to 2017, he served as the executive director and a general partner of TDF Capital LLP. From 2007 to 2011, he served as the founding managing partner of KPCB China Fund, which is the China fund of Kleiner Perkins Caufield & Byers (KPCB), a prominent venture capital firm in Silicon Valley, United States. Dr. Zhong has over 20 years of experience in overseas and domestic investment of venture capital and private equity institutions. Dr. Zhong was named in the Midas List by Global Entrepreneur & China Venture in 2007, and was selected as one of the best venture capitalists in China by Forbes from 2008 to 2017 consecutively.

Dr. Zhong received his bachelor's and masters' degrees in mechanical engineering & automation from Huazhong University of Science and Technology in 1986 and 1989, respectively, a Ph.D. degree in Robotics & Artificial Intelligence from Edinburgh Napier University, Scotland, UK in 1996, and his M.B.A. from the Ivey School of Business at the University of Western Ontario, Canada in 2003. In 2010, Dr. Zhong completed the Stanford Executive Program (SEP) at the Graduate School of Business (GSB) of Stanford University, United States.

Dr. Zhong serves currently as an independent non-executive director on the board of Brilliance Technology Co., Ltd. (新晨科技股份有限公司) (SZ: 300542), listed on the Shenzhen Stock Exchange. He is also an independent non-executive director of Beijing WatchData Co., Ltd.

Mr. Yeung Kwok Keung, aged 74, was appointed a non-executive director of the Company on 1 August 2011 and assumed the role of an Independent Non-Executive Director since 21 October 2013. He was involved in information technology, logistics and venture capital investment until his retirement in 2008. As a Distinguished Fellow of the Hong Kong Computer Society, Mr. Yeung had also served as its President. He was also the Chairman of the Information Technology Committee of the Hong Kong SAR Government.

Mr. Yeung participated broadly in public and community services, and served on professional bodies for many years. He had also served on a variety of high level advisory bodies in academia, industry and the government. He was a member of Hong Kong Productivity Council, Hong Kong Vocational Council and Hong Kong Logistics Council.

He is a Justice of the Peace in Hong Kong and an honorary citizen of Changchun.

Save as disclosed otherwise, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board.

Senior Management

Mr. Liang Qi Jiang is the Vice President and General Manager of the Group's medical equipment business division. He is responsible for the development, production and operation of medical equipment products. Mr. Liang graduated from Huazhong Polytechnic (華中工學院) (now known as Huazhong University of Science & Technology (華中科技大學). Mr. Liang has over 10 years of experience in the research and development of medical equipment. Mr. Liang joined the Group in August 1996.

The Company has adopted and complied with all the code provisions as set out in the Corporate Governance Code during the year ended 31 December 2021, save as disclosed below.

In accordance with the requirements of code provision E.1.2 of the Corporate Governance Code that was in force in 2021, the chairman of the Board should attend the annual general meeting of the Company. However, due to the ongoing restrictions on cross border travels and social distancing caused by COVID-19 epidemic and other business commitments, the chairman of the Board, Mr. Au Pak Yin, was unable to attend the annual general meeting of the Company held on 24 May 2021. Mr. Yeung Kwok Keung, an independent non-executive Director, acted as chairman at the annual general meeting.

The following summarises the Company's corporate governance practices and explains deviations, if any, from the Corporate Governance Code.

Directors' Securities Transactions

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries with all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2021 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2021.

Board of Directors

As at 31 December 2021, the Board comprises two Executive Directors, being Mr. Au Pak Yin and Mr. Au Kwok Lun, one Non-Executive Director, being Mr. Ou Guo Liang and three Independent Non-Executive Directors, being Ms. Kan Lai Kuen, Alice, Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung. Mr. Au Kwok Lun and Mr. Ou Guo Liang are the sons of Mr. Au Pak Yin. The Directors are considered to have a balance of skills and experience appropriate for the requirements of the business of the Company. Details of the Directors are shown on pages 22 to 24 of this annual report.

During the year ended 31 December 2021, four board meetings and one general meeting were held and the attendance was as follows:

Name of Director	General meeting attendance	Board meeting attendance
Executive Directors		
Mr. Au Pak Yin	0/1	4/4
Mr. Au Kwok Lun	1/1	4/4
Mr. Ou Guo Liang	0/1	4/4
Independent Non-Executive Directors		
Ms. Kan Lai Kuen, Alice	1/1	4/4
Dr. Zhong Xiaolin	0/1	4/4
Mr. Yeung Kwok Keung	1/1	4/4

All of the above Directors had participated in continuous professional development to develop and refresh their knowledge and skills.

The Company has a formal schedule of matters specifically reserved to the Board and those delegated to management. There is a clear division of responsibilities amongst committees and each of them has a specific term of reference. The Board is responsible for determining the overall strategy and approving the annual business plan of the Group, and ensuring the business operations are properly planned, authorised, undertaken and monitored. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board's decisions.

The Board has delegated the day-to-day responsibilities to the executive management.

Chairman and Chief Executive Officer

Mr. Au Pak Yin has been appointed by the Board as the Chairman, who is responsible for the leadership and effective running of the Board, and ensuring that all key and appropriate issues were discussed by the Board in a timely and constructive manner.

Mr. Au Kwok Lun has been appointed by the Board as the Chief Executive Officer, who is delegated with the responsibilities of operations, business development, investor relations and public relations of the Group.

Independent Non-Executive Directors

The Board also comprises Independent Non-Executive Directors who bring strong independent judgement, knowledge and experience to the Board. As noted under the paragraph headed "Audit Committee" of this annual report, all the Audit Committee members are Independent Non-Executive Directors. This structure is to ensure a sufficient balance of power and authority in place within the Group.

Mr. Yeung Kwok Keung has been re-appointed for another three-year term on 1 August 2020. Ms. Kan Lai Kuen, Alice and Dr. Zhong Xiaolin have been appointed for three-year terms on 21 May 2019 and 22 May 2020 respectively.

The Board also confirmed receipt of the annual confirmation letter from each of the Independent Non-Executive Directors confirming his/her independence for the year ended 31 December 2021.

Remuneration Committee

The Board has established a Remuneration Committee ("RC"). The RC comprises Mr. Yeung Kwok Keung (Chairman), Dr. Zhong Xiaolin and Ms. Kan Lai Kuen, Alice, who are all Independent Non-Executive Directors and Mr. Au Kwok Lun who is an Executive Director.

The principal responsibilities of the RC are to review and make recommendations to the Board on the overall remuneration structure and policy for all Directors and senior management. The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, performance, responsibility, job complexity and the Group's performance are taken into account. The remuneration packages for the Directors and our senior management is based on their experience, level of responsibility, length of service and general market conditions.

During the year ended 31 December 2021, the RC had reviewed and made recommendations to the Board on the remuneration packages of the Directors and senior management.

For the year ended 31 December 2021, the RC held one meeting. The attendance record of each member is as follows:

Name of Director	Attendance
Mr. Yeung Kwok Keung *(Chairman of RC)*	1/1
Ms. Kan Lai Kuen, Alice	1/1
Mr. Au Kwok Lun	1/1
Dr. Zhong Xiaolin	1/1

The principal responsibility of the RC is to determine the remuneration of the Directors and the senior management.

Nomination Committee

The Board has established a Nomination Committee ("NC"). The NC comprises Ms. Kan Lai Kuen, Alice (Chairman), Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung, who are all Independent Non-Executive Directors. During the year ended 31 December 2021, NC had reviewed the structure, diversity and composition of the Board, and put forward recommendation to the Board on re-election of retiring directors.

For the year ended 31 December 2021, the NC held one meeting. The attendance record of each member is as follows:

Name of Director	Attendance
Ms. Kan Lai Kuen, Alice *(Chairman of NC)*	1/1
Dr. Zhong Xiaolin	1/1
Mr. Yeung Kwok Keung	1/1

The Board adopted a board diversity policy setting out the approach to diversify members of the Board. The Company believes that a diversified perspective can be achieved through considering a number of factors, including but not limited to skills, regional and industry experience, background, race, gender and other qualities. The Company will also take into account factors based on its own business model and specific needs from time to time. Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The NC will review the board diversity policy on a regular basis to ensure its continued effectiveness.

Board Nomination Policy

The Nomination Committee endeavours to ensure the Board of directors has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective. In order to fulfill the requirements, formal and transparent procedures for the selection, appointment and re-appointment of Directors should be formulated.

The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and making recommendations to the Board and thereafter shareholders of the Company for election as Directors at general meetings or appoint Directors to fill casual vacancies.

Criteria for the nomination of a Director

Board appointments will be made on a merit basis and candidates will be considered against objective criteria. The selection criteria used in assessing the suitability of a proposed Director (the "Candidate") are listed below:

i. the Candidate's academic background and qualifications (including professional qualifications, skills and knowledge which are relevant to the Company's business and corporate strategy);

ii. the Candidate's relevant experience in the industry;

iii. the Candidate's character and integrity;

iv. the Candidate's willingness and capacity to devote adequate time commitment in discharge of a director's duties;

v. whether the Candidate can contribute to the Board a diversity of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

vi. (where the Candidate is proposed to be appointed as an independent non-executive Director) whether the Candidate is in compliance with the criteria of independence under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and

vii. any other factors as may be determined by the Board from time to time.

Auditor's Remuneration

PricewaterhouseCoopers had been appointed as the auditor of the Group. During the year ended 31 December 2021, fee for audit services (including review on interim results) was RMB1,500,000 and fee for non-audit services was RMB20,000.

Audit Committee

The Board establishes a formal and transparent arrangement for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors. The Audit Committee ("AC") established by the Company has clear terms of reference. The Company confirmed receipt of acknowledgement from all directors of their responsibility for preparing the accounts.

All the members of the AC are Independent Non-Executive Directors. The AC is chaired by Ms. Kan Lai Kuen, Alice who is a certified public accountant and the committee members are Dr. Zhong Xiaolin and Mr. Yeung Kwok Keung.

The functions specified in Code Provision C.3.3(a) to (n) of the Corporate Governance Code were included in the Terms of Reference of the AC. The Terms of Reference of the AC also explains the role and the authority delegated by the Board.

During the year, the AC also performed the Company's corporate governance function and reviewed related policy and made recommendation to the Board.

Two meetings were convened by the AC during the year ended 31 December 2021. The attendance record of each member is as follows:

Name of Director	Attendance
Ms. Kan Lai Kuen, Alice *(Chairman of AC)*	2/2
Dr. Zhong Xiaolin	2/2
Mr. Yeung Kwok Keung	2/2

During the year ended 31 December 2021, the AC discussed and reviewed the final results of 2020 and interim results of 2021 and other reports for the year. Also, the AC met with the external auditor to discuss auditing and internal control matters.

Board Diversity Policy

The Board adopted a board diversity policy pursuant to the CG Code. The Company recognises and embraces the benefits of diversity of Board members. The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company business. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. There is one female director in the Board of the Company and approximately 58% of our total workforce was female.

Dividend Policy

The Company considers stable and sustainable returns to the shareholders of the Company to be the goal. The Dividend Policy, in the consideration of the dividends payment, is to allow the shareholders to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The declaration, payment, and amount of dividends will be subject to the Board's discretion. Dividends may be paid out of the distributable reserves of the Company as permitted under the relevant laws. There can be no assurance that the Company will be able to declare or distribute any dividend in the amount in any specific periods. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The payment and the amount of any dividends will depend on a number of factors, including but not limited to:

(i) the Group's actual and expected financial performance;

(ii) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(iii) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(iv) the Group's liquidity position;

(v) the general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(vi) the applicable laws and regulations including the Companies Law of the Cayman Islands and the Company's Bye-laws; and

(vii) any other factors that the board of directors of the Company deems relevant.

The Dividend Policy will be reviewed from time to time by the Board.

Directors' Training

Pursuant to A.6.5 of the Corporate Governance Code that was in force in 2021, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. From time to time, Directors are provided with written materials and director training webcasts to develop and refresh their professional skills. The Directors had fulfilled the relevant requirements under A.6.5 of the Corporate Governance Code that was in force in 2021 during the year.

Company Secretary's Training

Pursuant to rule 3.29 of the Listing Rules, the Company Secretary must take no less than 15 hours of relevant professional training in each financial year. The Company Secretary confirmed that he has taken no less than 15 hours of relevant professional development training by means of attending seminars and reading relevant guideline materials.

Directors' Responsibility in Preparing Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board is responsible for presenting a balanced, clear and understandable assessment in annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

Internal Control and Risk Management

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's internal control and risk management systems and reviewing their effectiveness. The Group's internal control system has been designed for safeguarding assets, maintaining proper accounting records and ensuring reliability of the financial information. The Board has conducted a review of the effectiveness of the internal control and risk management systems of the Group which covers all material controls, including operational, financial and compliance controls and risk management functions. The internal audit department of the Company is implementing a procedure to review the major operational, financial and compliance controls and risk management functions of the Group on a continuing basis which aims to cover all major operations of the Group on a rotational basis. The Group also performs periodic review to ensure that resources, staff qualifications and experience of internal audit functions are adequate.

The Group's risk management framework includes the following elements:

- identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- develop necessary measures to manage those risks;
- monitor and review the effectiveness of such measures.

The implementation of risk management framework of the Group was assisted by the Group's internal audit department so that the Group could ensure new and emerging risks relevant to the Group's operation are promptly identified by management, assess the adequacy of action plans to manage these risks and monitor and evaluate the effectiveness of the action plans. These are on-going processes and the AC reviews periodically the Group's risk management systems.

Based on the reports from the Group's internal audit department, the Board considers the Group's risk management and internal control system is adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the Corporate Governance Code.

Communication with Shareholders and Shareholders' Rights

The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company.

Participation at General Meetings

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages the participation of the shareholders through annual general meetings and other general meetings where the shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 20 business days before the meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors. Poll voting has been adopted for decision-making at shareholders' meetings to ensure that each share is entitled to one vote. Details of the poll voting procedures are set out in the circular sent to shareholders prior to the meeting and explained at the commencement of the meeting. Voting results are published on the websites of the Stock Exchange and the Company on the day of the annual general meeting.

Convening Extraordinary General Meetings

Extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Enquires to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary of the Company by mail at Unit 07, 21/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong or by email at investor@jolimark.com. The Company Secretary forwards communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the chief executive officer of the Company.

Shareholders' Communication Policy

The Company considers that effective communication with the Shareholders and stakeholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional.

The Company endeavours to maintain an ongoing dialogue with the Shareholders and in particular, through annual general meeting and extraordinary general meeting (the "EGM"). In respect of each matter to be considered at the annual general meeting and the EGM, including the re-election of Directors, a separate resolution will be proposed by the Company. The Board members will be available at the annual general meeting and the EGM to meet with the Shareholders and answer their enquiries. The Company would also invite representatives of the auditor of the Company to attend the annual general meeting of the Company to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

The Company recognises the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by law to do so.

The communication channels under the shareholders' communication policy are as follows:

Shareholders' Enquiries

Shareholders may direct their questions about their shareholdings to the Company's share registrars. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders and the investment community can contact the secretary of the Company by email, fax, phone or mail via designated contacts of the Company during office hours in order to enable them to make any query in respect of the Company.

Corporate Communications

Corporate communication documents (including annual report, interim report, notice of meeting, circular and proxy form) would be provided to shareholders in both English and Chinese versions to facilitate Shareholders' understanding.

Corporate Website

Information on the Company's investor relations website is updated on a regular basis. Corporate communications are posted on the Company website as soon as practicable following their publication on the website of Stock Exchange. Such information includes, but not limited to, annual reports and interim reports, results announcements, ESG reports, circulars and notices of general meetings.

Shareholders' Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served. Board members and external auditor would, where appropriate, attend annual general meetings to answer shareholders' questions.

Investor Relations

There are no significant changes in the Company's constitutional documents during the year.

Introduction

This is the environmental, social and governance (the "ESG") report (the "ESG Report") of Jolimark Holdings Limited (the "Company" and together with its subsidiaries, the "Group") for the year ended 31 December 2021.

The Company believes that this ESG Report enables the Company to convey the Group's sustainability related matters in a transparent and accountable manner, which is key to gaining the trust of its stakeholders. The Group is committed to making continuous contributions to the sustainable development in China and overseas, and fulfilling corporate social responsibilities at various operational levels. This ESG Report provides an overview of the Group's performance related to sustainable development in the areas of the environment, community, employment, labour practices and operation convention for the year ended 31 December 2021.

Since our incorporation, the Group has been striving for excellence. In addition to constantly improving its performance and developing in a sustainable manner, the Group is highly concerned about the protection of employee rights and the environment, and is dedicated to giving back to the society and promoting self-improvement of employees. By incorporating social responsibilities into its development and long-term planning, the Group seeks to promote the mutual benefits among the economy, society, and environment, as well as comprehensive sustainable development.

Governance Framework

The Group has established the Production Safety Management Committee ("Safety Committee") and Environmental Management Task Force to deal with and address Group's day-to-day production safety management and environmental management matters. The Board of the Group convenes meetings on a regular basis to review reports by the relevant bodies on environmental, social and governance matters and exercise supervision over pertinent matters.

The ESG management policies of the Group are to: protect the environment and emphasise safety production; conserve energy and reduce emissions to lower risks; put people first and safeguard health; encourage all-staff participation and comply with regulations; improve our system and strengthen the management; prioritise prevention and propel continuous improvement.

The Group has identified factors that can control and exert an influence on the environment in terms of activities, products and services, as well as their associated environmental impact, hazardous sources and their associated detriment.

When identifying the environmental factors, the Group considers the following situations:

(a) changes including planned or new development, as well as new or changed in activities, products and services;

(b) abnormal conditions and emergencies that can be reasonably foreseen.

The Group uses the established standards to evaluate and determine those key environmental factors that have or will have a significant impact on the environment. The Company has formulated control plans and measures to effectively regulate these significant environmental factors, and communicates the related information among different levels and functionalities.

When identifying hazardous sources and occupational health impact, the Group considers the following situations:

(a) how the work is organized, social factors (including workload, working hours, sacrificing others, harassment and bullying), leading role and corporate culture;

(b) usual and unusual activities and conditions, including hazardous sources and occupational health impact as a result of the following aspects;

(c) the previous relevant events within or outside the Group, including emergencies and their causes, as well as potential contingencies;

(d) personnel, including considering the followings:

  (1) those who can access to the workplace and their activities, including employees, contractors, visitors and others;

  (2) those nearby the workplaces that can be affected the Group's activities;

  (3) employees who are not under the direct control of the Group;

(e) the actual or proposed changes in (regarding) the Group's operation, process and activities;

The Group sets the ESG related targets, indicators and management plans, and periodically reviews the achievement of the corresponding targets and indicators on a quarterly basis and prepare the written report.

The Group's main ESG related targets are as follows: electricity consumption of different types of products per unit; all printer products of the Group have obtained level I energy efficient label; all printer products of the Group have obtained environmental label certification; water consumption of the Group decreases by 5% as compared with last year; all hazardous wastes of the Group are delivered to a qualified recycler for recycling; zero complaint/penalty by the government or community. The aforesaid targets are pertaining to the results and sustainable development of the Group.

Reporting Principles and Reporting Scope

Reporting standard

This report has been prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong "Environmental, Social and Governance Reporting Guide" ("SEHK ESG Guide"). In case of any discrepancy between the Chinese and English versions of this report, the Chinese version shall prevail. This report has been reviewed and approved by the Board of the Company.

Reporting Principles

The preparation of the Report follows the materiality, quantitative, balance and consistency reporting principles.

I. Materiality

The disclosed information in the Report was carefully gathered, evaluated and presented based on its materiality to the Group's business and its stakeholders.

II. Quantitative

All of the disclosed information, statistics of environmental and social KPIs in particular, were organised and calculated according to a series of standardised methodologies which are illustrated in the relevant sessions.

III. Balance

A picture of the data comparison over years has been given for readers who can see both the achievements and rooms for improvement in terms of ESG management in the Group.

IV. Consistency

The Report has been prepared in the same way in terms of scope and methodology when compared to those in previous years.

Reporting Scope

This ESG Report provides an overview of the Group's performance related to sustainable development in the areas of the environment, community, employment and labour practices and operation convention, ESG management approach, environmental and social performance, as well as material issues within the scope of business for the year ended 31 December 2021. Mandatory disclosures cover entities and their manufacturing facilities that generate the major revenue of our principal activities (investment holding, manufacturing and logistics agent in PRC, Hong Kong and Taiwan).

Business Operations	Operating Locations	Companies
Manufacturing of printers, coffee art machines, manicure machines, medical equipment, video interactive education system	Jiangmen, the PRC	Kong Yue Electronics & Information Industry (Xinhui) Limited
Logistics agent	Hong Kong, the PRC	Xin Yue Logistics Limited
Research and development of the inkjet print heads	Taiwan, the PRC	Advanced Inkjet Systems Limited
Research and development of network application	Shenzhen, the PRC	Shenzhen Yingmei Kamo Internet Limited

Environment

Aspect A1: Emissions

The Group produced a small amount of waste gas only in the welding sequence during the production process and is discharged after high-altitude concentrated treatment through pipeline in the exhausting system. The waste gas comprises mainly particles and contains no NOx, SO2 and other pollutants restricted by laws and regulations of the PRC, nor does it contain any greenhouse gas.

The Group engages qualified third-party institutions to monitor exhaust gas from production on a regular basis each year. According to the 2021 Waste Gas Monitoring Results, the emission intensity of particles was <20 mg/m^3, which was substantially lower than the stipulated emission standard of 120 mg/m^3, while the emission rate of particles was <0.0528 Kg/h, which was substantially lower than the stipulated emission standard of 2.9 Kg/h. The emission intensity of tin and its compound was ND, substantially lower than the stipulated emission standard of 8.5 mg/m^3, while the emission intensity of tin and its compound was <7.33*10–9 Kg/h, substantially lower than the emission standard of 0.25 mg/m^3. The emission intensity of non-methane hydrocarbon was 9.98 mg/m^3, far lower than the emission standard of 120 mg/m^3, and the emission intensity of non-methane hydrocarbon was 50.4 mg/m^3, which was lower than the emission standard of 120 mg/m^3, while the emission rate of non-methane hydrocarbon was 0.284 Kg/h, substantially lower than the emission standard of 8.4 Kg/h. (Note: for the monitoring results of 2021 and comparative data, please refer to the following table.)

Comparison of Exhaust Gas Monitoring Results for 2021 and 2020

	Particles		Tin and its compound		Non-methane hydrocarbon	
Pollutant type Year	Emission intensity mg/m^3	Emission rate Kg/h	Emission intensity mg/m^3	Emission rate Kg/h	Emission intensity mg/m^3	Emission rate Kg/h
Emission standard	120	2.9	8.5	0.25	120	8.4
2021	<20	<0.0528	ND	$<7.33*10^{-9}$	50.4	0.284
2020	<20	<0.112Kg/h	$4.2*10^{-4}$	$2.89*10^{-6}$	9.98	$6.06*10^{-2}$

No waste water is produced during our production process, therefore relevant disclosure is not applicable to the production business. The domestic waste water is discharged to the local municipal drainage system after undergoing septic tank treatment. In 2021, the Group engaged qualified third-party institutions to monitor domestic waste water with the following results: PH scale: 7.49; suspended particles: ND (emission standard: 60 mg/L); 5-day biochemical oxygen demand: 3.2 mg/L (emission standard: 20 mg/L); chemical oxygen demand: 13 mg/L (emission standard: 90 mg/L); ammonia nitrogen: 1.84 mg/L (emission standard: 10 mg/L); petroleum type: ND (emission standard: 5.0 mg/L). All the said indicators reached the emission standard. (Note: the monitoring results of 2020 are as follows: PH scale: 7.29; suspended particles: 14 mg/L; 5-day biochemical oxygen demand: 23 mg/L; chemical oxygen demand: 73 mg/L; petroleum type: 0.18 mg/L.)

Comparison of Waste Water Monitoring Results for 2021 and 2020

Pollutant type Year	PH scale	Suspended particles mg/L	5-day biochemical oxygen demand mg/L	Chemical oxygen demand mg/L	Petroleum mg/L	Ammonia nitrogen mg/L
Emission standard	6~9	60	20	90	5.0	10
2021	7.49	ND	3.2	13	ND	1.84
2020	7.29	14	23	73	0.18	–

(Note: “ND” indicates that the test result is lower than the minimum level that can be tested through the adopted method; “–” means the item has not been tested.)

In 2021, the total volume of domestic waste water discharge was 43,547 tons, reducing by 243 tons. (Note: total volume of domestic waste water discharge for 2020 was 43,790 tons.)

The Group produces only a small amount of hazardous waste in the production/office processes, mainly including scrap electric circuit board and waste printing ribbon. In 2021, 3.6 tonnes of hazardous waste were produced, representing a decrease of 0.3 tonnes as compared with last year (Note: A total of 3.9 tons of hazardous waste was generated in 2020.), all of which were delivered to a qualified professional recycling agency for disposal and submitted to government authorities for approval as required.

Furthermore, the Group endeavored to promote employees' awareness regarding waste recycling and classification and placed recycling cans in living as well as production areas to increase the recycle rate of non-hazardous waste. In 2021, 116.8 tonnes of non-hazardous waste (2020: 136.6 tonnes) were produced, representing a decrease of approximately 19.8 tonnes as compared with last year. Non-hazardous waste mainly comprised packaging materials, cardboard boxes, foam sponges and small amount of domestic wastes, all of which with recovery value were delivered to a qualified waste recyclers for recycling.

The Group's domestic water consumption was reduced by 3% compared to the previous year, while the generation of non-hazardous waste was reduced by 5% compared to the previous year. The average workshop power consumption for each product unit was lower than the control target of 0.68 kWh. A series of water conservation, power conservation and waste reduction measures have been formulated under the leadership of the Logistics Department and production workshops to enhance day-to-day control and supervision, as well as to formulate a mechanism for procure swift response and handling in the event of water leakage. Fulfilment status is reviewed on a quarterly basis to ensure the completion of relevant targets.

The Group built a warehouse for the storage of hazardous waste in 2020 to facilitate temporary storage of hazardous waste such as waste circuit board edge and board washing waste water in a regulated manner. A "Hazardous Waste Assessment Report" has been formulated and submitted to the local competent government authorities for record. The Group has formulated the Waste Treatment Measures to carefully distinguish and handle general waste, hazardous waste, and recyclable and reusable waste produced during the production process at the source of production lines. The Group also provides relevant training for employees to ensure that waste is properly classified and collected for the reuse and comprehensive treatment of recyclable substances. Suppliers who cooperate with us are directed and encouraged to recycle packaging waste with recovery value. The Group requests the suppliers who can use plastic baskets as packaging materials to try to use plastic baskets in order to reduce the production of packaging waste.

In 2021, the Group did not discover any material breach of laws and regulations in relation to the environment.

Aspect A2: Use of Resources

The Group is committed to making good use of resources and reducing resource consumption during its operation. The Group has formulated the Energy and Resource Management Measures as well as the Cooling System Control and Maintenance Measures to regulate the management and control of power, water, paper, oil, and raw materials. Also, the Group vigorously promotes and advocates the idea of energy conservation and consumption reduction among all employees and has implemented and reviewed the energy conservation and consumption reduction measures and assessed their effectiveness throughout the whole business process. The Group attaches particular importance to the control of resource usage starting from the stage of design and development, and all of its products have passed the national grade-I energy-saving certification and environmental label certification. While guaranteeing the quality of products, the Group also endeavors to achieve rational use of resources by reducing the use of raw materials for the repair of machines or enhancing maintenance capacities of parts and components and improving the recycling efficiency of materials through the ways of design enhancement and design optimization.

The Group does not use/consume coal resources directly in its production and operation. Power consumption for production operations in 2021 amounted to 1,269,700 kWh (Note: power consumption for production operations in 2020 amounted to 1,128,300 kWh), increasing by 141,400 kWh as compared to the previous year. The increase was mainly attributable to the increase in production volume by 35,000 units, year-on-year. In 2021, power consumption for every 10,000 yuan of output value was 39.43 kWh. (Note: 1,269,700/32200) In 2020, power consumption for every 10,000 yuan of output value was 40.88 kWh (Note: 1,128,300/27600). There was a decrease by 1.45 kWh in power consumption for every 10,000 yuan of output value as compared to 2020.

Household and auxiliary electricity consumption was 478,000 kWh (Note: 422,000 kWh for 2020), increasing by 56,000 kWh, year-on-year. In 2020, household and auxiliary electricity consumption for every 10,000 yuan of output value was 15.29 kWh (Note: 422,000/27,600). There was a decrease by 0.45 kWh in household and auxiliary power consumption for every 10,000 yuan of output value as compared to 2020.

As the Group did not use water for production, our domestic water consumption is mainly used for staff drinking, central air conditioning consumption, greening, fire pool evaporation, cleaning and toilet flushing. The water consumption for 2021 was 43,547 tonnes (2020: 43,790 tonnes), decreased by 243 tonnes as compared with 2020.

Targeting at different product types and seasonal effects, the Group has formulated differentiated electricity consumption targets, for instance, electricity consumption of each printer is ≤0.52 kWh (the first, fourth quarter) and ≤0.84 kWh (the second, third quarter), and the average annual electricity consumption is ≤0.68 kWh. The electricity consumption of each printer head is ≤0.28 kWh (the first, fourth quarter) and ≤0.32 kWh (the second, third quarter), and the average annual electricity consumption is ≤0.30 kWh. (Note: the power consumption target is applicable only to power consumption for the assembly of such product at the workshop.) The Group keeps equipment running during short break, lunch break and adopts staff rotation to reduce the idle time of production line equipment. It arranges plan reasonably to prevent the increase in equipment waiting time that arise from non-scheduled or frequent line switching. It gradually phases out the equipment with high energy consumption and encourages less use or non-use of air-conditioners when a few staff work overtime and uses electric fans instead.

The Group had no problem in sourcing water that is fit for use, amid insignificant fluctuation in annual domestic water consumption although there is some up and down subject to staff headcount and climate temperature. The Group formulated the target of reducing water consumption by 3% as compared with last year and fostered water-saving habits mainly through promotion of staff awareness of water-saving. The Group uses water-saving faucets to prevent persistent water dripping, while enhancing inspection of draining, springing, dripping and leakage at water pipes on a daily basis to facilitate improvements and achieve water conservation.

The Group does not use coal or natural gas in our production. Only two industrial forklifts use diesel or occasionally when the utility power is off, the standby generator uses diesel to generate electricity. In addition, the Group has several small-displacement vehicles that use gasoline for official business needs. Mobile forklifts are only used for handling, loading and unloading goods in the factory. In 2021, consumption of diesel for forklifts was only 1,000 litres (Note: 1,200 litres for 2020). The power generator was used during last fall owing to tight power consumption and diesel consumption amounted to 1,400 litres. Small corporate business vehicles were only used for business purposes such as business trips of employees and reception of guests according to strict control measures and approval procedures. In 2021, the consumption of gasoline was 34,211 litres (Note: 26,200 litres for 2020 and 40,848 litres for 2019), increasing by 8,011 litres over 2020. The increase reflected mainly a lower base for comparison owing to the decrease of inter-city business trips in 2020 during the COVID-19 pandemic. Compared to 2019, gasoline consumption was decreased by 6,637 litres. In 2021, the Company purchased new business vehicles in replacement of the small vehicles which were due for retirement to mitigate the environmental impact of tail gas emission and reduce gasoline consumption.

In 2021, the Group consumed 399 tons of packaging materials for product packaging, increasing by 31 tons compared to 2020 (Note: 2020: 368 tons). The increase was mainly attributable to the increase in production volume by 35,000 units for the year. Consumption of packaging materials per unit was 0.882 Kg/unit for 2021 (Note: 0.8835 Kg/unit for 2020). Consumption of packaging materials per 10,000 yuan of output value was 12.39 Kg/unit (Note: 399,000/32,200; consumption of packaging materials per 10,000 yuan of output value in 2020 was 13.33 Kg, 368,000/27,600). Compared with 2020, there was a decrease in consumption of packaging materials per unit and per 10,000 yuan of output value in 2021. The Group continued to strengthen the packaging by laminating the exterior packaging materials of all products, thereby reducing one layer of inner packaging box for each product. This helped us reduce approximately more than 300 tonnes of packaging box materials throughout the year.

Aspect A3: Environment and Natural Resources

The Group consciously takes the impact of its activities and decisions on the environment into overall consideration. The Group has established, promoted and improved its environmental management system and environmental label product management system, strengthened various internal control measures, reinforced environmental monitoring and inspection and implemented strict environmental risk prevention and control measures so as to minimize the impact on the environment and natural resources during its production and operation process.

The Group also reduced the use of electricity and paper, encouraged its employees/suppliers to recycle packaging materials, office supplies and other materials to reduce the consumption of natural resources indirectly, and optimized design to reduce consumption of raw materials. All of the Group's products obtained environmental label certification and energy saving certification and all printer products reached national level I energy efficient standard.

The Group eliminated the previously rented petrol buses and replaced them with electric buses, which serve as commuting vehicles for employees to commute to and from work, and encouraged employees to take public vehicles of the Group instead of private cars, so as to reduce the impact on the environment and the consumption of natural resources.

Aspect A4: Climate Change

The Group attaches great importance to fire safety work and has established the Safety Committee to perform regular safety inspections, equipped with necessary fire-fighting devices, conduct fire safety training and drills to lower the occurrence of fire hazards, so as to prevent air pollution incidents caused by fire accidents. The Group does not emit greenhouse gases in the production, life and operation process, and reduces the harmful impact on the climate through the use of energy-saving central air conditioners, environmental refrigerators, LED lights, energy-saving electric buses, and new fire extinguishers.

The Group also pays its best attention to the greening of plants on its factory premises. A large area of vegetation such as turf and trees was presented around its factory premises. Green plants were grown on the public platform of the plants, and implementation of greening around the newly renovated office building was also done. The Group regularly trimmed and watered the vegetation, and rectified and replanted trees which were blown down by typhoons to increase the green area and expand the coverage ratio of plants on its factory premises. These measures helped have a good impact on the environment.

With a strong emphasis on prevention and emergency drills, the Group has formulated the "Comprehensive Emergency Plan for Production Safety Incidents" and "Emergency Plan for Environmental Emergencies" and submitted to the local competent government authorities. The Group conducted fire safety drills and chemical leakage prevention drills each year to prevent or mitigate any environmental impact in the event of emergencies.

Society

Aspect B1: Employment

The Group strictly abides by the provisions of the PRC Labor Law, and has not violated the relevant rules and regulations. The Group has signed a labor contract with each of its employees, and paid the salaries, overtime compensations and related benefits in a timely manner according to (or at a level higher than) the local minimum wage standard without any defaults; and granted all holiday and statutory paid leave entitlements to employees in compliance with national regulations. The Group treats every employee equally so that their employment, remuneration or promotion will not be affected by their social identities such as ethnicity, race, nationality, gender, religion, age, political faction and marital status.

The following table sets out the details of Group employees:

By employment type		By geographic region		By gender		By age	
Full-time	698	Jiangmen City:	609	Male:	311	18–25 years old	99
Part-time	0	Guangdong Province (excluding Jiangmen City):	51	Female:	437	26–40 years old	391
Intern	50	Outside Guangdong Province:	88			Over 40 years old	258

The year-on-year change in staff headcount of the Group by region, gender and age groups was insignificant.

The Group has established a trade union and a number of staff clubs relating to football, badminton, basketball, and family, and allocates special funds on a monthly basis to provide a wide variety of leisure and cultural activities to its employees. The Group also arranges free regular medical check-ups for its employees annually to show its care for them and cultivate a sense of belonging.

Besides, the Group provides competitive remuneration packages to its employees. In March 2021, an annual salary adjustment for Group staff was conducted, as the Group offered a pay raise forthwith in accordance with government requirements after the Guangdong Provincial Government raised the minimum wage standard in November. The Group has also adopted a share option scheme and a reward system to recognize and reward those employees who have contributed to the growth and development of the Group.

An employee satisfaction survey is conducted on an annual basis. The Group will carefully consider all the valuable feedback from employees on how to improve the working environment, enhance the operating efficiency and create a harmonious workplace and so on. In 2021, a score of 91.1 points (2020: 90.5 points) was achieved for employee satisfaction, which is 0.6 point higher as compared with 2020. The employee turnover rate remained at a reasonable level, whereas the turnover rates of employees between the age of 25 to 35 were relatively higher. Employees from the local city accounted for the majority and accordingly the turnover rate for them was relatively higher. The details are set out in the following table:

By age		By geographic region		By gender	
Under 25 years old:	15	Jiangmen City:	82	Male:	43
25~35 years old:	58	Guangdong Province (excluding Jiangmen City):	7	Female:	54
Over 35 years old:	24	Outside Guangdong Province:	8		

The year-on-year change in staff turnover by region, gender and age groups was insignificant.

Aspect B2: Health and Safety

The Group has established the Safety Committee and is committed to improving health and safety performance on an ongoing basis. The Group has established a complete occupational health and safety management system according to the ISO45001 standards, and continuously and effectively promoted and implemented them to ensure a safe and healthy working environment for employees. Moreover, the Group has adopted a series of safety management and implemented safety measures to consolidate the achievements of the three-level safety production standardization.

In the past three years, the Company had no staff fatality due to work, nor there was any loss of working days arising from work-related injuries.

The Group regularly reviews the implementation and effectiveness of related measures and monitors the environmental data of the workplace. The Group has implemented additional preventive measures for risk-related positions by providing training to related personnel to build a culture of risk awareness. The Group distributes labour protection equipment and supervises inspection and implementation to ensure that employees perform labour protection measures as required. Employees in risk-related positions will receive regular occupational disease examination each year. On top of this, a pre-recruitment and post-recruitment occupational disease examination mechanism was also enhanced to ensure the physical and mental healthiness of the employees. In 2021, the Group carried out 34 pre-job, on-the-job and post-job occupational disease inspection for employees in specific positions, achieving a full coverage (2020: 72 headcount). (Note: the decrease in the headcount of staff receiving occupational disease-related health inspection was attributable mainly to the closure of certain special positions after tests and evaluation on these positions by professional evaluation agencies following the Group's adoption of noise reduction measures.)

The Safety Committee performs major safety inspection on a quarterly basis and takes correction measures to eliminate identified safety and health hazards timely. In addition to organizing the employees of the Group to receive training on the relevant occupational health and safety risks and taking protective measures for them, the Group also supervised and guided its related parties and strived to enhance their safety awareness and sense of safety responsibilities by exerting influence on them.

In 2021, the Group did not discover any material breach of laws and regulations in relation to occupational health and safety.

Aspect B3: Development and Training

The Group strives to motivate its employees by offering clear career development paths and opportunities to enhance and improve their skills, maintain their competitiveness, professional expertise and code of ethics. The Group has set up a training hall at the Group office that could accommodate more than 100 people in training sessions, equipped with a full range of training facilities and inhouse trainers. In view of the pandemic, training was conducted through a combination of online and offline modes in a vigorous effort to provide pre-job and in-job training for staff.

The details of training in 2021 are set out in the following table:

Percentage of trainees				**Average hours of training (Unit: hour)**			
By employment type		**Number by gender**		**By employment type**		**Number by gender**	
Senior management	100%	Male	100%	Senior management	48	Male	65.2
Middle management	100%	Female	100%	Middle management	61.8	Female	60.2
Staff/worker level	100%			Staff/worker level	70.3		

Compared to the previous year, there was a slight increase in average training hours across different levels of staff.

The Group works out detailed training programs according to the needs of employees, requirements of positions and skills required by various departments within the company at the beginning of each year. Training programs cover different areas including management skills, sales & production, customer services, quality control, exhibition planning, code of conduct, and other industry-related trainings. The Group conducts training courses according to schedule and emphasizes the effectiveness of such courses, while the human resources department of the Group conducts regular follow-ups on the implementation of various trainings

Especially during the epidemic period, the Group actively responded to the government's call by organizing online training, providing product-specific explanation courses for all employees through Dingding and Tencent classrooms, and for relevant trainings organized by relevant government departments, the Group arranged corresponding personnel to participate actively. The Group also arranges employees to entrust other professional training institutions to conduct employee vocational skills training every year to acquire more knowledge and skills.

Aspect B4: Labor Standards

The Group prohibits the employment of child and forced or compulsory labor in any of its operations. The HR department of the Group verifies the age of employees during the recruitment process and employs only those aged 18 and above. Employees of the Group work on a 5 days a week, 8 hours per day basis. Employees are entitled to paid leaves as per regulations of the state. The Group provides air-conditioned work place where employees are allowed to enjoy light music, take short breaks, or relax in other ways to alleviate their sense of tiredness during work. All employees have the rights to terminate employment with the Group freely by giving a reasonable notice. In 2021, the Group did not detect any employment of child labor or forced or compulsory labor. The Group did not receive any complaints from government authorities, nor were required to compensate employees or penalized due to violation of labor standards. When employees join the Group, the HR department thoroughly reviews their employment information (including but not limited to ID card, academic certificate, qualification proof and employment certificate from previous employers). Should any employee be found to mis-represent or conceal information, the Group shall be entitled to terminate the labor contract without any compensation according to the law. Where an employee is forced to work, the head of the department where such employee works shall be held accountable and be penalized as per the Group's relevant regulations.

In 2021, the Group did not discover any material breach of laws and regulations in relation to employment of child labor or forced labor.

Aspect B5: Supply Chain Management

The Group actively promotes sustainable development of the supply chain, and encourages its partners to fulfill social responsibilities in joint efforts. The Group has established long-term cooperative relationships with many suppliers, and strived to ensure their compliance with the Group's commitments to quality, environmental protection, low carbon operation, safety and ethical conducts. The number and distribution of the Group's suppliers are as follows:

By geographic region (Unit: entity)

Overseas:	51	Outside Guangdong Province:	44	Guangdong Province (excluding Jiangmen City):	310	Jiangmen City:	53

The Group selected suppliers carefully, and required them to satisfy several evaluation criteria, including track records, experience, financial strength, reputation, the capability to produce high quality products, the effectiveness of quality control, and environmental protection, safety, and public welfare responsibilities. For major suppliers, the Group will establish an assessment team to perform on-site assessment on them and verify their samples before including them in the Group's list of qualified suppliers.

The Group prudently selects suppliers based on such factors as quality, delivery punctuality, and price, and hold at least two suppliers in reserve for each material. The quality, delivery date, pricing, service and other aspects of suppliers will be counted and scored every quarter, and the supply from suppliers whose scores do not meet the requirements of the Group will be downgraded or suspended.

In selecting qualified suppliers, relevant suppliers are required to sign the RoHs Guarantee Agreement and the ROHS Labeling Statement, while suppliers of plastic raw materials, plastic parts, packaging materials and circuit board are required to sign the Toxic and Harmful Material Limit Guarantee Agreement. The relevant suppliers are also required to provide ROHS test reports of raw materials (such as SGS) when sending samples for confirmation; and the relevant suppliers shall be checked every year on a sample basis, and unqualified suppliers, if found, will be required to make rectification.

Suppliers are also required to observe the Group's anti-corruption policy. The Group is dedicated to maintaining equal cooperation and mutual benefits with its suppliers, and would also conduct long-term quality monitoring and regular review of all suppliers to ensure effective influence and control on the supply chain.

Aspect B6: Product Responsibilities

The Group believes that products are at the core of corporate competitiveness. To effectively improve the product quality and protect customer rights and interests, the Group keeps strict control over the product quality starting from the stage of research and development. The Group carries out stringent quality control in each process, including dedicated design, comprehensive engineering measurement, procurement on demand, production which strictly follows the work guidelines, all-inclusive inspection, and delighted after-sales services, and performs multiple tests on function and performance before storing the product in the warehouse, so as to ensure the product quality for the satisfaction of customers.

Due to the stability and reliability of the quality, the Group's products passed every sample-based quality supervision and inspection conducted by government authorities. The Group adopted a set of internal product standards which is more stringent than the national standards to control the product quality and ensure the superior product quality. A number of the Group's products have received the Scientific and Technological Progress Awards granted by provincial and municipal government authorities, and the dot-matrix type printer and mini printer under the "Jolimark" brand were awarded the two titles of Provincial Famous Brand Products.

In 2021, none of the Group's products was subject to product recall for quality, safety or health reasons. We only received 3 complaints regarding services, and the after-sale department collaborated with the quality control department to respond and handle customer complaints, as well as taking follow-up measures to contact the complainant in a timely manner to understand customer's satisfaction regarding the complaint handling.

The Group sets up one 400 telephone lines and created a private website to answer customers' inquiries and requests for services timely. The Group also paid much attention to online feedback on issues. It regularly collected customers' opinions and assembled relevant departments to discuss solutions for these issues. For complaints about quality issues, the Group would assign support personnel to visit the customer and properly resolve the issue through on-site resolution or by returning or replacing the product or other methods as required by the customer.

The Group assigns dedicated personnel for managing intellectual property rights, and establishes a specific intellectual property rights information platform to obtain the latest intellectual property rights information, so as to prevent infringements, and enhances comprehensive market tracking and monitor products with independent intellectual property rights to prevent them from being infringed. A reward mechanism is established for intellectual property rights to distribute intellectual property rights rewards reasonably and operate shareholding scheme for core technical employees. The Group explores innovative inventions and apply for protection in a timely manner to obtain and maintain property rights such as patents, trademarks, and computer software copyright registrations.

The rules and regulations governing the confidentiality are developed to clarify employees' obligations and default liabilities in relation to the protection of corporate intellectual property rights using labor contracts, confidentiality agreements or non-competition agreements with confidentiality provisions individually or collectively according to the closeness between employees and technical secrets.

We strengthened the management and protection of trade secrets, regulated the business activities of technical personnel and related activities of mobile personnel involved in the development of patented technologies, and formulated stringent technical information access procedures, so that each person can only access part of the core technology and cannot master the complete core technology, so as to better protect technical secrets. We established a intellectual property products security system from the perspective of computer network, which provides computer and user identity authentication by using network identity authentication system and record computer usage registered by users. We established a network monitoring system to monitor and limit the file operation of computers so as to prevent users from copying data from the internal network system at will. We used the online/off-network strategy to isolate the Group internal network system from the external network, and strictly controlled the use of external equipment and network output to prevent internal information from leaking.

During the process of technology transfer (licensing) and technological cooperation, the ownership, scope and duration of application the intellectual property rights involved, and the distribution of subsequent research achievements shall be specified in details, and relevant legal documents shall be signed.

We strengthened the awareness of intellectual property rights protection in cooperation with foreign companies. It is necessary to clearly specify the ownership of patents or trademarks in signing export agency contracts with foreign companies to prevent agents from applying for patents or registering trademarks maliciously and preemptively. In accepting foreign companies' processing and production commission, the foreign companies shall be required to present documents proving that it is the holder or legal user of the patents and high technologies in relation to the products, and the contact shall clearly stipulate the legal responsibility for relevant intellectual property rights to prevent from being involved in intellectual property disputes.

The Group also attaches great importance to product quality and after-sales service quality. Our products involve stringent design and development processes, engineering testing and verification, and have undergone pilot production and mass verification, and, if necessary, will be delivered to customers for trial purpose. After solving the problems that are identified during the test process, mass production will commence. During the mass production process, only qualified products will be stored at the warehouse after conducting stringent random inspection on such products by OQC in accordance with the Group's product inspection process including strict initial inspection, self-inspection, regular inspection and full-function inspection.

The Group has constructed a complete sales and aftersales service network by licensing more than 1,000 certified sales outlets in medium and large-sized cities and tier-2 and tier- 3 cities throughout China. For products sold online, the Group strictly abides by the "7 days return and exchange with no questions asked" policy. For products within warranty period, the Group's policy is for contracted dealers to provide on-site repair. For damaged key components and parts of customers, the Group will recover, verify, and analyze them. Some of the analysis information can be used to improve product quality.

Although the Group seldom has access to information of end customers as the Group's products are mostly sold through dealers, the Group attaches great importance to the protection of customers' information and privacy. The Group sets up access permission for dealers' information and customers' information obtained through the after-sale system. The information shall be used for internal statistics and analysis purpose only and shall not be used for any commercial purposes nor disclosed. The Group also requires that the Group's dealers shall not disclose the information and privacy of customers to any irrelevant cooperative factories, nor shall they use the information for any form of commercial purposes to obtain benefits.

Aspect B7: Anti-corruption

The Group allows zero tolerance for corruption and bribery throughout its operations. The Group has an internal audit department to conduct regular business audit in the procurement department and other relevant departments. All business contracts with third parties shall undergo professional vetting of the legal department. A new Jolimark online purchase price enquiry system has also been created to enhance the Group's bargaining power in procurement and reduce the risk of embezzlement in procurement. A series of internal financial management systems were formulated for standard management purpose, and employees in key positions such as sales are required to sign the Integrity and Compliance Commitment, to ensure corruption and bribery are prevented at the origin. In 2021, the Group was not subject to any corruption case for which trial had been concluded.

The Group has developed and issued a whistle-blowing policy to encourage employees, third parties and other relevant personnel to whistle-blow any suspected business misconduct in writing or verbally through designated hotlines and email addresses. Upon receipt of the report, the audit department shall carry out investigations on the matter as per the Group's procedures and strictly protect the whistle-blower. Once the offence is verified, the matter will be handled in accordance with the Group's regulations. Those who violate the Criminal Law shall be transferred to the judiciary authorities.

To ensure staff compliance with relevant policies and maintain high ethical standards, the Group organises education and training on anti-corruption and bribery for the Directors and all staff. The Group also convenes meetings to propagate anti-corruption and bribery messages, requires employees of key positions to sign the "Undertaking of Integrity and Compliance" and warns employees against acts of fraud, blackmailing and money laundering.

Aspect B8: Community Investment

The Group has been focusing on the promotion of community and education projects which are of much concern. The Group has established "Scholarships for Outstanding Students of Jolimark Employees" and "Jolimark Education Scholarship" and organized the "Jolimark Cup" literary creation contest for primary and secondary school students in Jiangmen. Each year, the Group allocates hundreds of thousands of Yuan to award students who are excellent in virtues and study. These efforts have played a good exemplary role in promoting the development of educational undertakings, creating a good style of study, encouraging students to explore actively, become confident and self-reliance and seek pluralistic development, and inspiring a great number of students to rise in great vigor. Meanwhile, the Group sponsored "Jolimark Cup 2016–2025 Jiangmen Youth Campus Football Level-Four League", thereby contributing to the youth football growth.

In 2021, the Group made a RMB300,000 donation to Jiangmen Pengjiang District Charity Association as sponsorships for campus football activities.

Independent Auditor's Report

To the Shareholders of Jolimark Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Jolimark Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 52 to 116, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Key audit matter identified in our audit is related to: Impairment of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill Refer to note 4(c) and note 8 to the consolidated financial statements Goodwill arose on the acquisition of Shenzhen Coolwi Technology Company Limited in 2014 and such goodwill is subject to an annual impairment assessment according to HKAS 36. A provision of RMB4,217,000 has been made for this goodwill during the year ended 31 December 2021. As of 31 December 2021, the carrying amount of such goodwill was nil. Management identified the goodwill related cash generating unit as "Yingmei.me O2O cloud printing" and performed the goodwill impairment assessment based on a value-in-use calculation using cash flow projections based on financial budgets approved by management. The key assumptions considered primarily include (i) annual growth rate of revenue, (ii) terminal growth rate, and (iii) pre-tax discount rate. We focused on auditing the impairment of goodwill because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the subjectivity and significant assumptions used.	Our major audit procedures in relation to the assessment of impairment of goodwill included the following: (a) We obtained an understanding of the management's internal control and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud; (b) We evaluated the outcome of prior year assessment of impairment of goodwill to assess the effectiveness of management's estimation process; (c) We challenged the appropriateness of the methodology and the reasonableness of key assumptions adopted;

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill	(d) We assessed the reasonableness of the estimations by performing the following procedures: – compared the operating results with forecasted revenue and expenses for the year ended 31 December 2021 prepared by management, discussed with management about the significant variances and assessed the reasonableness of the updated future profit and cash flow forecasts for the years after 2021; – compared the annual growth rate of revenue, approved budgets and business plans to historical results of the cash generated unit; – benchmarked the discount rate against our own internal data, taking into account the cost of capital of the cash generating unit and comparable entities; – for the terminal growth rate, we assessed it with reference to the long-term expected consumer price index against available government data; (e) We performed sensitivity analysis on the pre-tax discount rate adopted in the impairment assessment so as to assess the potential implication on the results of the impairment assessment if the pre-tax discount rate is to be changed within a reasonable range; (f) We assessed the adequacy of the disclosures related to impairment assessment of goodwill in the context of the applicable financial reporting framework; and Based on our audit procedures, we found that the judgements and estimates made by management in relation to the goodwill impairment assessment were supported by available evidences.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Au Chi Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2022

Consolidated Balance Sheet

As at 31 December 2021
(All amounts in Renminbi Yuan thousands unless otherwise stated)

		As at 31 December	
	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	105,928	107,362
Right-of-use assets	7	11,891	8,545
Intangible assets	8	5,889	11,075
Investments accounted for using the equity method	10	7,094	7,933
Financial assets at fair value through other comprehensive income	11	31,195	11,178
Deferred income tax assets	21	6,661	6,954
Other receivables	14	–	1,651
Other assets		2,167	3,264
Restricted cash	17	441	–
		171,266	157,962
Current assets			
Financial assets at fair value through profit or loss	15	62,170	386
Inventories	13	112,461	101,038
Trade and other receivables	14	46,836	34,457
Other assets		920	–
Restricted cash	17	155	153
Cash and cash equivalents	16	63,325	104,430
		285,867	240,464
Total assets		457,133	398,426
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium	18	9,155	9,155
Other reserves	19	274,447	258,226
Accumulated losses		(77,587)	(50,396)
		206,015	216,985
Non-controlling interests		(129)	(872)
Total equity		205,886	216,113

As at 31 December 2021
(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	As at 31 December 2021	2020
LIABILITIES			
Non-current liabilities			
Borrowings	20	16,549	1,108
Lease liabilities	7	3,518	–
Deferred income tax liabilities	21	5,488	382
		25,555	1,490
Current liabilities			
Trade and other payables	22	104,465	84,124
Contract liabilities	23	26,989	10,557
Lease liabilities	7	1,318	1,154
Borrowings	20	92,920	84,988
		225,692	180,823
Total liabilities		251,247	182,313
Total equity and liabilities		457,133	398,426

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

The financial statements on pages 52 to 116 were approved by the Board of Directors on 23 March 2022 and were signed on its behalf:

Mr. Au Pak Yin
Director

Mr. Au Kwok Lun
Director

Consolidated Income Statement

For the year ended 31 December 2021
(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	2021	2020
Revenue	24	**344,606**	275,967
Cost of goods sold	26	**(248,998)**	(191,069)
Gross profit		**95,608**	84,898
Other income	25	**3,425**	8,077
Selling and marketing expenses	26	**(39,275)**	(32,889)
Administrative expenses	26	**(44,999)**	(41,886)
Research and development expenses	26	**(33,521)**	(37,360)
Net impairment losses on financial assets	3.1(b)	**(448)**	(224)
Other gains – net	28	**1,338**	222
Operating loss		**(17,872)**	(19,162)
Finance expenses – net	29	**(6,118)**	(5,201)
Share of (loss)/profit of investments accounted for using the equity method	10	**(839)**	112
Loss before income tax		**(24,829)**	(24,251)
Income tax expenses	30	**(353)**	(1,183)
Loss for the year		**(25,182)**	(25,434)
Loss attributable to:			
– Shareholders of the Company		**(25,139)**	(25,113)
– Non-controlling interests		**(43)**	(321)
		(25,182)	(25,434)
Loss per share for loss attributable to the shareholders of the Company during the year (expressed in RMB per share)			
– Basic	31	**(0.041)**	(0.041)
– Diluted	31	**(0.041)**	(0.041)

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021
(All amounts in Renminbi Yuan thousands unless otherwise stated)

	2021	2020
Loss for the year	**(25,182)**	(25,434)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**20,017**	213
Income tax relating to these items	**(5,083)**	(74)
Other comprehensive income for the year, net of tax	**14,934**	139
Total comprehensive loss for the year	**(10,248)**	(25,295)
Total comprehensive loss for the year attributable to:		
– Shareholders of the Company	**(10,991)**	(24,987)
– Non-controlling interests	**743**	(308)
	(10,248)	(25,295)

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021
(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					
	Share capital and premium (note 18)	Other reserves (note 19)	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	9,155	258,226	(50,396)	216,985	(872)	216,113
Comprehensive income/(loss)						
Loss for the year	–	–	(25,139)	(25,139)	(43)	(25,182)
Other comprehensive income	–	14,148	–	14,148	786	14,934
Total comprehensive income/(loss) for the year	–	14,148	(25,139)	(10,991)	743	(10,248)
Contributions by and distributions to the shareholders of the Company recognised directly in equity						
Transfer to the statutory reserve and enterprise expansion fund	–	2,012	(2,012)	–	–	–
Transfer to the staff incentive and welfare fund	–	40	(40)	–	–	–
Employee share option scheme – value of employee services	–	21	–	21	–	21
Total contributions by and distributions to the shareholders of the Company recognised directly in equity	–	2,073	(2,052)	21	–	21
Balance at 31 December 2021	9,155	274,447	(77,587)	206,015	(129)	205,886
Balance at 1 January 2020	9,155	257,058	(24,246)	241,967	(564)	241,403
Comprehensive income/(loss)						
Loss for the year	–	–	(25,113)	(25,113)	(321)	(25,434)
Other comprehensive income	–	126	–	126	13	139
Total comprehensive income/(loss) for the year	–	126	(25,113)	(24,987)	(308)	(25,295)
Contributions by and distributions to the shareholders of the Company recognised directly in equity						
Transfer to the statutory reserve and enterprise expansion fund	–	864	(864)	–	–	–
Transfer to the staff incentive and welfare fund	–	173	(173)	–	–	–
Employee share option scheme – value of employee services	–	5	–	5	–	5
Total contributions by and distributions to the shareholders of the Company recognised directly in equity	–	1,042	(1,037)	5	–	5
Balance at 31 December 2020	9,155	258,226	(50,396)	216,985	(872)	216,113

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	2021	2020
Cash flows from operating activities			
Cash generated from operations	33(a)	**14,037**	6,647
Income tax paid		**(1,383)**	(393)
Interest paid		**(6,078)**	(5,297)
Net cash generated from operating activities		**6,576**	957
Cash flows from investing activities			
Purchase of property, plant and equipment		**(12,028)**	(12,063)
Purchase of intangible assets		**(547)**	(1,983)
Purchase of other assets		**(543)**	(1,048)
Disposals of property, plant and equipment		**232**	–
Advances from disposal of other assets		**2,000**	–
Acquisition of financial assets at fair value through other comprehensive income	11	**–**	(5,009)
Acquisition of financial assets at fair value through profit or loss		**(223,000)**	–
Disposals of financial assets at fair value through profit or loss		**162,128**	–
Dividend received from an investee company		**1,607**	1,232
Interests received		**1,021**	2,527
Net cash used in investing activities		**(69,130)**	(16,344)
Cash flows from financing activities			
Release of bank deposits guaranteed for bank loans		**–**	7,000
Proceeds from borrowings		**138,519**	116,097
Repayments of borrowings		**(115,095)**	(122,158)
Principal elements of lease payments		**(1,910)**	(2,341)
Net cash generated from/(used in) financing activities	33(b)	**21,514**	(1,402)
Net decrease in cash and cash equivalents		**(41,040)**	(16,789)
Cash and cash equivalents at beginning of the year		**104,430**	122,474
Exchange losses on cash and cash equivalents		**(65)**	(1,255)
Cash and cash equivalents at end of the year	16	**63,325**	104,430

The above consolidated statement of cash flows 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 manufacture and sale of printers and other electronic products in the People's Republic of China (the "PRC").

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

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 23 March 2022.

The outbreak of the 2019 Novel Coronavirus (the "COVID-19") has brought unprecedented challenges and added uncertainties to the economy. Since the outbreak of COVID-19, the Group has monitored the situation of COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that these consolidated financial statements are authorized for issue, COVID-19 doesn't have any material adverse impact on the financial position and operating result of the Group.

2. Summary of Significant Accounting Policies

This note provides a list of significant accounting policies adopted in the preparation of these consolidated financial statements . These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622 ("HKCO").

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVTPL"), which are carried at fair value.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021.

Amendment to HKFRS 16	2019 novel coronavirus disease ("COVID-19") -Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New standards, amendments, interpretation to standards and accounting guideline issued but are not effective for financial year ended 31 December 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Revised Accounting Guideline 5	Merger accounting for common control combination	1 January 2022
HKFRS 3 (Amendment)	Business combinations	1 January 2022
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2022
HKAS 37 (Amendment)	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements	Annual Improvements to HKFRS standards 2018–2020 cycle	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendment)	Presentation of financial statements' on classification of liabilities	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKAS 8(Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12(Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The adoption of the new and amended standards, interpretation and accounting guideline did not have a material impact on the consolidated financial statements of the Group.

2. Summary of Significant Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2021.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognised at cost.

2. Summary of Significant Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

2.3 Business combinations

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

2. Summary of Significant Accounting Policies (Continued)

2.3 Business combinations (Continued)

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management of the Company that make strategic decisions.

2. Summary of Significant Accounting Policies (Continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi Yuan ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance expenses – net". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replace part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 – 40 years
Plant and machinery	10 – 20 years
Furniture and fixtures	5 years
Leasehold improvements	Lower of lease term or estimated useful life of 2 – 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statement.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

2. Summary of Significant Accounting Policies (Continued)

2.8 Intangible assets (Continued)

(b) Proprietary technology and software

Proprietary technology and software are recognised at historical cost. Proprietary technology and software have a definite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of proprietary technology and software over their estimated useful life (3 to 10 years).

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(c) Research and development

Research expenditure and development expenditure that do not meet the criteria in (b) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. Summary of Significant Accounting Policies (Continued)

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains – net in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. Summary of Significant Accounting Policies (Continued)

2.10 Investments and other financial assets (Continued)

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on bills receivables and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 90 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The carrying amount of trade receivables is presented after netting off the expected credit losses. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 14 for further information about the Group's accounting for trade receivables and note 2.10 for a description of the Group's impairment policies.

2. Summary of Significant Accounting Policies (Continued)

2.13 Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.14 Share capital and premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.15 Trade and other payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2. Summary of Significant Accounting Policies (Continued)

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. Summary of Significant Accounting Policies (Continued)

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group participates in a number of defined contribution plans in the PRC, the assets of which are generally administrated by the relevant authority of the PRC. The pension plans are generally funded by payments from employees and the relevant group entities. The Group pays contributions to the pension plans on a mandatory or contractual basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to make further payments once the required contributions have been paid, even if the plans do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to fully vesting in the contributions.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2. Summary of Significant Accounting Policies (Continued)

2.20 Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for shares options of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The grant by the Company of options over its equity instruments to the employees of subsidiaries of the Group is treated as capital contribution to the subsidiaries in the Company's financial statements. The fair value of employee services received, measured by reference to the fair value of the options granted, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

2.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. Summary of Significant Accounting Policies (Continued)

2.22 Revenue recognition

(a) Sales of goods

The principal activities of the Group are manufacture and sale of printers and other electronic products. The Group sells the products to end users mainly through third party distributors or corporate customers ("customers"). Sales are recognised when control of the products has transferred, being when the products are delivered to the specific locations designated by the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The printers are often sold with retrospective volume discounts based on aggregate sales over a certain period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely amount, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30–180 days, which is consistent with market practice. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Provision of services

Provision of services is recognised in the accounting period in which the services are rendered.

2.23 Interest income

Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.24 Dividend income

Dividends are received from financial assets measured at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2. Summary of Significant Accounting Policies (Continued)

2.25 Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2. Summary of Significant Accounting Policies (Continued)

2.26 Leases (Continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise dormitories rented for employees.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term.

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

3. Financial Risk Management

3.1 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.

(a) Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except for import of certain raw materials and machinery from overseas suppliers, sales of goods to overseas customers and borrowing that are denominated in United States dollars ("US$"), Hong Kong dollars ("HK$") or Taiwan dollars ("TWD"). The Group's activities exposed it to foreign exchange risk arising from various currency exposures, primarily with respect to US$ and HK$. The majority of its non-RMB assets and liabilities are cash and cash equivalents, trade and other payables and borrowings.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	As at 31 December	
	2021	2020
Financial assets		
– US$	**1,204**	865
– HK$	**922**	2,157
– TWD	**879**	796
– Other currencies	**63**	186
	3,068	4,004
Financial liabilities		
– HK$	**(7,977)**	(7,907)
– TWD	**(131)**	(1,120)
	(8,108)	(9,027)

As at 31 December 2021, the Group had more financial liabilities than financial assets outside the mainland China. The Group manages and monitors its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by reducing the financial liabilities if needed. The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk.

As at 31 December 2021, if RMB had strengthened/weakened by 5% against the US$ and HK$ with all other variables held constant, post-tax loss for the year would be lower/higher by RMB210,000 (2020: if RMB had strengthened/weakened by 5% against the US$ and HK$, post-tax loss would be lower/higher by RMB210,000), which is mainly attributable to net result of exchange differences on translation of US$ and HK$ denominated trade receivables, cash and cash equivalents, borrowings and trade payables.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group's major interest-bearing assets are cash and cash equivalents and restricted cash. The maturity term of cash and cash equivalents and restricted cash are within 12 months or at fixed rates so there would be no significant interest rate risk for these financial assets.

The Group's major interest-bearing liabilities are borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest risk. As at 31 December 2021, if interest rates on bank borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the year would increase/decrease by RMB2,000 (2020: RMB366,000), mainly as a result of higher/lower interest expenses on these variable rate borrowings.

The Group has not used any financial instrument to hedge its exposure to interest rate risk.

(iii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group which are classified on the consolidated balance sheet either as financial assets at fair value through other comprehensive income (note 11) or financial assets at fair value through profit or loss (note 15). To manage its price risk arising from investments in equity securities, the Group diversified its portfolio.

The carrying amounts of financial assets at fair value through other comprehensive income and fair value gains on financial assets at fair value through profit or loss represent the Group's maximum exposure to price risk.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The carrying amount of cash and cash equivalents, restricted cash and trade and other receivables represent the Group's maximum exposure to credit risk at the reporting date in relation to financial assets. The Group does not hold any collateral as security.

(i) Cash deposits at banks

The Group considered that there is no significant credit risk associated with cash and cash equivalents and restricted cash deposited at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade and other receivables

Loss allowance provision for the trade and other receivables was determined as follows. The expected credit losses ("ECL") below also incorporated forward looking information, including the producer price index and consumer price index and etc..

For sales of goods to customers, the Group has policies in place to ensure credit terms are only granted to customers with good credit histories and credit evaluations were conducted on them periodically, taking into account their financial position, past experience and other factors. For other customers without credit terms granted, advances are received in most cases before delivery is made. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. The Group has large number of customers and there was no concentration of credit risk. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical loss rates, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For bills receivable, the majority of bills receivables are selected bank acceptance bills issued by large or medium sized commercial banks in the PRC, and with maturity periods normally not more than one year. Management considers the default risk from these bank acceptance bills is low as they consider that PRC financial market is highly regulated and bankruptcy or default of PRC financial institutions should be rare. The Group uses the expected credit loss model to determine the expected loss provision for bills receivables.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade and other receivables (Continued)

Other receivables mainly include a loan to a related party and temporary deposits. The Group uses the expected credit loss model to determine the expected loss provision for other receivables. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Impairment on other receivables and bill receivables are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. The Group considers whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables included in prepayments and other current assets based on historical settlement records and past experience.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty.

As at 31 December 2020 and 2021, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables	Bills and other receivables	Total
At 1 January 2021	**224**	**720**	**944**
Provision for loss allowance recognised in profit or loss	**248**	**200**	**448**
Written-off	**–**	**(450)**	**(450)**
At 31 December 2021	**472**	**470**	**942**
At 1 January 2020	–	720	720
Provision for loss allowance recognised in profit or loss	224	–	224
At 31 December 2020	224	720	944

(All amounts in Renminbi Yuan thousands unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by arranging banking facilities; the Company aims to maintain flexibility by settlement of amounts due from subsidiaries.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2021				
Borrowings	**94,775**	**15,993**	**1,043**	**111,811**
Trade and other payables (excluding accrued payroll and other taxes payables)	**93,016**	**–**	**–**	**93,016**
Lease liabilities	**1,349**	**1,280**	**2,640**	**5,269**
	189,140	**17,273**	**3,683**	**210,096**
At 31 December 2020				
Borrowings	87,348	1,147	–	88,495
Trade and other payables (excluding accrued payroll and other taxes payables)	75,030	–	–	75,030
Lease liabilities	1,184	–	–	1,184
	163,562	1,147	–	164,709

3.2 Capital risk factors

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets as shown on the consolidated balance sheet. As at 31 December 2021, the total borrowing for the Group was RMB109,469,000 (2020: RMB86,096,000) and the gearing ratio, which is calculated by total borrowings divided by total assets was 23.9% (2020: 21.6%).

(All amounts in Renminbi Yuan thousands unless otherwise stated)

3. Financial Risk Management (Continued)

3.3 Fair value estimation

Financial assets and liabilities

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

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.

The following table presents the Group's financial assets that are measured at fair values at 31 December 2021 and 2020.

	2021	2020
Level 3		
Financial assets at FVTPL (note 15)		
– wealth management products	62,170	–
– a put option	–	386
Financial assets at FVOCI (note 11)	31,195	11,178
Total	93,365	11,564

Apart from the forementioned financial assets at FVOCI and at FVTPL, the Group's financial instruments recognised in the consolidated balance sheets are mainly cash and cash equivalents, trade and other receivables, borrowings and other financial liabilities carried at amortised cost. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivables and payables is either close to current market rates or the instruments are short-term in nature.

During the year ended 31 December 2021, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. There were no transfers among level 1, 2 and 3 during the year ended 31 December 2021 (2020: nil).

(All amounts in Renminbi Yuan thousands unless otherwise stated)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

Financial assets and liabilities (Continued)

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- 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.

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. The Group assesses the fair value of the Group's level 3 instruments by using valuation techniques.

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

Description	Fair value at 31 December 2021	Valuation techniques	Unobservable inputs *	Range of inputs	Relationship of unobservable inputs to fair value
Financial assets at FVOCI – unlisted equity securities	23,517	Market approach	Price Earnings Ratio ("P/E")	13.56–22.53	The higher P/E, the higher fair value
	1,905	Market approach	Price-to-Book Ratio ("P/B")	1.02–1.77	The higher P/B, the higher fair value
	197	Market approach	Price-to-sales Ratio ("P/S")	4.00–7.82	The higher P/S, the higher fair value
	5,576	Market approach	Recent market price per share(RMB)	24	The higher recent market price per share, the higher fair value
Financial assets at FVTPL – wealth management products	62,170	Discounted cash flow method	Expected rate of return	3.19%–3.25%	The higher expected rate of return, the higher fair value

4. Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Net realisable value of inventories

Net realisable value of inventories is based on the management's best estimations of selling price of the inventories in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are made with reference to the current market conditions and the historical experience of selling goods of similar nature. It could change significantly as a result of changes in market condition. Management reassesses these estimations at each balance sheet date.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Significant judgement is required in determining the amount of the provision for taxation and timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

(c) Estimated impairment of goodwill

Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of goodwill have been determined based on value-in use calculations, taking into account latest market information and past experience. This calculation requires the use of judgements and estimates.

5. Segment information

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

The CODM manages the Group's business from the perspective of different product lines of the Group, i.e. printers and others. Since more than 90% of the Group's revenue and operating results are derived from product line of printers, no segment information has been prepared.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

6. Property, Plant and Equipment

	Buildings	Plant and machinery	Furniture and fixtures	Leasehold improvements	Motor vehicles	Total
At 1 January 2020						
Cost	73,430	183,172	20,791	3,275	12,030	292,698
Accumulated depreciation	(21,420)	(136,426)	(16,179)	(2,539)	(10,311)	(186,875)
Net book amount	52,010	46,746	4,612	736	1,719	105,823
Year ended 31 December 2020						
Opening net book amount	52,010	46,746	4,612	736	1,719	105,823
Additions	799	11,016	492	1,898	–	14,205
Disposals	–	(69)	–	–	–	(69)
Depreciation	(2,311)	(8,741)	(1,047)	(186)	(312)	(12,597)
Closing net book amount	50,498	48,952	4,057	2,448	1,407	107,362
At 31 December 2020						
Cost	74,229	193,508	21,283	5,173	12,030	306,223
Accumulated depreciation	(23,731)	(144,556)	(17,226)	(2,725)	(10,623)	(198,861)
Net book amount	50,498	48,952	4,057	2,448	1,407	107,362
Year ended 31 December 2021						
Opening net book amount	**50,498**	**48,952**	**4,057**	**2,448**	**1,407**	**107,362**
Additions	**148**	**8,328**	**245**	**2,147**	**1,160**	**12,028**
Disposals	**–**	**(277)**	**(13)**	**–**	**–**	**(290)**
Depreciation	**(2,245)**	**(9,044)**	**(845)**	**(404)**	**(79)**	**(12,617)**
Impairment (a)	**–**	**(555)**	**–**	**–**	**–**	**(555)**
Closing net book amount	**48,401**	**47,404**	**3,444**	**4,191**	**2,488**	**105,928**
At 31 December 2021						
Cost	**74,377**	**201,139**	**21,319**	**7,320**	**13,190**	**317,345**
Accumulated depreciation	**(25,976)**	**(153,180)**	**(17,875)**	**(3,129)**	**(10,702)**	**(210,862)**
Impairment (a)	**–**	**(555)**	**–**	**–**	**–**	**(555)**
Net book amount	**48,401**	**47,404**	**3,444**	**4,191**	**2,488**	**105,928**

Depreciation was expensed in the following accounts in the consolidated income statement:

	2021	2020
Cost of goods sold	**8,588**	8,230
Administrative expenses	**2,436**	2,845
Research and development expenses	**842**	721
Selling and marketing expenses	**751**	801
	12,617	12,597

(All amounts in Renminbi Yuan thousands unless otherwise stated)

6. Property, Plant and Equipment (Continued)

(a) Impairment loss

The impairment loss mainly relates to the machinery for the production of masks. The recoverable amounts of the machinery was determined based on the fair value less costs of disposal model. The relevant amount was recognised as administrative expense in the consolidated income statement.

(b) As at 31 December 2021, property, plant and equipment of RMB4,339,000 (2020: nil) were pledged as collateral for the Group's bank borrowings of RMB15,000,000 (note 20).

7. Leases

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2021	2020
Right-of-use assets		
Land-use rights	**7,144**	7,433
Buildings	**4,747**	1,112
	11,891	8,545
Lease liabilities		
Current	**1,318**	1,154
Non-current	**3,518**	–
	4,836	1,154

(All amounts in Renminbi Yuan thousands unless otherwise stated)

7. Leases (Continued)

(i) Amounts recognised in the balance sheet (Continued)

Movement of right-of-use assets is shown as below:

	2021	2020
Right-of-use assets		
Opening balance at 1 January	8,545	10,681
Additions	5,592	1,256
Disposal	–	(669)
Depreciation	(2,246)	(2,723)
Ending balance at 31 December	11,891	8,545

(ii) The income statement shows the following amounts relating to leases:

	2021	2020
Depreciation charge of right-of-use assets		
Land-use rights	289	289
Buildings	1,957	2,434
	2,246	2,723
Interest expense (included in finance cost)	226	100
Expense relating to short-term and low-value leases	2,074	4,986

The total cash outflow for leases in 2021 was RMB4,210,000 (2020: RMB4,920,000).

(All amounts in Renminbi Yuan thousands unless otherwise stated)

8. Intangible Assets

	Goodwill (Note a)	Proprietary technology	Software	Development cost	Total
At 1 January 2020					
Cost	7,113	9,292	1,897	–	18,302
Accumulated amortisation	–	(4,184)	(316)	–	(4,500)
Impairment	(586)	–	–	–	(586)
Net book amount	6,527	5,108	1,581	–	13,216
Year ended 31 December 2020					
Opening net book amount	6,527	5,108	1,581	–	13,216
Additions	–	–	398	1,585	1,983
Amortisation	–	(848)	(383)	–	(1,231)
Impairment	(2,262)	(631)	–	–	(2,893)
Closing net book amount	4,265	3,629	1,596	1,585	11,075
At 31 December 2020					
Cost	7,113	9,292	2,295	1,585	20,285
Accumulated amortisation	–	(5,032)	(699)	–	(5,731)
Impairment	(2,848)	(631)	–	–	(3,479)
Net book amount	4,265	3,629	1,596	1,585	11,075
Year ended 31 December 2021					
Opening net book amount	**4,265**	**3,629**	**1,596**	**1,585**	**11,075**
Additions	**–**	**–**	**31**	**516**	**547**
Transfers	**–**	**–**	**2,101**	**(2,101)**	**–**
Amortisation	**–**	**(805)**	**(711)**	**–**	**(1,516)**
Impairment	**(4,217)**	**–**	**–**	**–**	**(4,217)**
Closing net book amount	**48**	**2,824**	**3,017**	**–**	**5,889**
At 31 December 2021					
Cost	**7,113**	**9,292**	**4,427**	**–**	**20,832**
Accumulated amortisation	**–**	**(5,837)**	**(1,410)**	**–**	**(7,247)**
Impairment	**(7,065)**	**(631)**	**–**	**–**	**(7,696)**
Net book amount	**48**	**2,824**	**3,017**	**–**	**5,889**

Amortisation was expensed in the following accounts in the consolidated income statement:

	2021	2020
Cost of goods sold	**181**	67
Administrative expenses	**1,335**	1,164
	1,516	1,231

(All amounts in Renminbi Yuan thousands unless otherwise stated)

8. Intangible Assets (Continued)

(a) The goodwill of the Group as at 31 December 2021 and 2020 mainly arose from the acquisitions of Yingmei.me O2O cloud printing, Interactive video platform and Catering and e-commerce business and are monitored by management at the level of cash generating units ("CGUs"). Details of goodwill were shown as below:

	Yingmei.me O2O cloud printing	Interactive video platform	Others	Total
As at 1 January 2021	**4,217**	**–**	**48**	**4,265**
Impairment charge((i) and (ii))	**(4,217)**	**–**	**–**	**(4,217)**
As at 31 December 2021	**–**	**–**	**48**	**48**
As at 1 January 2020	5,742	737	48	6,527
Impairment charge	(1,525)	(737)	–	(2,262)
As at 31 December 2020	4,217	–	48	4,265

(i) Impairment tests for goodwill

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below.

The key assumptions used for the analysis of value-in-use calculations in 2021 are as follows:

	Yingmei.me O2O cloud printing
Annual growth rate of revenue (within the first five years)	5%
Long term growth rate of revenue (after the first five years)	3%
Pre-tax discount rate	13.0%

Average annual growth rate is based on management's expectations of market development. The long term growth rate used is based on the average growth rate of the consumer price index for the past ten years. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

(ii) Impairment charge

Yingmei.me O2O cloud printing

As a result of the management assessment, an impairment charge of RMB4,317,000 was made against the Yingmei.me O2O cloud printing CGU. This resulted from the sales of relevant cloud printing products continuously failing to meet the target. The impairment charge reduced the carrying value of goodwill by RMB4,217,000 and property, plant and equipment by RMB100,000.

If the pre-tax discount rate used in the value-in-use calculation for the Yingmei.me O2O cloud printing CGU had been 1% higher than management's estimates at 31 December 2021, the Group would have had to recognise an additional impairment charge against property, plant and equipment of RMB983,000.

Interactive Video Platform

During the year ended 31 December 2020, a full impairment was made on the goodwill of this CGU as the recoverable amounts calculated by management was lower than the carrying value. No class of asset other than goodwill was impaired.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

9. Investments in Subsidiaries

The following is a list of the principal subsidiaries at 31 December 2021:

Name	Place of incorporation	Principal activities and place of operations	Particulars of issued share capital/paid-in capital	Attributable equity interest held
Directly held by the Company				
Ying Mei Investment Limited	The British Virgin Islands ("BVI")	Investment holdings/PRC	US$50,000	100%
Kong Yue Investment Limited	BVI	Investment holdings/PRC	US$50,000	100%
Indirectly held by the Company				
Jolimark Technology Limited	Hong Kong	Investment holdings/PRC	HK$10,000	100%
上海江諾數碼科技有限公司 Shanghai Jiangnuo Digital Technology	PRC	Wholesale of business equipment and tax control equipment/PRC	RMB20,000,000	95.25%
江門江裕映美信息科技有限公司 Jiangmen Kong Yue Jolimark Information Technology Limited	PRC	Manufacturing and sales of business equipment and tax control equipment/PRC	HK$16,050,000	100%
新會江裕信息產業有限公司 Kong Yue Electronics & Information Industry (Xinhui) Limited ("Kongyue Information")	PRC	Manufacturing and sales of business equipment and tax control equipment/PRC	US$25,660,000	100%
Xin Yue Logistics Limited	Hong Kong	Logistics agent/Hong Kong	HK$2	100%
江門市江裕映美税控服務有限公司 Jiangmen Kong Yue Jolimark Tax Control Services Limited	PRC	Marketing of tax control equipment/PRC	RMB500,000	95%
Jolimark Printing Solutions (Hong Kong) Limited	Hong Kong	Wholesale of business equipment and tax control equipment/Hong Kong	HK$10,000	100%
先進噴墨系統有限公司 Advanced Inkjet Systems Limited	Taiwan	Research and development of the inkjet print heads/Taiwan	TWD3,700,000	100%
深圳酷外科技有限責任公司 Shenzhen Coolwi Technology Company Limited	PRC	Research and development of the internet of Things/PRC	RMB1,000,000	100%
深圳映美卡莫網絡有限公司 Shenzhen Yingmei Kamo Internet Limited	PRC	Research and development of the internet of Things/PRC	RMB1,000,000	100%
深圳市映星信息技術有限公司 Shenzhen Yingxing Information Technology Limited	PRC	Import and export service for electronic business/PRC	RMB3,000,000	65%
極客王電子科技(深圳)有限公司 Geek King Electronic Technology (Shenzhen) Co., Ltd.	PRC	Import and export service for electronic business/PRC	RMB300,000	100%

All the subsidiaries are limited liability companies.

The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

10. Investments Accounted for Using the Equity Method

The amounts recognised in the consolidated balance sheet for associates are as follows:

	2021	2020
Balance at 1 January	**7,933**	7,821
Share of (loss)/gain – net	**(302)**	112
Impairment charge (note (a))	**(537)**	–
Balance at 31 December	**7,094**	7,933

(a) Set out below are the associates of the Group as at 31 December 2021 and 2020. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Region of business	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2021	2020			2021	2020
武漢數元網絡技術有限公司 Wuhan Shuyuan Digital Network Technology Limited Company ("Shuyuan")	China	**19.6%**	19.6%	Associate	Equity method	**7,094**	7,396
武漢鴻瑞達信息技術有限公司 Wuhan Hong Rui Da Information Technology Limited Company ("Hong Rui Da")	China	**49.2%**	49.2%	Associate	Equity method	**–**	–
新余凱易教育投資合夥企業（有限合夥） Xinyu Kaiyi Education Investment Limited Partnership ("Kaiyi")	China	**19.96%**	19.96%	Associate	Equity method	**–**	537

(All amounts in Renminbi Yuan thousands unless otherwise stated)

11. Financial Assets at Fair Value through Other Comprehensive Income

	As at 31 December	
	2021	2020
Level 3		
Balance at 1 January	**11,178**	5,956
Additions (Note (a))	**–**	5,009
Fair value gains – net (Note (b))	**20,017**	213
Balance at 31 December	**31,195**	11,178

(a) On 18 December 2020, the Group acquired through bidding on Shanghai United Assets and Equity Exchange 0.36% of the equity interest in Ele-Cloud Information Technology Co., Ltd. for an aggregate consideration of RMB5,000,000. Ele-Cloud Information Technology Co., Ltd. engages in tax digitalisation service provider in China.

(b) During the year ended 31 December 2021, the fair value gains are mainly derived from the investments in Guangdong Aerospace Information Aisino Technology Co., Ltd ("Aisino"). Aisino mainly engages in providing tax-related software services to issue electronic invoices in China.

12. Financial Instruments by Categories

		As at 31 December	
	Note	**2021**	2020
Financial assets			
Financial assets at amortised cost			
Trade and other receivables (excluding prepayments)	14	**41,976**	31,800
Restricted cash	17	**596**	153
Cash and cash equivalents	16	**63,325**	104,430
Financial assets at FVOCI	11	**31,195**	11,178
Financial assets at FVTPL	15	**62,170**	386
		199,262	147,947
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables (excluding accrued payroll and other taxes payables)		**93,016**	75,030
Lease liabilities	7	**4,836**	1,154
Borrowings	20	**109,469**	86,096
		207,321	162,280

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

13. Inventories

	As at 31 December	
	2021	2020
Raw materials	**82,201**	68,260
Work in progress	**5,351**	6,113
Finished goods	**24,909**	26,665
	112,461	101,038

At 31 December 2021, inventories of approximately RMB29,146,000 (31 December 2020: RMB34,474,000) are measured at net realisable values.

The cost of inventories recognised in the consolidated income statement amounted to RMB248,998,000 (year ended 31 December 2020: RMB191,106,000).

During the year ended 31 December 2021, a provision of RMB2,074,000 (year ended 31 December 2020: reversal of RMB4,528,000) was made to write down the inventories (note 26) and recognised as cost of goods sold in the consolidated income statement.

14. Trade and Other Receivables

		As at 31 December	
	Note	**2021**	2020
Non-current			
Other receivables			
– Third parties		**–**	359
– Related parties	35	**–**	1,292
Non-current portion		**–**	1,651
Current			
Trade receivables			
– Third parties	a	**22,784**	19,329
Less: loss allowance of trade receivables		**(472)**	(224)
		22,312	19,105
Bills receivables	b	**10,863**	302
Less: loss allowance of bills receivables		**(29)**	–
		10,834	302
Prepayments			
– Third parties		**4,840**	4,288
– Related parties	35	**20**	20
		4,860	4,308
Other receivables			
– Third parties		**7,856**	10,665
– Related parties	35	**1,415**	797
Less: loss allowance of other receivables			
– Third parties		**(420)**	(720)
– Related parties		**(21)**	–
		8,830	10,742
Current portion		**46,836**	34,457
		46,836	36,108

(All amounts in Renminbi Yuan thousands unless otherwise stated)

14. 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 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2021	2020
Less than 30 days	**8,669**	13,803
31–90 days	**8,259**	3,327
91–180 days	**2,831**	1,182
181–365 days	**1,373**	702
Over 365 days	**1,180**	91
	22,312	19,105

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021 a provision of RMB472,000 (31 December 2020: RMB224,000) was made against the gross amounts of trade receivables.

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

During the year ended 31 December 2021, the Group entered into a series of agreements, discounting the bills receivables in the commercial banks. Under these arrangements, the Group has transferred the commercial and bank acceptance bills to the banks in exchange for cash and is prevented from selling or pledging the receivables. The Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in the consolidated balance sheet.

The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

As at 31 December 2021, the transferred receivables recognised in bills receivable amounted to RMB7,442,000 (31 December 2020: nil). The amounts repayable under these agreements are presented as secured borrowing (Note 20).

Management considers that in substance the banks collect the amounts receivable on the entity's behalf and retain the cash in settlement of the separate financing transaction. The Group therefore presents the cash inflows received from the bank as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

14. Trade and other receivables (Continued)

(c) The carrying amounts of trade and other receivables, excluding prepayments, are denominated in the following currencies:

	As at 31 December	
	2021	2020
RMB	**41,710**	30,834
HK$	**158**	869
US$	**12**	–
Other currencies	**96**	97
	41,976	31,800

(d) As at 31 December 2021 and 2020, trade receivables of approximately RMB7,047,000 and RMB3,385,000 were past due respectively.

(e) The maximum exposure to credit risk is the carrying amounts of trade and other receivables. The Group does not hold any collateral as security.

15. Financial Assets at Fair Value Through Profit or Loss

	As at 31 December	
	2021	2020
Level 3		
Balance at 1 January	**386**	463
Additions	**223,000**	–
Disposals	**(161,000)**	–
Fair value losses – net	**(216)**	(77)
Balance at 31 December	**62,170**	386

(a) As at 31 December 2021, the Group's financial assets at fair values through profit or loss included wealth management products sponsored and managed by banks.

(b) Balance as at 31 December 2020 represented a put option embedded in the Group's investment in Kaiyi, a limited partnership set up for investing in an education consulting company, pursuant to which the Group has a right to put the Group's equity interest in Kaiyi to the controlling shareholder of the education consulting company at a price of the Group's original capital contribution plus a return of 10% per annum on and after the third anniversary of the investment. During the year ended 31 December 2021, the Group did not exercise the put option with the option lapsed, resulting in the fair value losses amounting to RMB386,000 recognised in the Other Gain – net.

16. Cash and Cash Equivalents

	As at 31 December 2021	2020
Cash at bank and in hand		
Denominated in:		
RMB	**60,523**	101,392
US$	**1,192**	865
TWD	**783**	796
HK$	**764**	1288
Other currencies	**63**	89
	63,325	104,430

The maximum exposure to credit risk is the carrying amounts of cash and cash equivalents.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

17. Restricted Cash

	As at 31 December 2021	2020
Guarantee deposits		
Current	**155**	153
Non-current	**441**	–
	596	153

The amount of RMB596,000 represents the letter of guarantees for certain contracts to fulfil the obligation of printer sales.

18. Share Capital and Premium

	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares RMB'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
Balance at 31 December 2020 and 2021	10,000,000,000	100,000			
Issued and fully paid					
Balance at 1 January 2020, 31 December 2020 and 31 December 2021	612,881,500	6,129	6,402	2,753	9,155

(All amounts in Renminbi Yuan thousands unless otherwise stated)

19. Other Reserves

	Merger reserve (note (i))	Statutory reserve fund and enterprise expansion fund (note (ii))	Share option reserve (note (iii))	Financial assets at FVOCI	Others	Total
Balance at 1 January 2020	136,904	102,433	17,371	503	(153)	257,058
Employee share option scheme – value of employee services	–	–	5	–	–	5
Transfer from retained earnings	–	864	–	–	173	1,037
Revaluation – gross (Note 11)	–	–	–	213	–	213
Deferred tax for revaluation	–	–	–	(74)	–	(74)
NCI share in revaluation – gross	–	–	–	(13)	–	(13)
Balance at 31 December 2020	136,904	103,297	17,376	629	20	258,226
Balance at 1 January 2021	**136,904**	**103,297**	**17,376**	**629**	**20**	**258,226**
Employee share option scheme – value of employee services	**–**	**–**	**21**	**–**	**–**	**21**
Transfer from retained earnings	**–**	**2,012**	**–**	**–**	**40**	**2,052**
Revaluation – gross (Note 11)	**–**	**–**	**–**	**20,017**	**–**	**20,017**
Deferred tax for revaluation	**–**	**–**	**–**	**(5,083)**	**–**	**(5,083)**
NCI share in revaluation – gross	**–**	**–**	**–**	**(786)**	**–**	**(786)**
Balance at 31 December 2021	**136,904**	**105,309**	**17,397**	**14,777**	**60**	**274,447**

(i) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange pursuant to the reorganisation undertaken by the Group in preparation of the listing of the shares of the Company on the Stock Exchange which has been set out in the Prospectus of the Company dated 20 June 2005.

(ii) In accordance with relevant rules and regulations applicable to foreign investment company in the PRC, the Group's certain subsidiaries are required to make appropriations from net profit, after offsetting accumulated losses from prior years, to Statutory Reserve Fund and Enterprise Expansion Fund before it distributes profit to its shareholders. The appropriation to Statutory Reserve Fund should be 10% of its profit after taxation calculated under PRC accounting rules and regulations, until the accumulated total of the fund reaches 50% of the registered share capital of the company and appropriation to Enterprise Expansion Fund is solely determined by the board of directors of the company. The Statutory Reserve Fund can be used to offset accumulated losses brought forward from prior years or, upon approval by the relevant authority to increase the share capital of the company, the Enterprise Expansion Fund can only be used to increase share capital of the company upon approval by the relevant authority.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

19. Other Reserves (Continued)

(iii) Share options reserve

The following tables disclose details of the Company's share options held by the employees and movements in such holding during the year.

For the year ended 31 December 2021:

Date of grant	Exercise price per share (HK$)	Vesting period	Exercisable period	Number of share options: Outstanding at 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year (note (b))	Cancelled during the year	Outstanding at 31 December 2021
15 May 2015 (note (a))	2.17	15 May 2015 to 15 May 2019	15 May 2016 to 15 May 2021	9,740,000	–	–	(9,740,000)	–	–
25 September 2020 (note (a) and note (b))	0.13	25 September 2020 to 25 September 2024	25 September 2021 to 25 September 2026	2,900,000	–	–	–	(500,000)	2,400,000
				12,640,000	–	–	(9,740,000)	(500,000)	2,400,000
		Exercisable at the end of the year		9,740,000					600,000
		Weighted average exercise price (HK$)		1.70	–	–	2.17	0.13	0.13

(a) The first 25% of the option can be exercised at any time on and after the first anniversary of the grant of the option. The next 25% of the option can be exercised at any time commencing from the second anniversary of the grant of the option. The third 25% of the option can be exercised at any time commencing from the third anniversary of the grant of the option. The fourth 25% of the option can be exercised at any time commencing from the fourth anniversary of the grant of the option.

(b) During the year ended 31 December 2021, 10,240,000 shares were forfeited and nil was reversed in the consolidated income statement and other reserve account.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

19. Other Reserves (Continued)

(iii) Share options reserve (Continued)

The following tables disclose details of the Company's share options held by the employees and movements in such holding during the year(continued).

For the year ended 31 December 2020:

Date of grant	Exercise price per share (HK$)	Vesting period	Exercisable period	Number of share options: Outstanding at 1 January 2020	Granted during the year (note (c))	Exercised during the year	Lapsed during the period (note (b))	Cancelled during the period	Outstanding at 31 December 2020
17 December 2014 (note (a))	1.70	17 December 2014 to 17 December 2018	17 December 2015 to 17 December 2020	14,530,000	–	–	(13,780,000)	(750,000)	–
15 May 2015 (note (a))	2.17	15 May 2015 to 15 May 2019	15 May 2016 to 15 May 2021	11,890,000	–	–	–	(2,150,000)	9,740,000
25 September 2020 (note (a) and note (b))	0.13	25 September 2020 to 25 September 2024	25 September 2021 to 25 September 2026	–	2,900,000	–	–	–	2,900,000
				26,420,000	2,900,000	–	(13,780,000)	(2,900,000)	12,640,000
		Exercisable at the end of the year		23,447,500					9,740,000
		Weighted average exercise price (HK$)		1.91	0.13	–	1.70	2.05	1.70

(a) The first 25% of the option can be exercised at any time on and after the first anniversary of the grant of the option. The next 25% of the option can be exercised at any time commencing from the second anniversary of the grant of the option. The third 25% of the option can be exercised at any time commencing from the third anniversary of the grant of the option. The fourth 25% of the option can be exercised at any time commencing from the fourth anniversary of the grant of the option.

(b) During the year ended 31 December 2020, 16,680,000 shares were forfeited and nil was reversed in the consolidated income statement and other reserve account.

(c) The fair value of share options granted in 2020 of 2,900,000 shares determined using the "binomial valuation model" was HK$91,000(equivalent to RMB76,000). The significant inputs into the model were weighted average share prices of HK$0.13 at the grant date, exercise price shown above, expected volatility of 51.58%, expected dividend yield of 10.39%, and expected share option life of 6 years and an annual risk-free interest rate of 0.29%.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

20. Borrowings

	As at 31 December	
	2021	2020
Non-current		
Guaranteed bank borrowing (note (a))	**2,046**	1,108
Secured bank borrowing (note (a))	**15,000**	–
Less: current portion of non-current borrowings	**(497)**	–
	16,549	1,108
Current		
Secured bank borrowing (note (c))	**7,423**	–
Unsecured bank borrowing (note (b))	**85,000**	84,988
Add: current portion of non-current borrowings	**497**	–
	92,920	84,988
	109,469	86,096

(a) The bank borrowings of HKD2,502,000 (RMB2,046,000) were guaranteed by the director of the Company, Mr. Au Pak Yin, which bears an interest rate of 2.5% per annum below the prime lending rate for HK dollars.

As at 31 December 2021, property, plant and equipment of RMB4,339,000 were pledged as collateral for the Group's bank borrowings RMB15,000,000.

(b) The amounts presented bank borrowings bearing fixed interest rates ranging from 4.00% to 4.25%.

(c) Of the secured bank borrowings, RMB7,423,000 is related to transferred receivables, which are recognised as bill receivables (Note 14) and bear an annualised interest rate from 2.15% to 2.45%.

(d) The fair values of the borrowings approximate their carrying amount, as the impact of discounting is not significant.

(e) The Group has the following undrawn loan facilities:

	As at 31 December	
	2021	2020
– Expiring within one year	**45,000**	–
– Expiring beyond one year	**–**	30,000
	45,000	30,000

(All amounts in Renminbi Yuan thousands unless otherwise stated)

20. Borrowings (Continued)

(f) The maturity of the borrowings is as follows:

	As at 31 December	
	2021	2020
Less than 1 year	**92,920**	84,988
1 to 2 years	**15,533**	–
2 to 5 years	**1,016**	1,108
	109,469	86,096

21. Deferred Income Tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2021	2020
To be realised over 1 year:		
Deferred income tax assets	**6,661**	6,954
Deferred income tax liabilities	**(5,488)**	(382)
Deferred tax assets – net	**1,173**	6,572

The net movements on the deferred income tax are as follows:

	As at 31 December	
	2021	2020
Balance at 1 January	**6,572**	7,829
Charged to		
– consolidated income statement	**(316)**	(1,183)
– other comprehensive income	**(5,083)**	(74)
Balance at 31 December	**1,173**	6,572

(All amounts in Renminbi Yuan thousands unless otherwise stated)

21. Deferred Income Tax (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities	Changes in fair value of financial assets at FVOCI and FVTPL over the tax bases	Valuation appreciation	Total
At 1 January 2020	(305)	(58)	(363)
(Charged)/credited to			
– consolidated income statement	–	55	55
– other comprehensive income	(74)	–	(74)
At 31 December 2020	(379)	(3)	(382)
At 1 January 2021	**(379)**	**(3)**	**(382)**
(Charged)/credited to			
– consolidated income statement	**(26)**	**3**	**(23)**
– other comprehensive income	**(5,083)**	**–**	**(5,083)**
At 31 December 2021	**(5,488)**	**–**	**(5,488)**

Deferred income tax assets	Temporary difference from inventories	Tax losses	Others	Total
At 1 January 2020	1,824	6,356	12	8,192
(Charged)/credited to				
– consolidated income statement	(350)	(916)	28	(1,238)
At 31 December 2020	1,474	5,440	40	6,954
At 1 January 2021	**1,474**	**5,440**	**40**	**6,954**
(Charged)/credited to				
– consolidated income statement	**341**	**(815)**	**181**	**(293)**
At 31 December 2021	**1,815**	**4,625**	**221**	**6,661**

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Tax losses of certain group companies over which deferred tax assets were recognised as below:

	As at 31 December	
	2021	2020
Tax loss expiring from 2 to 5 years	**21,182**	24,446

(All amounts in Renminbi Yuan thousands unless otherwise stated)

22. Trade and Other Payables

	As at 31 December	
	2021	2020
Current Liabilities		
Trade payables – third parties	**66,502**	45,695
Other payables		
– Third parties	**36,974**	38,033
– Related parties (note 35)	**593**	–
Dividends payable	**396**	396
	104,465	84,124

At 31 December 2021, the ageing analysis of the trade payables based on invoice date, including amounts due to related parties of trading nature, is as follows:

	As at 31 December	
	2021	2020
Less than 30 days	**35,931**	25,110
31–90 days	**24,724**	17,295
91–180 days	**2,454**	376
181–365 days	**1,040**	990
Over 365 days	**2,353**	1,924
	66,502	45,695

The carrying amounts of trade and other payables are denominated in the following currencies:

	As at 31 December	
	2021	2020
RMB	**98,403**	76,204
HK$	**5,931**	6,800
TWD	**131**	1,120
	104,465	84,124

(All amounts in Renminbi Yuan thousands unless otherwise stated)

23. Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2021	2020
Contract liabilities		
– sales contracts of printers	**26,989**	10,557

Contract liabilities for sales contracts of printers have increased by RMB16,432,000 as a result of increase of prepaid sales orders.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
– sales contracts of printers	**10,557**	1,497

(iii) Unsatisfied performance obligations

As at 31 December 2021 and 2020, the transaction price allocated to all performance obligations not yet satisfied by the Group was from contracts with original expected duration of more than one year is RMB1,087,000 (2020: RMB610,000).

24. Revenue

(a) Revenue from contracts with customers

	2021	2020
Sales of goods – at a point in time		
– Printers	**314,805**	265,128
– Other products	**29,801**	10,839
	344,606	275,967

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

	2021	2020
In the PRC	**337,609**	262,726
In other countries	**6,997**	13,241
	344,606	275,967

(c) For the year ended 31 December 2021, approximately 25% (2020: 15%) of total revenue was derived from a single external customer, for sales of printers.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

25. Other Income

	2021	2020
Interest income of bank deposits	**999**	2,178
Dividend received	**1,607**	1,232
Incentive subsidy	**382**	3,757
Others	**437**	910
	3,425	8,077

26. Expenses by Nature

	2021	2020
Depreciation and amortisation	**17,099**	17,604
– Property, plant and equipment (note 6)	**12,617**	12,597
– Right-of-use assets (note 7)	**2,246**	2,723
– Intangible assets (note 8)	**1,516**	1,231
– Other assets	**720**	1,053
Raw materials and consumables recognised in cost of goods sold and expenses	**220,418**	169,302
Employee benefit expenses (note 27)	**85,932**	75,123
Transportation expenses	**6,926**	6,867
Travel and entertainment expenses	**5,007**	4,825
Repairs and maintenance	**2,377**	2,280
Subcontracting charges	**1,124**	1,131
Operating leases (note 7)	**2,074**	4,986
Provision for/(reversal of) inventories (note 13)	**2,074**	(4,528)
Service fees for product development	**2,491**	3,646
Auditor's remuneration	**1,520**	1,440
–Audit services	**1,500**	1,400
–Non-audit services	**20**	40
Advertising and promotion fees	**2,197**	3,005
Impairment of goodwill (note 8)	**4,217**	2,262
Impairment of intangible assets and property, plant and equipment (note 6 and 8)	**555**	631
Others	**12,782**	14,630
	366,793	303,204

Certain figures have been reclassified to conform to the current presentation.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

27. Employee Benefit Expenses

	2021	2020
Wages and salaries	72,602	68,665
Employee share option scheme – value of employee services (note 19)	21	5
Staff welfare and insurance	7,663	6,039
Pension costs – defined contribution plans	5,646	414
	85,932	75,123

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2020: two) director whose emoluments are reflected in the analysis in benefits and interests of directors (note 37). The emoluments payable to the remaining four (2020: three) out of the five highest paid individuals during the year are as follows:

	2021	2020
Salaries and other benefits	2,356	2,225
Retirement scheme contributions	40	16
	2,396	2,241

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands (in HK dollar)		
HK$0 – HK$1,000,000	4	3

28. Other Gains – Net

	2021	2020
Fair value gains/(losses) on financial assets at FVTPL	912	(77)
Foreign exchange (losses)/gains – net	(142)	169
(Losses)/gains from disposal of machinery and equipment	(58)	69
Compensation income	236	2
Others	390	59
	1,338	222

(All amounts in Renminbi Yuan thousands unless otherwise stated)

29. Finance Expenses – Net

	2021	2020
Interest expenses		
– bank borrowings	**5,852**	5,097
– loan from a non-controlling shareholder	**91**	94
– lease liabilities	**226**	100
Exchange gains on bank borrowings	**(51)**	(90)
	6,118	5,201

30. Income Tax Expenses

	2021	2020
Current income tax expenses		
– PRC corporate income tax (note (b))	**37**	–
Deferred income tax	**316**	1,183
	353	1,183

The income tax on the Group's profit before taxation differs from the theoretical amount that would arise using the enacted tax rate of the home countries of the Group entities as follows:

	2021	2020
Loss before income tax	**(24,829)**	(24,251)
Tax calculated at applicable corporate income tax rate	**(4,912)**	(5,655)
Tax losses for which no deferred income tax assets were recognised	**4,541**	7,104
Write-off of previously recognised deferred tax assets for tax losses	**769**	–
Additional deductible allowance for research and development expenses	**(1,213)**	(965)
Utilisation of previously unrecognised tax losses	**(81)**	–
Effect of share of profit or loss of an associate	**45**	(17)
Effect of dividend income not subject to tax	**(392)**	(308)
Effect of goodwill impairment	**633**	339
Effect of expenses not deductible for tax purposes	**963**	685
	353	1,183

30. Income Tax Expenses (Continued)

(a) Hong Kong profits tax

The applicable Hong Kong tax rate is 16.5% for the year ended 31 December 2021 (2020: 16.5%).

(b) PRC corporate income tax

The main business of the Group is conducted by Kong Yue Electronics & Information Industry (Xinhui) Limited ("Kongyue Information"), which is a foreign investment company based in Jiangmen City, the PRC. The corporate income tax (the "CIT") of Kongyue Information is provided for on the basis of its profit reported in the PRC statutory financial statements, adjusted for income and expenses items, which are not assessable or deductible for income tax purpose.

Pursuant to the PRC Corporate Income Tax Law (the "CIT Law"), the CIT rate is 25%. As Kongyue Information has been qualified as High and New Technology Enterprises ("HNTE") for three years from 2020 to 2023, it enjoys a preferential CIT rate at 15% for the year ended 31 December 2021 (2020: 15%). The effective CIT rate of other group entities in the PRC is 25% (2020: 25%).

(c) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed out from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

During the year, the Group incurred no withholding income tax (2020: nil). No deferred income tax has been provided for PRC dividend withholding tax as at 31 December 2021.

(d) Overseas income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2013 Revision) of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Subsidiaries of the Company in the BVI are incorporated under the International Business Companies Act of the BVI and, accordingly, are exempted from income tax in the BVI.

31. 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 2,400,000 options granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the year ended 31 December 2021. These options could potentially dilute basic (loss)/earnings per share in the future.

	2021	2020
Loss attributable to the shareholders of the Company (RMB'000)	**(25,139)**	(25,113)
Weighted average number of ordinary shares in issue (shares in thousands)	**612,882**	612,882
Basic and diluted loss per share (RMB per share)	**(0.041)**	(0.041)

32. Dividends

No dividend was recommended by the board of directors for the year ended 31 December 2021 (for the year ended 31 December 2020: nil).

(All amounts in Renminbi Yuan thousands unless otherwise stated)

33. Cash flow information

(a) Cash generated from operating activities

	2021	2020
Loss before income tax	(24,829)	(24,251)
Adjustments for:		
– Depreciation and amortisation (note 26)	17,099	17,604
– Losses/(gains) from disposal of property, plant and Equipment (note 28)	58	(69)
– Net impairment losses on financial assets	448	224
– Interest income (note 25)	(999)	(2,178)
– Employee share option scheme – value of employee services (note 27)	21	5
– Fair value (gains)/losses on financial assets at FVTPL (note 28)	(912)	77
– Finance expenses – net (note 29)	6,118	5,201
– Exchange losses on cash and cash equivalents	65	1,255
– Impairment of goodwill (note 8)	4,217	2,262
– Impairment loss of intangible assets and property, plant and equipment	555	631
– Share of loss/(profit) of investments accounted for using the equity method	839	(112)
– Dividend income from an investee (note 25)	(1,607)	(1,232)
	1,073	(583)
Changes in working capital:		
– Inventories	(11,423)	(14,581)
– Trade and other receivables	(11,198)	(1,479)
– Restricted cash	(443)	–
– Contract liabilities	16,432	9,060
– Trade and other payables	19,596	14,230
Cash generated from operations	14,037	6,647

(All amounts in Renminbi Yuan thousands unless otherwise stated)

33. Cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Liabilities arising from financing activities		
	Borrowings (note 20)	Lease liabilities (note 7)	Total
As at 1 January 2021	**86,096**	**1,154**	**87,250**
Financing cash flows	**23,424**	**(1,910)**	**21,514**
Addition of leases	**–**	**5,592**	**5,592**
Interest expenses recognised	**5,852**	**226**	**6,078**
Interest payments presented as operating cash flows	**(5,852)**	**(226)**	**(6,078)**
Foreign exchange adjustments	**(51)**	**–**	**(51)**
As at 31 December 2021	**109,469**	**4,836**	**114,305**

	Borrowings (note 20)	Lease liabilities (note 7)	Total
As at 1 January 2020	92,247	3,008	95,255
Financing cash flows	(6,061)	(2,341)	(8,402)
Addition of leases	–	1,256	1,256
Disposal of leases	–	(769)	(769)
Interest expenses recognised	5,097	100	5,197
Interest payments presented as operating cash flows	(5,197)	(100)	(5,297)
Changes in interest payable recognised in other payables	100	–	100
Foreign exchange adjustments	(90)	–	(90)
As at 31 December 2020	86,096	1,154	87,250

34. Capital commitments

The future aggregate minimum payments of property, plant and equipment are as follows:

	2021	2020
No later than 1 year	**173**	1,380

35. Related-party Transactions

Mr. Au controls 100% of Au Pak Yin, Tai Noi Kit Family Holdings Limited and in turn control 100% of Kytronics Growth Limited and Kytronics Holdings Limited ("Kytronics"). Mr. Au controls the 72.61% shareholdings of Kytronics in the Company.

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties.

(a) Name and relationship with related parties

Name	Relationship
Au Pak Yin, Tai Noi Kit Family Holdings Limited	Ultimate holding company of the Company (incorporated in British Virgin Islands)
Mr. Au Pak Yin	Ultimate beneficial owner and also the director of the Company
Au Family	Beneficial owners of the Company including Mr. Au Pak Yin, Ms. Tai Noi Kit, Mr. Au Kwok Lun. Mr. Ou Guo Liang and Ms. Ou Ri Ai
Close Au Family Members	Close family members of Au Family
麗宮國際酒店 Palace International Hotel ("Palace")	Company controlled by close Au Family Members
江門麗宮國際食品股份有限公司 Jiangmen Palace International Food,Inc. ("Palace Food")	Company controlled by Mr. Au Pak Yin
至和健康產業（香港）有限公司 Consolife Healthcare Limited ("Consolife Healthcare")	Company controlled by close Au Family Members
江裕科技園（新會）有限公司 Kong Yue Industrial Park (Xinhui) Limited ("Industrial Park")	Company beneficially owned by Mr. Au Pak Yin and close Au Family Members
江門市華盛工業製造有限公司* Jiangmen Huasheng Industrial and Manufacturing Co., Ltd ("Jiangmen Huasheng")*	Company controlled by close Au Family Members
廣東江裕中鼎橡膠製品有限公司** Guangdong Kong Yue Zhongding Rubber Component Limited ("Guangdong Zhongding")**	Company under significant influence of Au Family
江門市江裕信息產品進出口有限公司*** Jiangmen Kong Yue Information Products Import Export Limited ("KY Import/Export")	Company controlled by close Au Family Members
Shuyuan	An associate of the Group

* Jiangmen Huasheng was no longer the Group's related party since April 2020.

** Guangdong Zhongding was no longer the Group's related party since June 2020.

*** KY Import/Export was deregistrated on 12 April 2021.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

35. Related-party Transactions (Continued)

(b) Transactions with related parties

The following significant transactions were carried out with related parties:

	2021	2020
(i) Sales of goods (note (b-1))		
– Palace	27	–
– Palace Food	1	–
	28	–
(ii) Purchase of goods (note (b-1))		
– Palace Food	765	–
– Jiangmen Huasheng	–	896
– Guangdong Zhongding	–	874
	765	1,770
(iii) Purchase of services (note (b-1))		
– Industrial Park	691	–
– Palace	718	27
	1,409	27
(iv) Lease income (note (b-1))		
– Consolife Healthcare	135	–
	135	–

Notes:

(b-1) The purchase transactions are negotiated with related parties in a normal course of business.

(c) Key management compensation

The remuneration of executive directors of the Company and other members of key management of the Group during the year was as follows:

	2021	2020
– Salary and other short-term employee benefits	3,543	5,704
– Retirement scheme contribution	92	35
	3,635	5,739

(All amounts in Renminbi Yuan thousands unless otherwise stated)

35. Related-party Transactions (Continued)

As at 31 December 2021, the Group had the following material balances with related parties:

(d) Balances with related parties

	2021	2020
Trade and other receivables from related parties (note 14)		
– Hong Rui Da (note (d-2))	**1,362**	2,039
– Industrial Park (note (d-1))	**–**	50
– Consolife Healthcare	**53**	–
	1,415	2,089
Prepayment to a related party (note 14)		
– Hong Rui Da	**20**	20
Trade and other payables to a related party (note 22)		
– Industrial Park	**593**	–

Notes:

(d-1) The balance is interest free and repayable on demand.

(d-2) The balance represents a secured loan to an associate company, Hong Rui Da, which was originally interest free with three-year maturity due in July 2020 and was extended for another two years upon the original due date. The renewed loan is due in two instalments in July 2021 and July 2022, with interest rate of 4.65% per annum.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

36. Balance Sheet and Reserve Movement of the Company

Balance sheet of the Company

		As at 31 December	
ASSETS	**Note**	**2021**	2020
Non-current assets			
Investments in subsidiaries	9	**231,647**	231,626
Other assets		**1,035**	1,229
		232,682	232,855
Current assets			
Amounts due from subsidiaries		**3,247**	4,993
Cash and cash equivalents		**413**	304
		3,660	5,297
Total assets		**236,342**	238,152
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium	18	**9,155**	9,155
Other reserves	(a)	**229,483**	229,462
Accumulated losses	(a)	**(5,425)**	(3,661)
Total equity		**233,213**	234,956
LIABILITIES			
Current liabilities			
Trade and other payables		**3,129**	3,196
Total liabilities		**3,129**	3,196
Total equity and liabilities		**236,342**	238,152

Mr. Au Pak Yin
Director

Mr. Au Kwok Lun
Director

(All amounts in Renminbi Yuan thousands unless otherwise stated)

36. Balance Sheet and Reserve Movement of the Company (Continued)

(a) Reserve movement of the Company

	Retained earnings/ (accumulated losses)	Other reserves
At 1 January 2020	2,134	229,457
Loss for the year	(5,795)	–
Employee share option scheme – value of employee services	–	5
At 31 December 2020	(3,661)	229,462
At 1 January 2021	**(3,661)**	**229,462**
Loss for the year	**(1,764)**	**–**
Employee share option scheme – value of employee services	**–**	**21**
At 31 December 2021	**(5,425)**	**229,483**

37. Benefits and Interests of Directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2021:

Name	Fees	Salaries	Discretionary bonuses	Housing allowance	Allowances and benefits in kind	Employee's contribution to retirement scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
Executive directors								
Mr. Au Pak Yin	–	–	–	56	–	–	–	56
Mr. Au Kwok Lun (Chief Executive Officer)	197	969	–	–	98	15	–	1,279
Non-executive director								
Mr. Ou Guo Liang*	–	–	–	–	–	15	–	15
Independent non-executive directors								
Mr Yeung Kwok Keung	197	–	–	–	–	–	–	197
Ms. Kan Lai Kuen, Alice	197	–	–	–	–	–	–	197
Ms.Zhong Xiaolin	197	–	–	–	–	–	–	197
	788	969	–	56	98	30	–	1,941

(All amounts in Renminbi Yuan thousands unless otherwise stated)

37. Benefits and Interests of Directors (Continued)

(a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2020:

Name	Fees	Salaries	Discretionary bonuses	Housing allowance	Allowances and benefits in kind	Employee's contribution to retirement scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
Executive directors								
Mr. Au Pak Yin	214	1,495	–	60	–	–	–	1,769
Mr. Au Kwok Lun (Chief Executive Officer)	214	993	–	–	107	16	–	1,330
Mr. Ou Guo Liang*	214	192	–	–	107	16	–	529
Independent non-executive directors								
Mr Yeung Kwok Keung	214	–	–	–	–	–	–	214
Mr. Meng Yan**	84	–	–	–	–	–	–	84
Ms. Kan Lai Kuen, Alice	214	–	–	–	–	–	–	214
Ms.Zhong Xiaolin	130	–	–	–	–	–	–	130
	1,284	2,680	–	60	214	32	–	4,270

* From 1 January 2021, Mr. Ou Guo Liang was re-designated from an executive director to a non-executive director.

** Mr. Meng Yan retired from the Group on 22 May 2020.

(All amounts in Renminbi Yuan thousands unless otherwise stated)

37. Benefits and Interests of Directors (Continued)

(a) Directors' and chief executive's emoluments (Continued)

During the years ended 31 December 2021 and 2020, none of the directors of the Company waived their emoluments nor have agreed to waive their emoluments.

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking		Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking		Total	
2021	2020	**2021**	2020	**2021**	2020
1,787	3,995	**154**	275	**1,941**	4,270

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years 2021 and 2020 or at any time during the years ended 31 December 2021 and 2020.

(c) Directors' retirement benefits

During the year ended 31 December 2021 and 2020, there were no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed in note(a) above.

(d) Directors' termination benefits

During the year ended 31 December 2021 and 2020, there was no termination benefits received by the directors.

(e) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2021 and 2020, no consideration was paid for making available the services of the directors of the Company.

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2021 and 2020, there was no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

Five-Year Financial Summary

(All amounts in Renminbi Yuan thousands unless otherwise stated)

Consolidated Balance Sheets

	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
ASSETS					
Non-current assets					
Property, plant and equipment	**105,928**	107,362	105,823	103,640	94,402
Right-of-use assets	**11,891**	8,545	10,681	–	–
Land use right	**–**	–	–	8,010	8,299
Intangible assets	**5,889**	11,075	13,216	11,726	11,911
Investments accounted for using the equity method	**7,094**	7,933	7,821	9,132	14,870
Financial assets at fair value through profit or loss	**–**	–	463	463	–
Financial assets at fair value through other comprehensive income	**31,195**	11,178	5,956	6,214	–
Available-for-sale financial assets	**–**	–	–	–	2,556
Deferred income tax assets	**6,661**	6,954	8,192	4,349	2,190
Restricted cash	**441**	–	–	7,000	58,120
Other receivables	**–**	1,651	500	3,158	1,781
Other assets	**2,167**	3,264	3,124	3,038	–
	171,266	157,962	155,776	156,730	194,129
Current assets					
Inventories	**112,461**	101,038	86,320	91,876	79,795
Trade and other receivables	**46,836**	34,457	34,848	27,390	49,997
Financial assets at fair value through profit or loss	**62,170**	386	–	–	20,092
Time deposits	**–**	–	–	57,960	–
Restricted cash	**155**	153	7,153	254	253
Cash and cash equivalents	**63,325**	104,430	122,474	95,388	171,056
Other assets	**920**	–	–	–	–
	285,867	240,464	250,795	272,868	321,193
Total assets	**457,133**	398,426	406,571	429,598	515,322
EQUITY					
Capital and reserves attributable to shareholders of the Company					
Share capital and premium	**9,155**	9,155	9,155	12,814	51,297
Other reserves	**274,447**	258,226	257,058	256,185	252,643
(Accumulated losses)/retained earnings	**(77,587)**	(50,396)	(24,246)	8,799	40,365
	206,015	216,985	241,967	277,798	344,305
Non-controlling interests	**(129)**	(872)	(564)	(119)	(455)
Total equity	**205,886**	216,113	241,403	277,679	343,850
LIABILITIES					
Non-current liabilities					
Borrowings	**16,549**	1,108	–	31,543	50,154
Lease liabilities	**3,518**	–	1,363	–	–
Deferred income tax liabilities	**5,488**	382	363	475	667
	25,555	1,490	1,726	32,018	50,821
Current liabilities					
Trade and other payables	**104,465**	84,124	68,053	62,076	86,317
Contract liabilities	**26,989**	10,557	1,497	4,010	–
Lease liabilities	**1,318**	1,154	1,645	–	–
Current income tax liabilities	**–**	–	–	3,815	4,334
Borrowings	**92,920**	84,988	92,247	50,000	30,000
	225,692	180,823	163,442	119,901	120,651
Total liabilities	**251,247**	182,313	165,168	151,919	171,472
Total equity and liabilities	**457,133**	398,426	406,571	429,598	515,322
Net current assets	**60,175**	59,641	87,353	152,967	200,542
Total assets less current liabilities	**231,441**	217,603	243,129	309,697	394,671

(All amounts in Renminbi Yuan thousands unless otherwise stated)

Consolidated Income Statement

	2021	2020	2019	2018	2017
Revenue	**344,606**	275,967	297,064	329,621	373,188
Cost of goods sold	**(248,998)**	(191,069)	(212,208)	(224,595)	(241,790)
Gross profit	**95,608**	84,898	84,856	105,026	131,398
Other income	**3,425**	8,077	6,793	5,765	7,663
Selling and marketing expense	**(39,275)**	(32,889)	(40,240)	(40,130)	(37,740)
Administrative expenses	**(44,999)**	(41,886)	(39,646)	(38,782)	(47,065)
Research and development expenses	**(33,521)**	(37,360)	(44,441)	(44,523)	(28,111)
Net impairment losses on financial assets	**(448)**	(224)	–	(1,593)	–
Other gains/(losses) – net	**1,338**	222	(765)	440	1,523
Operating (loss)/profit	**(17,872)**	(19,162)	(33,443)	(13,797)	27,668
Finance expenses – net	**(6,118)**	(5,201)	(6,356)	(10,138)	(500)
Share of (loss)/profit of investments accounted for using the equity method	**(839)**	112	(1,311)	(4,667)	(7,100)
(Loss)/profit before income tax	**(24,829)**	(24,251)	(41,110)	(28,602)	20,068
Income tax (expenses)/credit	**(353)**	(1,183)	4,666	(439)	(6,593)
(Loss)/profit for the year	**(25,182)**	(25,434)	(36,444)	(29,041)	13,475
Attributable to:					
– Shareholders of the Company	**(25,139)**	(25,113)	(36,057)	(28,274)	13,853
– Non-controlling interests	**(43)**	(321)	(387)	(767)	(378)
	(25,182)	(25,434)	(36,444)	(29,041)	13,475
(Loss)/earnings per share for (loss)/profit attributable to the shareholders of the Company during the year (expressed in RMB per share)					
– Basic	**(0.041)**	(0.041)	(0.059)	(0.045)	0.021
– Diluted	**(0.041)**	(0.041)	(0.059)	(0.045)	0.021

Certain figures have been reclassified to conform to the current presentation.