



JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

2007 Annual Results Announcement

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	2007 RMB'000	2006 RMB'000
Turnover	4	834,212	943,252
Cost of goods sold	6	<u>(748,574)</u>	<u>(798,588)</u>
Gross profit		85,638	144,664
Other income	5	8,149	11,593
Selling and marketing costs	6	(27,649)	(36,988)
Administrative expenses	6	(52,914)	(60,516)
Other gains — net	7	<u>1,114</u>	<u>432</u>
Operating profit		14,338	59,185
Finance costs	8	(4,042)	(7,168)
Share of losses of associates and impairment charge		<u>(3,808)</u>	<u>(872)</u>
Profit before income tax		6,488	51,145
Income tax expenses	9	<u>(346)</u>	<u>(7,848)</u>
Profit for the year		<u>6,142</u>	<u>43,297</u>
Attributable to:			
Shareholders of the Company		4,690	42,426
Minority interests		<u>1,452</u>	<u>871</u>
		<u>6,142</u>	<u>43,297</u>
Basic and diluted earnings per share for profit attributable to the shareholders of the Company during the year (expressed in Renminbi per share)	10	<u>0.008</u>	<u>0.078</u>
Dividends		<u>4,311</u>	<u>18,108</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	<i>Note</i>	31 December 2007 RMB'000	31 December 2006 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		99,851	101,901
Land use right		11,189	11,478
Intangible assets		1,681	3,019
Interests in associates		5,199	9,007
Available-for-sale financial assets		1,000	1,050
Deferred income tax assets		6,409	2,005
		125,329	128,460
Current assets			
Inventories		191,195	243,410
Trade and other receivables	<i>11</i>	263,995	304,291
Cash and cash equivalents		160,895	100,834
		616,085	648,535
Total assets		741,414	776,995
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		282,194	282,194
Other reserves		185,252	185,252
Retained earnings			
— Proposed final dividend		4,311	11,820
— Unappropriated retained earnings		80,838	80,459
		552,595	559,725
Minority interests		14,261	15,889
Total equity		566,856	575,614

	<i>Note</i>	31 December 2007 RMB'000	31 December 2006 RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	12	109,797	134,065
Current income tax liabilities		8,252	9,507
Borrowings		<u>56,509</u>	<u>57,809</u>
Total liabilities		<u>174,558</u>	<u>201,381</u>
Total equity and liabilities		<u>741,414</u>	<u>776,995</u>
Net current assets		<u><u>441,527</u></u>	<u><u>447,154</u></u>
Total assets less current liabilities		<u><u>566,856</u></u>	<u><u>575,614</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Attributable to shareholders of the Company				
	Share capital and premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Minority interests <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2006	140,495	180,132	76,081	11,895	408,603
Placement of shares for cash	122,547	—	—	—	122,547
Placement of shares as considerations for acquisition of properties	32,137	—	—	—	32,137
Share placement costs	(3,589)	—	—	—	(3,589)
Repurchase of shares of the Company	(9,396)	—	—	—	(9,396)
Profit for the year	—	—	42,426	871	43,297
Transfer to the statutory reserve and enterprise expansion fund	—	5,120	(5,120)	—	—
Contribution from a minority interest	—	—	—	3,123	3,123
Dividends	—	—	(21,108)	—	(21,108)
Balance at 31 December 2006	<u>282,194</u>	<u>185,252</u>	<u>92,279</u>	<u>15,889</u>	<u>575,614</u>
Balance at 1 January 2007	282,194	185,252	92,279	15,889	575,614
Profit for the year	—	—	4,690	1,452	6,142
Acquisition of equity interests in a subsidiary from a minority interest	—	—	—	(4,340)	(4,340)
Capital contribution from a minority interest	—	—	—	1,355	1,355
Disposals of subsidiaries	—	—	—	(50)	(50)
Final dividends for 2006	—	—	(11,820)	—	(11,820)
Dividends declared to minority interests	—	—	—	(45)	(45)
Balance at 31 December 2007	<u>282,194</u>	<u>185,252</u>	<u>85,149</u>	<u>14,261</u>	<u>566,856</u>

1. GENERAL INFORMATION

- (a) Jolimark Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 22 July 2004 as an exempted company with limited liability under the Companies Law (2003 Revision) of the Cayman Islands. The address of its registered offices is Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands.
- (b) The Company and its subsidiaries (the “Group”) is a provider of business equipment and tax control equipment based in the People’s Republic of China (the “PRC”). The Group’s principal activities are manufacture and sales of printers, tax control equipment, projectors and other electronic products.
- (c) The Company had its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 June 2005.
- (d) These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 18 April 2008.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They have been prepared under the historical cost convention.

(a) *Standards, amendments and interpretations effective in 2007*

- HKFRS 7, “Financial instruments: Disclosures”, and the complementary amendment to HKAS 1, “Presentation of financial statements — Capital disclosures”.
- HK(IFRIC)-Int 8, “Scope of HKFRS 2”.
- HK(IFRIC)-Int 10, “Interim financial reporting and impairment”.

The Group has assessed the impact of the adoption of these new standards, amendment and interpretations and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies, whereas the adoption of HKAS 1 (revised) and HKFRS 7 introduces new disclosures relating to financial instruments and capital. There is no impact on the classification and valuation of the Group’s financial instruments.

(b) *Standards, amendments and interpretations effective in 2007 but not relevant*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HK(IFRIC)-Int 7, "Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies".
- HK(IFRIC)-Int 9, "Reassessment of embedded derivatives".

(c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of Financial Statements" (effective from 1 January 2009).
- HK(IFRIC)-Int 11, "HKFRS 2 — Group and treasury share transactions" (effective for annual period beginning on or after 1 March 2007).
- HKAS 23 (Revised), "Borrowing costs" (effective from 1 January 2009).
- HKFRS 8, "Operating segments" (effective from 1 January 2009).
- HKAS 27 (Revised) "Consolidated and Separate Financial Statements" (effective for annual period beginning on or after 1 July 2009).
- HKFRS 3 (Revised) "Business Combination" (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009).

(d) *Interpretations to existing standards that are not yet effective and not relevant for the Group's operations*

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 12, "Service concession arrangements" (effective from 1 January 2008).
- HK(IFRIC)-Int 13, "Customer loyalty programmes" (effective from 1 July 2008).
- HK(IFRIC)-Int 14, "HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008).
- HKAS 32 and HKAS 1 Amendments "Puttable Financial Instruments and Obligations Arising on Liquidation" (effective from 1 January 2009).
- HKFRS 2 Amendment "Share-based Payment Vesting Conditions and Cancellations" (effective from 1 January 2009).

3. SEGMENT INFORMATION

No business segment information of the Group is presented as the Group's revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacturing and sales activities of printers, tax control equipment, projectors and other electronic products.

The directors of the Company also consider that the presentation of geographical segment information is not meaningful as less than 10% of the Group's consolidated turnover and results are attributable to the market outside the PRC and less than 10% of the Group's consolidated assets are located outside the PRC.

4. TURNOVER

Turnover recognised during the year are as follows:

	2007 RMB'000	2006 RMB'000
Printer and tax control equipment	523,753	626,057
Projectors	277,032	289,901
Other electronic products	<u>33,427</u>	<u>27,294</u>
	<u>834,212</u>	<u>943,252</u>

5. OTHER INCOME

	2007 RMB'000	2006 RMB'000
Interest income	563	1,580
Incentive subsidy (note (a))	—	2,787
Tax refund on reinvestment (note (b))	6,881	4,311
Repair and maintenance service income — net	<u>705</u>	<u>2,915</u>
	<u>8,149</u>	<u>11,593</u>

- (a) As an incentive to attract tenants, Kong Yue Industrial Park (Xinhui) Limited (“Industrial Park”, a related party of the Group), signed an agreement with Kong Yue Electronics & Information Industry (Xinhui) Ltd. (“Kongyue Information”) and Kong Yue Jolimark Information Technology Limited (“Kongyue Jolimark”), the subsidiaries of the Company, on 16 April 2002, pursuant to which Industrial Park agreed to allocate certain incentive subsidies received from local government based on a percentage of tax payable by Kongyue Information and Kongyue Jolimark to Kongyue Information and Kongyue Jolimark for subsidising their initial setting up and removal costs for establishment of premises in Kong Yue Industrial Park. The agreement was expired as at 31 December 2006 and therefore there is no such income recognised in the year.
- (b) In 2007, Kongyue Information and Kongyue Jolimark issued shares from capitalisation of its retained earnings to their respective shareholders totalling RMB51,696,000 (2006: RMB33,280,000). Pursuant to relevant PRC income tax regulation, the shareholders of Kongyue Information and Kongyue Jolimark are entitled to refunds of the income tax of approximately RMB6,881,000 (2006: RMB4,311,000) previously levied on Kongyue Information and Kongyue Jolimark in relation to corresponding retained earnings.

6. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing costs and administrative expenses are analysed as follows:

	2007 RMB'000	2006 RMB'000
Depreciation for property, plant and equipment and amortisation of land use right and intangible assets	14,523	13,157
Raw materials and consumables recognised in cost of goods sold and expenses	454,599	471,043
Cost of goods sold in distribution business	276,687	309,867
Write down of inventories	2,634	3,218
Provision for bad debts	1,242	2,862
Employee benefit expenses	36,471	40,711
Operating leases — building	3,297	5,034
Research and development costs	5,724	5,791
Transportation expenses	7,217	7,370
Auditors' remuneration	1,542	1,472
Miscellaneous operating expenses	25,201	35,567
	<u>829,137</u>	<u>896,092</u>

7. OTHER GAINS — NET

	2007 RMB'000	2006 RMB'000
Losses from disposal of available-for-sale financial assets	—	(233)
Net foreign exchange gains	1,114	665
	<u>1,114</u>	<u>432</u>

8. FINANCE COSTS

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Interest expenses on bank borrowings	6,462	7,168
Exchange gains on bank borrowings	<u>(2,420)</u>	<u>—</u>
	<u>4,042</u>	<u>7,168</u>

9. INCOME TAX EXPENSES

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Current income tax		
— Hong Kong profits tax	328	289
— PRC enterprise income tax	<u>4,422</u>	<u>7,749</u>
	4,750	8,038
Deferred income tax	<u>(4,404)</u>	<u>(190)</u>
	<u>346</u>	<u>7,848</u>

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% for the year ended 31 December 2007 (2006: 17.5%).

PRC enterprise income tax

- (a) PRC enterprise income tax of the Group's entities established in the mainland China, mainly Kongyue Jolimark and Kongyue Information, is provided on the basis of the profit for statutory financial reporting purposes, adjusted for income and expenses items, which are not assessable or deductible for income tax purpose. As Kongyue Jolimark and Kongyue Information are established in the Coastal Open Economic Zones of the PRC, their applicable enterprise income tax rate is 27%, which comprised 24% attributable to national tax and 3% attributable to local municipal income tax.

Moreover, since Kongyue Jolimark and Kongyue Information are currently recognised as "Advance Technology Enterprise", they are entitled to 50% tax reduction in national enterprise income tax and full exemption of local municipal income tax for the year ended 31 December 2007. Therefore, the effective enterprise income tax rate of Kongyue Jolimark and Kongyue Information is 12%.

- (b) On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which unified the corporate income tax rate for domestic and foreign enterprises at 25% with effective from 1 January 2008.

Since the deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised and liability is settled, the change in the applicable tax rate affected the determination of the carrying values of deferred tax assets of the subsidiaries located in mainland China. Deferred tax assets of Kongyue Jolimark and Kongyue Information to be realised after 1 January 2008 has been adjusted to the amounts calculated basing on enterprise income rate of 25% with a credit to income tax of RMB2,171,000 for the year ended 31 December 2007.

10. EARNINGS PER SHARE

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

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Profit attributable to shareholders of the Company	<u>4,690</u>	<u>42,426</u>
Weighted average number of ordinary shares in issue (thousands)	<u>597,210</u>	<u>544,626</u>
Basic earnings per share (RMB per share)	<u>0.008</u>	<u>0.078</u>

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive shares in issue during the years ended 31 December 2007 and 2006.

11. TRADE AND OTHER RECEIVABLES

	2007 RMB'000	2006 RMB'000
Trade receivables		
— Third parties	197,107	256,090
— Related parties	<u>8,121</u>	<u>4,124</u>
	205,228	260,214
Less: provision for impairment of receivables	<u>(4,567)</u>	<u>(6,288)</u>
Trade receivables — net	200,661	253,926
Prepayments		
— Third parties	30,897	23,955
— Related parties	7,124	5,674
Other receivables		
— Third parties	14,552	11,154
— Associates	1,801	1,072
— Related parties	<u>8,960</u>	<u>8,510</u>
	<u>263,995</u>	<u>304,291</u>

The Group's sales to corporate customers are entered into on credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 31 December 2007, the ageing analysis of the trade receivables, including amounts due from related parties of trading in nature, were as follows:

	2007 RMB'000	2006 RMB'000
0–30 days	109,742	136,217
31–90 days	27,805	57,817
91–180 days	28,824	14,483
181–365 days	33,198	38,597
Over 365 days	<u>5,659</u>	<u>13,100</u>
	<u>205,228</u>	<u>260,214</u>

12. TRADE AND OTHER PAYABLES

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
Trade payables		
— Third parties	78,444	109,869
— Related parties	<u>3,366</u>	<u>3,417</u>
	81,810	113,286
Other payables to third parties	20,406	18,550
Staff welfare benefits payable	—	90
Advances from customers	<u>7,581</u>	<u>2,139</u>
	<u>109,797</u>	<u>134,065</u>

At 31 December 2007, the ageing analysis of the trade payables, include amounts due to related parties of trading in nature, are as follows:

	2007 <i>RMB'000</i>	2006 <i>RMB'000</i>
0–30 days	34,158	25,012
31–90 days	38,973	85,696
91–180 days	1,725	1,086
181–365 days	1,391	906
Over 365 days	<u>5,563</u>	<u>586</u>
	<u>81,810</u>	<u>113,286</u>

CHAIRMAN'S STATEMENT

During the year, intense competition in the market and stricter macro-control by the government of the the PRC in the second half of the year led to tighter cash flow for customers. For risk aversion, the Company adopted strict credit management policies, which imposed adverse effect on the sales and gross profit of the products of the Group and the aggregate turnover decreased by approximately 11.6% compared to last year. Despite the decrease in operating costs of the Group compared with last year and the ample cash in hand, the profit for the year attributable to shareholders of the Company decreased by approximately 89.0% compared to last year due to lower prices and the decrease in gross profit as a result of intense market competition.

In 2007, the Group focused on research and development on new products as well as market expansion and launched a variety of new “Jolimark” brand dot matrix printers and various projectors, which gained wide acceptance in the market and was expected to achieve improved sales results in 2008.

Management expects that “Golden Tax Project” Phase III will be launched gradually in 2008, which will bring the Group business opportunities for its tax control Electronic Cash Registers (“ECRs”), mini printers and invoice printers. Moreover, with the rapid development of the projector market in the PRC and the substantial increase in allocation of resources to the medical and education sectors by the government of the PRC, the demand for dot matrix printers and projectors in these two sectors will also be boosted. The Group will capitalize on these great opportunities, striving to reward shareholders with positive business returns.

On behalf of the Board, I would like to express my sincere gratitude to all shareholders, the management team, our staff and customers for their great support to the Group over the year. For the great effort and dedication of our spirited staff, the Group is confident that it will be able to continuously bring long-lasting, attractive returns to our shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Sales of Printer and Tax Control Equipment

Intense competition in the printer market and stricter macro-control by the government of the PRC in the second half of the year led to tighter credit supply for customers. For risk aversion, the Company adopted strict credit management policies, resulting in the turnover from the printer and tax control equipment businesses dropping by approximately 16.3% to approximately RMB523,753,000 compared with last year. In addition, “Golden Tax Project” Phase III did not commence in full force in 2007 as scheduled and tax control products under the “Jolimark” brand did not have significant contribution to the overall sales. Also the Company lowered sales prices of products to maintain its market share. All these resulted in lower in profit margin for printers and tax control equipment.

Sales of Projectors

The turnover of the projectors business for the year decreased by 4.4% to approximately RMB277,032,000 compared with last year, and the gross profit margin of the projectors business for the year decreased from 11.3% of last year to 9.9% as a result of the decrease in sales prices. The “Jolimark” brand projectors were launched in the market during the year. The Group is confident that the projectors business will enjoy stable growth in 2008.

Sales of Other Electronic Products Manufacturing

Leveraging on its strong customer base, better quality control, professional customer services, and the advantage of low manufacturing costs, the other electronics products manufacturing business of the Group maintained a stable growth this year. Turnover for 2007 amounted to approximately RMB33,427,000, representing an increase of approximately 22.5% from last year. Its gross profit margin increased to 22.4% from 12.1% of last year.

Future Prospects

Looking forward, the Company will focus on “Jolimark” brand business, and to develop tax control ECRs, dot matrix printers, mini printers and projectors as its core businesses. Moreover, the Group will also strengthen its research and development, brand, sales and service network of the above products, so as to lay a foundation for the leading position of the above commercial equipment in the PRC market. For projectors, printers and tax control ECRs businesses, the Company possess the core technology and we are the national brand. Thus, the Group is very confident for their prospects.

For the printers and tax control ECRs market, with years of investments in research and development, the Group has mastered the technique of the production of core parts, including printer heads and gained the ability of research and development and production in the field of dot matrix printer. Due to “Twelve Golden” Projects in the PRC and the features of the PRC market, dot matrix printers will remain in substantial demand. In particular, the government’s allocation of resources to the tax, education and medical sectors further boosts the growth of the market. The Group’s dot matrix printers have a wide range of applications in the printing of invoices, receipts and certificates, which are designed for enterprise, retail, medical, communication, financial and education sectors. With strong technological know-how and service capability, the Group is committed to provide “customized printing solutions” for its customers, and continue to enhance its competitiveness and profitability in the fields of printers.

The management expected that the “Golden Tax Project” Phase III will commence in 2008 in phases. The project requires the business places of retail, service and catering sectors to install relevant tax control equipment, and this will significantly boost the demand for tax control ECRs, dot matrix printers and mini printers produced by the Group. The Group was chosen as one of the five authorised suppliers of tax control ECRs in the tender project of Guangdong Province National Tax Bureau in 2006. Guangdong Province contributes the highest tax revenue among all provinces in the PRC, and is also one of the provinces with the greatest potential. The Group expects that the commencement of

Guangdong market in 2008 will bring the Group with substantial benefits. Furthermore, the possibility of the Group's success in tenders of other provinces is significantly enhanced riding on the advantage laid by "Golden Tax Project" Phase II. The Group will provide customers with retail solutions based on tax control ECRs, including the provision of financial payment equipment products, thus improving the future profitability of the Group. Meanwhile, mini printers, including dot matrix mini printers and thermal printers, have tremendous demand in both the PRC and overseas. After years of efforts, the Group has mastered the core technology and built integrated product lines. As the Group has cost advantage in the PRC, in-depth understanding of customers needs and customization capability, the technique of mini printers will become a key profit driver of the Group.

For projectors business, the Group believes that projectors will be another growth driver of the Group in 2008 and is expected to enjoy stable growth given the Group's advantages in research and development and distribution channels.

For other electronic products manufacturing business, the Group will continue to focus on the production of certain optical, mechanical and electrical products with high entry barriers to serve overseas small and medium customers. The business is expected to maintain stable growth in 2008.

With gradual commencement of the "Golden Tax Project" Phase III in 2008, the Group is confident of the stable progress of its printers, projectors and other electronic products manufacturing businesses, and their abilities to bring attractive returns to its shareholders in the future.

FINANCIAL REVIEW

Results Summary

For the year ended 31 December 2007, the Group recorded a turnover of approximately RMB834,212,000, representing a decrease of approximately 11.6% from the last year. The gross profit margin decreased to approximately 10.3% from 15.3% of the last year. During the year, the Group recorded a profit attributable to shareholders of approximately RMB4,690,000, representing a decrease of approximately 89.0% from the last year. The basic earnings per share were RMB0.008.

The decrease in the results was mainly attributable to (a) intense competition in the market and stricter macro-control by the government of the PRC in the second half of the year led to tighter credit supply for customers. For risk aversion, the Company adopted strict credit management policies, which imposed adverse effect on the sales and gross profit of "Jolimark" brand printers and tax control equipment; (b) "Golden Tax Project" Phase III did not commence in full force in 2007 as scheduled and tax control products under the "Jolimark" brand did not have significant contribution to the overall sales. Also the Company lowered sales prices of products to maintain its market share, leading to heavier decrease in profit margin for printers and tax control equipment. All these resulted in a decrease in the profit of the Group.

ANALYSIS ON SALES AND GROSS PROFIT

During the year under review, the turnover of printer and tax control equipment was still the largest contributor to the turnover of the Group, which amounted to approximately RMB523,753,000 and accounted for approximately 62.8% of total turnover of the Group whereas the turnover of projectors and other electronic products manufacturing amounted to approximately RMB277,032,000 and RMB33,427,000 and accounted for approximately 33.2% and 4.0% of the turnover of the Group respectively.

Comparing with the same period of last year, turnover of printer and tax control equipment and projectors decreased by approximately 16.3% and 4.4% respectively whereas turnover of other electronic products manufacturing increased by approximately 22.5%.

With regard to gross profit margin, the gross profit margin of printer and tax control equipment and projectors decreased to approximately 9.7% and 9.9% respectively, compared with 17.4% and 11.3% respectively of the last year whereas the gross profit margin of other electronic products manufacturing increased to approximately 22.4% from 12.1% of the last year.

	For the year ended 31 December 2007			For the year ended 31 December 2006		
	Turnover	Gross Profit	Gross Profit Margin	Turnover	Gross Profit	Gross Profit Margin
	(RMB'000)	(RMB'000)		(RMB'000)	(RMB'000)	
Printer and tax control equipment	523,753	50,688	9.7%	626,057	108,637	17.4%
Projectors	277,032	27,468	9.9%	289,901	32,723	11.3%
Other electronic products manufacturing	<u>33,427</u>	<u>7,482</u>	<u>22.4%</u>	<u>27,294</u>	<u>3,304</u>	<u>12.1%</u>
Total	<u><u>834,212</u></u>	<u><u>85,638</u></u>	<u><u>10.3%</u></u>	<u><u>943,252</u></u>	<u><u>144,664</u></u>	<u><u>15.3%</u></u>

CAPITAL EXPENDITURE

For the year ended 31 December 2007, capital expenditure amounted to approximately RMB12,423,000, which mainly comprised of purchase properties, plant and equipment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the total assets of the Group amounted to approximately RMB741,414,000 (2006: RMB776,995,000), comprising shareholders' fund of approximately RMB552,595,000 (2006: RMB559,725,000), minority interests of approximately RMB14,261,000 (2006: RMB15,889,000) and current liabilities of approximately RMB174,558,000 (2006: RMB201,381,000). The current ratio of the Group was approximately 3.5 (2006: 3.2).

The financial position of the Group was sound. As at 31 December 2007, the cash and cash equivalents of the Group amounted to approximately RMB160,895,000 (2006: RMB100,834,000).

As at 31 December 2007, the bank loans of the Group amounted to approximately RMB56,509,000 (2006: RMB57,809,000), and the gearing ratio* was approximately 7.6% (2006: 7.4%). During the year, the Group had no assets held under finance leases.

* Gearing ratio = Borrowings/Total Assets

CONTINGENT LIABILITIES

As at 31 December 2007, the Group had no material contingent liabilities.

STAFF

As at 31 December 2007, the Group employed a total staff of 1,016, in which 1,006 were employed in Mainland China, while 10 were employed in Hong Kong and overseas. The Group implemented its remuneration policy, bonus and share option schemes based on its results and the performance of individual staff. In addition, fringe benefits such as insurance, medical allowance and pension were provided to ensure the competitiveness of the Group.

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommended a final dividend for 2007 of HK0.8 cents per share to shareholders whose names appear on the register of members on Wednesday, 21 May 2008. The final dividend will be paid on Friday, 27 June 2008.

The register of members of the Company will be closed from 21 May 2008 to 22 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 20 May 2008.

PURCHASE, DISPOSAL OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, redemption or disposal by the Group and any of its subsidiaries and their jointly controlled entities, of the Group's listed securities during the year ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange. The Company has made specific enquiry of all Directors regarding any non-compliance with the Code during the year ended 31 December 2007 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the year.

AUDIT COMMITTEE

The audit committee of the Company was established on 13 June 2005 in accordance with Appendix 14 to the Listing Rules. The existing committee comprises Mr. Lai Ming, Joseph as the chairman, Mr. Meng Yan and Mr. Xu Guangmao. The committee members are Independent Non-Executive Directors. For the year ended 31 December 2007, the audit committee held three meetings to review the accounting standards and practices adopted by the Group and to discuss on matters regarding the internal control and financial reporting (including the interim and annual results before proposing them to the Board for approval) with the management and external auditors. The audit committee has reviewed the results announcement and 2007 Annual Report of the Company for the year ended 31 December 2007.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee to consider the remunerations for the Directors and senior management of the Company. The Remuneration Committee comprises of Mr. Lai Ming, Joseph (Chairman), Mr. Meng Yan and Mr. Xu Guangmao who are all Independent Non-Executive Directors and Mr. Au Kwok Lun who is Executive Director. The Remuneration Committee has reviewed the remuneration policy and remuneration packages for the year ended 31 December 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Since the listing of its shares on the Stock Exchange, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

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

Hong Kong, 18 April 2008

As at the date of this announcement, the Board comprises Mr. Au Pak Yin, Mr. Au Kwok Lun, Mr. Ou Guo Liang and Mr. Ng Shu Kai, as Executive Directors and Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guangmao, as Independent Non-Executive Directors.