JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 2028)

2008 Annual Results Announcement

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	**2008** *RMB'000*	2007 *RMB'000*
Turnover	*3*	**613,985**	834,212
Cost of goods sold	*5*	**(572,581)**	(748,574)
Gross profit		**41,404**	85,638
Other income	*4*	**3,675**	8,149
Selling and marketing costs	*5*	**(60,978)**	(27,649)
Administrative expenses	*5*	**(56,609)**	(52,914)
Other (losses)/gains — net	*6*	**(15,492)**	1,114
Operating (loss)/profit		**(88,000)**	14,338
Finance income/(costs) — net	*7*	**1,164**	(4,042)
Share of losses of associates and impairment charge		**(4,729)**	(3,808)
(Loss)/profit before income tax		**(91,565)**	6,488
Income tax credit/(expenses)	*8*	**2,116**	(346)
(Loss)/profit for the year		**(89,449)**	6,142

	Note	2008 RMB'000	2007 RMB'000
Attributable to:			
Shareholders of the Company		**(89,072)**	4,690
Minority interests		**(377)**	1,452
		(89,449)	6,142
Basic and diluted (loss)/earnings per share for (loss)/ profit attributable to shareholders of the Company during the year (expressed in Renminbi per share)	*9*	**(0.154)**	0.008
Dividends		**8,514**	4,311

CONSOLIDATED BALANCE SHEETS

As at 31 December 2008

	Note	2008 RMB'000	2007 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**98,500**	99,851
Land use right		**10,900**	11,189
Intangible assets		**1,498**	1,681
Interests in associates		**470**	5,199
Available-for-sale financial assets		**1,000**	1,000
Deferred income tax assets		**5,347**	6,409
		117,715	125,329
Current assets			
Inventories		**158,374**	191,195
Trade and other receivables	*10*	**114,951**	263,995
Financial assets at fair value through profit or loss		**3,455**	—
Cash and cash equivalents		**175,412**	160,895
		452,192	616,085
Total assets		**569,907**	741,414
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		**271,226**	282,194
Other reserves		**190,036**	185,252
Retained earnings			
— Proposed final dividend		**—**	4,311
— (Accumulated losses)/retained earnings		**(12,620)**	80,838
		448,642	552,595
Minority interests		**13,884**	14,261
Total equity		**462,526**	566,856

	Note	2008 RMB'000	2007 RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	*11*	**100,028**	109,797
Current income tax liabilities		**192**	8,252
Borrowings		**7,161**	56,509
Total liabilities		**107,381**	174,558
Total equity and liabilities		**569,907**	741,414
Net current assets		**344,811**	441,527
Total assets less current liabilities		**462,526**	566,856

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company 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) ***Amendments and interpretations effective in 2008***

- The HKAS 39, "Financial instruments: Recognition and measurement".
- HK(IFRIC)-Int 11, "HKFRS 2 — Group and treasury share transactions".

(b) ***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 2009 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009).
- HKAS 23 (Revised), "Borrowing costs" (effective from 1 January 2009).
- HKAS 27 (Revised), "Consolidated and separate financial statements" (effective from 1 July 2009).
- HKFRS 2 (Amendment), "Share-based payment" (effective from 1 January 2009).
- HKFRS 3 (Revised), "Business combinations" (effective from 1 July 2009).
- HKFRS 8, "Operating segments" (effective from 1 January 2009).
- HKICPA's improvements to HKFRS published in October 2008
  - > HKAS 1 (Amendment), "Presentation of financial statements" (effective from 1 January 2009).
  - > HKAS 19 (Amendment), "Employee benefits" (effective from 1 January 2009).
  - > HKAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009).

> HKAS 28 (Amendment), "Investments in associates" (and consequential amendments to HKAS 32, "Financial Instruments: Presentation" and HKFRS 7, "Financial instruments: Disclosures") (effective from 1 January 2009).

> HKAS 36 (Amendment), "Impairment of assets" (effective from 1 January 2009).

> HKAS 38 (Amendment), "Intangible assets" (effective from 1 January 2009).

> HKFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to HKFRS 1, "First-time adoption") (effective from 1 July 2009).

> There are a number of minor amendments to HKFRS 7, "Financial instruments: Disclosures", HKAS 8, "Accounting policies, changes in accounting estimates and errors", HKAS 10, "Events after the balance sheet date", HKAS 18, "Revenue" and HKAS 34, "Interim financial reporting" which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

2. 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 printer, tax control equipment, projectors and other electronic products.

The directors of the Company are of the view that the presentation of geographical segment information is not meaningful since the Group's production is based in the People's Republic of China (the "PRC").

3. TURNOVER

Turnover recognised during the year are as follows:

	2008	2007
	RMB'000	*RMB'000*
Printer and tax control equipment	**300,530**	523,753
Projectors	**277,824**	277,032
Other electronic products manufacturing	**35,631**	33,427
	613,985	834,212

4. OTHER INCOME

	2008	2007
	RMB'000	*RMB'000*
Interest income	**1,906**	563
Tax refund on reinvestment	**—**	6,881
Subsidy income	**425**	—
Repair and maintenance service income — net	**1,344**	705
	3,675	8,149

5. EXPENSES BY NATURE

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

	2008	2007
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment and amortisation of land use right and intangible assets	**12,498**	14,523
Raw materials and consumables recognised in cost of goods sold and expenses	**411,616**	454,599
Cost of goods sold of distribution business	**146,760**	276,687
Write down of inventories	**5,727**	2,634
Provision for receivables impairment	**19,764**	1,242
Employee benefit expenses	**36,064**	36,471
Operating leases — building	**1,730**	3,297
Research and development costs	**4,996**	5,724
Transportation expenses	**6,721**	7,217
Auditors' remuneration	**1,560**	1,542
Others	**42,732**	25,201
	690,168	829,137

6. OTHER (LOSSES)/GAINS — NET

	2008	2007
	RMB'000	*RMB'000*
Net losses on financial assets at fair value through profit or loss	**(12,438)**	—
Net foreign exchange (losses)/gains	**(3,054)**	1,114
	(15,492)	1,114

7. FINANCE INCOME/(COSTS) — NET

	2008	2007
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**(2,730)**	(6,462)
Exchange gains on bank borrowings	**3,894**	2,420
	1,164	(4,042)

8. INCOME TAX CREDIT/(EXPENSES)

	2008	2007
	RMB'000	*RMB'000*
Current income tax		
— Hong Kong profits tax	**—**	(328)
— PRC corporate income tax	**3,178**	(4,422)
	3,178	(4,750)
Deferred income tax	**(1,062)**	4,404
	2,116	(346)

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 country of the group entities as follows:

	2008	2007
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(91,565)**	6,488
Tax calculated at tax rates applicable to profits in the respective entities of the Group	**13,240**	(6,499)
Income tax exemption and reduction	**—**	4,959
Write-off of deferred income tax asset previously recognised for tax losses	**(2,005)**	—
Tax losses for which no deferred income tax asset was recognised	**(6,624)**	(257)
Tax effect of shares of results of associates and impairment charge	**(709)**	(457)
Expenses not deductible for tax purposes	**(24)**	(263)
Effect of change of income tax rate (note (b))	**(1,762)**	2,171
Tax credit/(expenses)	**2,116**	(346)

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% for the year ended 31 December 2008 (2007: 17.5%).

PRC corporate income tax

PRC corporate income tax of the Group's entities established in the mainland China, mainly Jiangmen Kong Yue Jolimark Information Technology Limited ("Kongyue Jolimark") and Kong Yue Electronics & Information Industry (Xin Hui) Limited ("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.

The Corporate Income Tax Law of the People's Republic of China (the "new CIT Law") was effective from 1 January 2008, which unified the corporate income tax rate for domestic and foreign enterprises at 25%.

(a) Pursuant to the grandfathering provisions provided in the new CIT Law, Kongyue Jolimark can continue to enjoy its tax holiday in 2008 and its effective corporate income tax rate of 2008 was 12% (2007: 12%).

(b) Kongyue Information was recognised as "High-Technology Enterprise" by government in 2008. Pursuant to the new CIT law, it can enjoy a preferential corporate income tax rate of 15% for the three years from 2008 to 2010. Deferred tax assets of Kongyue Information to be realised after 31 December 2008 has been adjusted to the amounts calculated basing on preferential corporate income tax rate of 15% with a debit to income tax of RMB1,762,000.

9. (LOSS)/EARNINGS PER SHARE

Basic

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

	2008	2007
	RMB'000	*RMB'000*
(Loss)/profit attributable to shareholders of the Company	**(89,072)**	4,690
Weighted average number of ordinary shares in issue (thousands)	**579,804**	597,210
Basic (loss)/earnings per share (RMB per share)	**(0.154)**	0.008

Diluted

Diluted (loss)/earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. As the exercise price of the share options is higher than the average annual market share price of the Company's shares in 2008, there is no potential dilutive impact of the share options during the year ended 31 December 2008.

10. TRADE AND OTHER RECEIVABLES

	2008	2007
	RMB'000	*RMB'000*
Trade receivables		
— Third parties	**91,806**	197,107
— Related parties	**6,944**	8,121
	98,750	205,228
Less: provision for impairment of receivables	**(22,681)**	(4,567)
Trade receivables — net	**76,069**	200,661
Prepayments		
— Third parties	**16,218**	30,897
— Related parties	**4,421**	7,124
Other receivables		
— Third parties	**10,811**	14,552
— Associates	**819**	1,801
— Related parties	**6,613**	8,960
	114,951	263,995

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 2008, the ageing analysis of the trade receivables, including amounts due from related parties of trading in nature, were as follows:

	2008	2007
	RMB'000	*RMB'000*
0–30 days	**54,293**	109,742
31–90 days	**7,538**	27,805
91–180 days	**2,656**	28,824
181–365 days	**1,599**	33,198
Over 365 days	**32,664**	5,659
	98,750	205,228

11. TRADE AND OTHER PAYABLES

	2008	2007
	RMB'000	*RMB'000*
Trade payables		
— Third parties	**75,074**	78,444
— Related parties	**3,577**	3,366
	78,651	81,810
Other payables to third parties	**16,169**	20,406
Advances from customers	**5,208**	7,581
	100,028	109,797

At 31 December 2008, the ageing analysis of the trade payables, include amounts due to related parties of trading in nature, are as follows:

	2008	2007
	RMB'000	*RMB'000*
0–30 days	**35,231**	34,158
31–90 days	**38,064**	38,973
91–180 days	**3,959**	1,725
181–365 days	**440**	1,391
Over 365 days	**957**	5,563
	78,651	81,810

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Sales of Printer and Tax Control Equipment

During the year, the business environment in the PRC was affected by the snow storm, Sichuan earthquake and global financial tsunami, the sales of printer and tax control equipment of the Group in 2008 decreased by 42.6% from the previous year to approximately RMB300,530,000, representing approximately 49% of the turnover of the Group. The decrease in the gross margin of printer and tax control equipment was relatively higher, which was mainly due to the introduction of the sales policy of cash on delivery and the adoption of measures to dispose of outdated inventories. In the meantime, there had been a substantial fall in the price of comparable products in the market. The Company decreased the prices of its products which resulted in a substantial fall in the gross profit margin of the Company.

Sales of Projectors

The turnover of the projector business increased marginally by approximately 0.3% from last year to approximately RMB277,824,000, representing approximately 45% of the turnover of the Group. This was mainly due to the growth of the projector market in the PRC. Owing to the disposal of projectors inventories at a discount by the Group, the gross profit margin of projector business in the full year decreased from 9.9% of last year to 7.8%. As there is still uncertainty in the market during 2009, the Group expects that the turnover of its projector business in 2009 will decrease.

Sales of Other Electronic Products Manufacturing

The turnover of other electronic products manufactured by the Group increased by 6.6% from last year to approximately RMB35,631,000, representing approximately 6% of the turnover of the Group. The increase was mainly due to an increase in orders from certain customers. The Group's other electronic products manufacturing business mainly comprises opticalelectro-mechanical integrated products and the major customers are overseas small-middle enterprises. The Group was able to maintain a stable gross profit margin, which slightly decreased by 2.6% from last year to 19.8%.

Equity Investment

During the first half of the year, in view of the Group's cash position and taking into account the absence of any investment and acquisition plan in the near future, the Company invested approximately RMB30,000,000 in the stock market with an aim of seeking a better return for the interest of the shareholders through application of funds in an appropriate manner. However, the continued decline in the global equity market throughout 2008 led to losses of approximately RMB12,438,000 in our equity investment during the year.

Future Prospects

The Company will place more emphasis to strengthen the research and development capability of new products under the "Jolimark" brand as well as focus on market expansion in the PRC in the future. The business with own brand in tax control registers, dot matrix printers, mini printers and projectors will become one of the core businesses of the Company. The branding, sales and the establishment of service network for the above products will be enhanced. This will pave the way for the above commercial equipment to occupy a leading position in the PRC market. With respect to the businesses of printers and tax control registers, the Company has its own core technologies. Moreover, as a reputable brand, the Group is fully optimistic of their prospects.

With respect to the markets of printers and tax control registers, the development strategy of the Group is to strengthen the development of new products under the "Jolimark" brand. Although the competition in the market for dot matrix printers is keen, it is expected that the sales of "Jolimark" brand products will enjoy a relatively better growth in 2009 with the Group's core technologies and cost advantages. During the second half of 2008, the Group launched a new series of products. They are expected to facilitate the Group in effectively enhancing its profit margin. With the special needs from the government, as well as industrial and commercial sectors in the PRC market, there is still a huge demand for dot matrix printers in the market. The input from the government in taxation, education and medical care have accelerated the growth of dot matrix printer in the market. The Group's dot matrix printers are widely applied for the printing of invoices, receipts and identification documents. They are targeted for application by industries such as commerce, retailing, medical care, communication, finance and education. By leveraging on its depth in technologies and service capabilities, the Group is developing towards the provision of printing solutions to its customers, which will continuously enhance the competitiveness and profitability of the Group in the printing aspect.

As to other electronic products manufacturing business, the Group mainly focuses on the manufacturing of opticalelectro-mechanical integrated products on OEM basis. The major customers are overseas small-medium enterprises. The Group will capitalize on its experiences, cost advantages as well as research and development capabilities in the manufacturing of opticalelectro-mechanical integrated products to strengthen its competitive advantages in this aspect of business and enhance its contribution to our operations.

The Group believes that, with the expectation for the effective implementation of the economic policies by the PRC to stimulate domestic demand, and the initiation of the "Golden Tax Project Phase III" in future, the development of the Group's business in printers and tax control register products is expected to be stable and will bring satisfactory return to the shareholders in future.

Financial Review

The turnover of the Group for the year ended 31 December 2008 was approximately RMB613,985,000, decreased by approximately 26.4% from last year and gross margin decreased to approximately 6.7% from approximately 10.3 % of last year.

During the year, the Group recorded a loss attributable to shareholders of the Company of approximately RMB89,072,000 with a basic loss per share of RMB0.154. This was mainly attributed to:

(1) The PRC suffered from the effects of snow storms and Sichuan earthquake in the first half of 2008 and the effects of the global financial tsunami in the second half of the year, demand for the Group's product decreased, which resulted in a substantial decrease in sales;

(2) In 2008, the sales for certain products of the Group were mainly based on a cash on delivery strategy, and measures were adopted to dispose of outdated inventories. In the meantime, there had been a substantial fall in the price of comparable products in the market. The Company decreased the prices of its products which resulted in a substantial fall in the gross profit margin of the Company;

(3) Loss arising from equity investment;

(4) Provisions for bad debts and write-down of inventories.

In 2009, with the expectation of absence of factors (1) and (3) above, in addition to the previous year efforts made in working capital management from factors (2) and (4) above, the Group believes that we can achieve a better result in 2009.

Analysis on Sales and Gross Profit

During the year, the turnover of printer and tax control equipment was still the largest contributor to the turnover of the Group, which amounted to approximately RMB300,530,000 and accounted for approximately 49% of total turnover of the Group whereas the turnover of projectors and other electronic products manufacturing amounted to approximately RMB277,824,000 and RMB35,631,000 and accounted for approximately 45% and 6% of the turnover of the Group respectively.

Comparing with 2007, turnover of printer and tax control equipment decreased by approximately 42.6% whereas turnover of projectors and other electronic products manufacturing increased by approximately 0.3% and 6.6% respectively.

With regard to gross profit margin, the gross profit margin of printer and tax control equipment, projectors and other electronic products manufacturing decreased to approximately 4.2%, 7.8% and 19.8% respectively, compared with 9.7%, 9.9% and 22.4% respectively of the last year.

	For the year ended 31 December 2008			For the year ended 31 December 2007		
	Turnover *(RMB'000)*	**Gross Profit** *(RMB'000)*	**Gross Profit Margin**	Turnover *(RMB'000)*	Gross Profit *(RMB'000)*	Gross Profit Margin
Printer and tax control equipment	**300,530**	**12,680**	**4.2%**	523,753	50,688	9.7%
Projectors	**277,824**	**21,661**	**7.8%**	277,032	27,468	9.9%
Other electronic products manufacturing	**35,631**	**7,063**	**19.8%**	33,427	7,482	22.4%
Total	**613,985**	**41,404**	**6.7%**	834,212	85,638	10.3%

Liquidity and financial resources

As at 31 December 2008, the total assets of the Group amounted to approximately RMB569,907,000 (2007: RMB741,414,000), comprising shareholders' fund of approximately RMB448,642,000 (2007: RMB552,595,000), minority interests of approximately RMB13,884,000 (2007: RMB14,261,000) and current liabilities of approximately RMB107,381,000 (2007: RMB174,558,000). The current ratio of the Group was approximately 4.2 (2007: 3.5).

The financial position of the Group was sound. As at 31 December 2008, the cash and cash equivalents of the Group amounted to approximately RMB175,412,000 (2007: RMB160,895,000).

As at 31 December 2008, the bank loans of the Group amounted to approximately RMB7,161,000 (2007: RMB56,509,000), and the gearing ratio* was approximately 1.3% (2007: 7.6%). During the year, the Group had no assets held under finance leases.

* *Gearing ratio = Borrowings/Total Assets*

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

During the year ended 31 December 2008, the Company purchased 20,000,000 shares of HK$0.01 each in the capital of the Company at prices ranging from HK$0.55 to HK$0.64 per share on the Stock Exchange of Hong Kong Limited ("the Stock Exchange"). Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price per share		Aggregate purchase consideration (excluding charges)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
January 2008	4,632,000	0.60	0.55	2,693,600
February 2008	8,292,000	0.64	0.55	4,942,140
March 2008	7,076,000	0.60	0.57	4,240,220
Total	20,000,000			11,875,960

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Contingent liabilities

As at 31 December 2008, the Group had no material contingent liabilities.

Staff

As at 31 December 2008, the Group had a workforce of 897, of which 11 were employed in Hong Kong and overseas, while the remaining were employed in the PRC. 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 2008 of HK1.7 cents per share to shareholders whose names appear on the register of members on Friday, 22 May 2009. The final dividend will be paid on Friday, 26 June 2009.

The register of members of the Company will be closed from 22 May 2009 to 25 May 2009, 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 21 May 2009.

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 2008 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 2008, 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 auditor. The audit committee has reviewed the results announcement and Annual Report of the Company for the year ended 31 December 2008.

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 of the Executive Directors for the year ended 31 December 2008.

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, 20 April 2009

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