JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

UNAUDITED CONSOLIDATED RESULTS

The board (the "Board") of directors (the "Directors") of Jolimark Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Six months ended 30 June	
	Note	**2017**	2016
		Unaudited	Unaudited
		RMB'000	*RMB'000*
Revenue	*4*	**163,622**	233,275
Cost of goods sold		**(102,116)**	(144,685)
Gross profit		**61,506**	88,590
Other income		**2,338**	4,647
Selling and marketing costs		**(16,622)**	(17,400)
Administrative expenses		**(18,708)**	(20,385)
Research and development expenses		**(16,759)**	(13,843)
Other gains – net		**672**	1,123

	Note	Six months ended 30 June	
		2017	2016
		Unaudited	Unaudited
		RMB'000	*RMB'000*
Operating profit		**12,427**	42,732
Finance income/(costs) – net		**1,467**	(1,254)
Share of losses of associates – net		**(201)**	(638)
Profit before income tax		**13,693**	40,840
Income tax expenses	*5*	**(2,243)**	(9,477)
Profit for the period		**11,450**	31,363
Profit attributable to:			
– Shareholders of the Company		**11,840**	31,389
– Non-controlling interests		**(390)**	(26)
		11,450	31,363
Earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)			
– Basic	*6*	**0.018**	0.050
– Diluted	*6*	**0.018**	0.050

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Profit for the period	**11,840**	31,363
Other comprehensive income for the period	**–**	–
Total comprehensive income for the period	**11,840**	31,363
Total comprehensive income for the period attributable to:		
– Shareholders of the Company	**11,840**	31,389
– Non-controlling interests	**(390)**	(26)
	11,450	31,363

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	As at 30 June 2017 Unaudited *RMB'000*	As at 31 December 2016 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**92,748**	89,488
Land use rights		**8,446**	8,588
Intangible assets		**12,249**	12,681
Investments accounted for using the equity method		**21,769**	18,570
Available-for-sale financial assets		**3,349**	3,349
Deferred income tax assets		**1,520**	2,682
Restricted cash		**58,150**	58,130
Total non-current assets		**198,231**	193,488
Current assets			
Inventories		**99,717**	89,113
Trade and other receivables	*8*	**62,241**	39,034
Restricted cash		**11,757**	69,651
Cash and cash equivalents		**169,083**	198,516
Total current assets		**342,798**	396,314
Total assets		**541,029**	589,802
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		**51,206**	24,578
Other reserves		**247,857**	245,913
Retained earnings		**41,456**	51,616
Non-controlling interests		**(467)**	(77)
Total equity		**340,052**	322,030

	Note	30 June 2017 Unaudited RMB'000	31 December 2016 Audited RMB'000
		As at	
LIABILITIES			
Non-current liabilities			
Borrowings		**52,074**	53,670
Deferred income tax liabilities		**727**	1,073
		52,801	54,743
Current liabilities			
Trade and other payables	*9*	**65,217**	98,768
Current income tax liabilities		**885**	6,921
Borrowings		**82,074**	107,340
		148,176	213,029
Total liabilities		**200,977**	267,772
Total equity and liabilities		**541,029**	589,802
Net current assets		**194,622**	183,285
Total assets less current liabilities		**392,853**	376,773

NOTES

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 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”).

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

(d) This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

(a) Effect of adopting new standards and amendments to standards

The following standards have been adopted by the Group for the first time for the year begin on or after 1 January 2017. The adoption of these new and amended standards and interpretations does not have significant impact to the results or financial position of the Group.

HKAS 12 (Amendment)	Income Taxes
HKAS 7	Statement of Cash Flows

(b) New and amended standards and interpretations issued but are not effective for the six months ended 30 June 2017 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKAS 2 Amendment	Classification and Measurement of Share – based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

Management is in the process of making an assessment of their impact.

4. SEGMENT INFORMATION

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

The CODM manages the Group's business from the perspective of different product lines of the Group, i.e. printers and other electronic products.

The CODM assesses the performances of the operating segments based on a measure of segment revenue and segment results. Segment results exclude other income, administrative expenses, research and development expenses, other gains-net, finance income/(costs)-net and income tax expenses, which are centrally managed for the Group.

The segment revenue and results and the reconciliation with profit for the six months ended 30 June 2017 are as follows:

	Printers	Other electronic products	Total
Revenue (from external customers) *(note (a))*	**159,212**	**4,410**	**163,622**
Segment results	**43,521**	**1,363**	**44,884**
Other income			**2,338**
Administrative expenses			**(18,708)**
Research and development expenses			**(16,759)**
Other gains – net			**672**
Finance income – net			**1,467**
Share of losses of associates – net			**(201)**
Income tax expenses			**(2,243)**
Profit for the period			**11,450**
Segment results include:			
Depreciation and amortisation	**(2,780)**	**(451)**	**(3,231)**

The segment revenue and results and the reconciliation with profit for the six months ended 30 June 2016 are as follows:

	Printer and tax control equipment	**Other electronic products**	**Total**
Revenue (from external customers) *(note (a))*	207,661	25,614	233,275
Segment results	65,521	5,669	71,190
Other income			4,647
Administrative expenses			(20,385)
Research and development expenses			(13,843)
Other gains – net			1,123
Finance costs – net			(1,254)
Share of losses of associates – net			(638)
Income tax expenses			(9,477)
Profit for the period			31,363
Segment results include:			
Depreciation and amortisation	(2,290)	(642)	(2,932)

(a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

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

	Six months ended 30 June	
	2017	2016
In the PRC	**147,699**	192,894
In other countries	**15,923**	40,381
	163,622	233,275

(c) For the six months ended 30 June 2017, approximately 10% of total revenue (six months ended 30 June 2016: approximately 10%) are derived from a single external customer, which is attributable to the segment of printers (six months ended 30 June 2016: segment of other electronic products).

(d) As at 30 June 2017, the Group's non-current assets are mainly located in the PRC.

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2017	2016
Current income tax		
– Hong Kong profits tax	**–**	365
– PRC corporate income tax	**1,427**	7,929
– PRC dividend withholding tax	**–**	3,100
	1,427	11,394
Deferred income tax	**816**	(1,917)
	2,243	9,477

Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group did not have any assessable profits during the six months ended 30 June 2017 (six months ended 30 June 2016: provided at tax rate of 16.5%).

PRC corporate income tax

The main business of the Group is conducted by Kongyue Electronic & Information Industry (Xinhui) Limited ("Kongyue Information"), which is a foreign investment company based in Xinhui 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%. In addition, the CIT Law provides, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises ("HNTE"). Kongyue Information was qualified as a HNTE for three years from 2014 to 2016, and therefore it enjoyed a preferential CIT rate at 15% for the year ended 31 December 2016. During the six months ended 30 June 2017, Kongyue Information has submitted an application to government authorities for being designated as a HNTE for another three years starting from 1 January 2017 but the approval is not yet received as at the date of this report. Management has performed an assessment and is of the view that Kongyue Information is qualified as a HNTE and does not foresee any factors causing Kongyue Information not being able to obtain the approval of preferential tax rate at 15%. Thus, Kongyue Information continued to apply CIT rate of 15% for the six months ended 30 June 2017. The effective CIT rate of other group entities in the PRC is 25% (six months ended 30 June 2016: 25%).

PRC dividend withholding 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 six months ended 30 June 2017, the Group has not made provision for withholding income tax (six months ended 30 June 2016: RMB3,100,000). The Group has not made provision of deferred income tax of RMB3,388,150 (31 December 2016: RMB2,615,000) for the unremitted earnings of the PRC subsidiaries of RMB67,763,000 (31 December 2016: RMB52,304,000) as the Group does not have a plan to distribute these earnings out of the PRC.

Overseas income tax

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

6. EARNINGS PER SHARE

	Six months ended 30 June	
	2017	2016
Basic		
Profit attributable to the shareholders of the Company *(RMB'000)*	**11,840**	31,389
Weighted average number of ordinary shares in issue *(shares in thousands)*	**654,349**	624,480
Basic earnings per share *(RMB per share)*	**0.018**	0.050
Diluted		
Profit attributable to the shareholders of the Company *(RMB'000)*	**11,840**	31,389
Weighted average number of ordinary shares in issue *(shares in thousands)*	**654,349**	624,480
Adjustments for share options *(shares in thousands)*	**550**	972
Weighted average number of ordinary shares for diluted earnings *(shares in thousands)*	**654,899**	625,452
Diluted earnings per share *(RMB per share)*	**0.018**	0.050

7. DIVIDENDS

	Six months ended 30 June	
	2017	2016
Proposed interim dividend	**–**	28,000
Proposed special dividend	**–**	150,026
Final dividend for the year ended 31 December 2016 *(note (a))*	**22,000**	–
	22,000	178,026

(a) A final dividend in respect of 2016 of RMB0.033 per ordinary share totaling approximately RMB22,000,000, which has been paid in 2017, was declared at the board meeting on 24 March 2017. The final dividend was distributed out of the retained earnings of the Company.

8. TRADE AND OTHER RECEIVABLES

The Group's sales to corporate customers are generally granted with credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 30 June 2017, the ageing analysis of the trade receivables is as follows:

	As at	
	30 June 2017	31 December 2016
Less than 30 days	**8,419**	15,045
31-90 days	**1,261**	1,595
91-180 days	**359**	1,190
181-365 days	**1,048**	435
Over 365 days	**823**	843
	11,910	19,108

As at 30 June 2017, trade and other receivables include bank acceptance bills of RMB32,142,000 (31 December 2016: RMB5,647,000).

9. TRADE AND OTHER PAYABLES

At 30 June 2017, the ageing analysis of the trade payables base on invoice date, including amounts due to related parties of trading nature, is as follows:

	As at	
	30 June 2017	31 December 2016
Less than 30 days	**24,012**	23,469
31-90 days	**7,697**	7,381
91-180 days	**229**	756
181-365 days	**916**	1,356
Over 365 days	**2,052**	1,927
	34,906	34,889

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Printer Business

As of 30 June 2017, the revenue of the Group derived from the printer business amounted to approximately RMB159,212,000, representing a decrease of approximately 23% as compared with the corresponding period of 2016, and accounted for approximately 97% of the total revenue of the Group. The decrease in revenue was mainly due to the concentrated outbreak of demands for invoice printers in 2016 due to the full implementation of the "BT to VAT" policy in 2016, resulting in saturation of demands in the first half of this year, and the inadequate demands in the market due to the continuous slowdown of domestic economic growth.

Other Electronic Products Business

As of 30 June 2017, the revenue of the Group derived from other electronic products business amounted to approximately RMB4,410,000, representing a decrease of approximately 83% as compared with the corresponding period of 2016, and accounted for approximately 3% of the total revenue of the Group. The decrease in revenue was mainly due to the termination of the EMS manufacturing business by the Group in 2017.

Future Business Outlook

Tax-controlled Invoice Printer

Following the issue of the Notice on Enabling National Value-Added Tax Invoice Verification Platform at the end of 2016, the State Administration of Taxation issued the Notice on the Issues Concerning the Issuing of Value-Added Tax Invoice (《關於增值税發票開具有關問題的公告》) (No. 16 of 2017) and the Notice on the Issues Concerning the Enabling of QR Code in the Issue of Value-Added Tax Invoice for Taxpayers (《關於採用二維碼便捷納税人開具增值税發票有關事項的通知》) (No. 82 of 2017) (collectively known as the "**Notices**") on 19 May 2017 and 10 July 2017 respectively. The Notices require purchasers (in the case of the corporation) to provide taxpayer's registration number or unified social credit code to the seller when demanding the regular VAT invoices from 1 July 2017. The seller shall fill in the taxpayer's registration number or unified social credit code in the space of 'Taxpayer's Registration Number of Purchaser' when issuing a regular VAT invoice to the purchaser" and "For the convenience of taxpayers to issue VAT invoices and to enhance the efficiency and accuracy of invoicing, the State Administration of Taxation has organized and developed an invoice assistant software…..The software will produce a QR code after the taxpayer inputs the information of taxpayer's registration number and name. When issuing an invoice, the seller can get the invoice title quickly through scanning the QR code, enhancing the efficiency of invoicing." These policies or measures indicate that the Government is further reinforcing tax source monitoring through information technology. The use of quota invoices and handwritten invoices will be eliminated further, thus expanding the scope of and demand for printed invoices. This new requirement will benefit the dot matrix printer of the Company. Besides, the State Administration of Taxation also issued the

Notice on the Issues Concerning the Enabling of Regular Value-Added Tax Invoices (Roll Type Invoices), specifying that the paper roll type invoices shall be used primarily by taxpayers engaged in the consumer services. Since a lot of taxpayers will be involved, the paper roll type invoices system are being gradually implemented by the local tax authorities. The Company has numerous products suitable for issuing and printing the roll type invoices, including the 9, 12 and 24 pin micro printers, portable pin micro printers, portable intelligent pin POS machines as well as integrated micro printer cores and integrated invoicing machines.

Electronic Invoice Cloud Printer

China has promoted the use of electronic invoices in e-commerce, telecommunication services and large chained food providers and retail shops from 2016. To regulate the promotion of electronic invoices, the State Administration of Taxation issued on March 21, 2017 the Guidance on the Further Promotion of Regular Value-added Tax Electronic Invoices (《關於進一步做好增值稅電子普通發票推行工作的指導意見》)(No. 31 of 2017), which provides that "The taxpayer shall provide electronic invoice formats printing service for free when the purchaser demands the regular paper invoice on the spot from the taxpayer who has issued the regular VAT electronic invoice." Given the regulation, the Company has launched ink-jet printers in red and black colors for printing electronic invoices bearing red seals to cater for customers who require certificates for reimbursement purpose. On the other hand, the Company has successfully developed "Yingmei Electronic Invoice Cloud Printer" in cooperation with WeChat. Customers only need to scan the QR Code on the "Yingmei Electronic Invoice Cloud Printer" through WeChat to get access to self-service electronic invoice printing, which not only can reduce the labor cost of business operations, but also can be used by merchants promoting the use of electronic invoices. In addition, "Yingmei Electronic Invoice Cloud Printer" supports printing electronic invoices using A5 paper, reflecting the green and environmental-friendly concept. It also supports self-service duplex printing with the invoice on the front and custom advertising of merchants on the back, which address the needs of both service and marketing at the same time. Moreover, based on the intelligent hardware of WeChat and the Company's cloud printing technology, electronic invoices personally collected in the WeChat card package for reimbursement can be easily bulk printed directly via "Yingmei Electronic Invoice Cloud Printer" through the phone, without the need to transfer them to the PC. It greatly facilitates frequent travellers and corporate financial and accounting staff. In addition to the WeChat platform, the Company will continue to cooperate with other electronic invoice platforms to connect "Yingmei Electronic Invoice Cloud Printer" with their platforms.

Inkjet Printer and Cloud Printing

The Company has successfully launched the inkjet printer targeting office usage in small and medium-sized enterprises and also for home users. The Company has developed the function of printing WeChat files and mail attachments on the basis of the intelligent hardware of WeChat, which supports a variety of file formats, such as PDF, WORD, EXCEL, PPT and pictures. The printer management APP not only sets and monitors the printer, but also supports printing files by self-service payments. Besides, the printer has been turned into a marketing tool. Nearby printers can be located through the APP, achieving online and offline network to distribute merchants. With the subsequent APP adding more functions, such as camera, scanning, copying and other functions, a small printer will become a small printing shop. The product also supports Air Print and Android Print, which allows mobile phones and other mobile terminal devices to be connected to the printer on a wireless basis.

Micro Cloud Printing Platform and Micro Cloud Printer

The Company successfully developed an open Micro Cloud printing platform, and launched a series of dot matrix and thermal micro printers that match the platform. With the platform, printing of orders can be realized without the use of a computer or a mobile terminal device, and it is possible to print on a number of machines at different locations as required, which offers printing solutions to a lot of WeChat businesses and takeaway businesses. The platform provides a unified open Cloud printing interface and formatted print language based on HTML for third party online-shops, takeaway businesses, SaaS and other applications on the platform, making it convenient for third party applications to quickly integrate the bill printing function, so as to greatly reduce the bill printing cost of third party applications. The platform has been officially released, and a few applications have connected to it. The Company has also developed a Micro Cloud printing platform for takeaway businesses. Currently, the platform is connected to Meituan.com and ele.me. It will be connected with more platforms in the future. The Company will also develop a unified takeaway orders and statistical reporting management system, to improve the efficiency of order taking and the management of takeaway businesses, and reduce the operating costs and workload of employees.

Commercial and Financial POS Terminals

The Company has planned a full range of commercial and financial POS terminals. Commercial POS terminals have different sizes of screens, such as 7, 10 and 13.3 inches. The 7 and 10 inch screens are configured with Android systems, while the 13.3 inch type can be configured with Android or Windows systems to meet the needs of merchants with different price expectations using different applications. Such terminals can be paired with the Company's self-developed "Kamo" membership marketing system and cashier system, providing merchants with a complete set of solutions for membership, marketing, payment, cashier and electronic invoicing. It also supports merchants to choose third party applications. The 7 inch screen products have been successfully launched and promoted nationally. The 10 and 13.3 inch screen products are under development. Once a comprehensive product line has taken shape, our terminals would become very competitive in the market.

The financial POS terminal company, through cooperation with UnionPay, is organizing the development of portable smart POS, containing 57mm dot matrix micro printer cores, with touch-screen panel supporting electronic signature. The other model is a financial POS terminal with 80mm thermal micro printer cores. These two models are both intelligent POS terminals, in addition to supporting a variety of bank card payments, they can also support Alipay, WeChat and other online payments, and can even load with the business management and cashier system.

"Kamo" Mobile Payment and Marketing Platform

"Kamo" prepaid card mobile payment and marketing platform is an O2O membership marketing solution controlled by merchants. Its system has been enhanced by integrating various functions, such as membership management, point management, prepaid card reload, online integration payment, electronic coupon distribution and verification, social dissemination, O2O mall and B2B mall, to provide a number of O2O methods, rapidly increase members, consumption frequency and consumption amount and therefore facilitate the sustainable development of merchants' results. Meanwhile, Kamo is also a convenient and reliable card bag for customers. In order to further satisfy the needs of segment merchants, the Company has developed a series of "Kamo" cash register systems for retailing, catering and beauty sectors, and will develop corresponding professional systems in line with the industry demands step by step. Kamo provides merchants with a complete solution of hardware, industry management software, customer management platform, online marketing platform and payment platform.

"Yingmei.me" Cloud Printing Platform

Yingmei.me has gradually become a key cloud printing platform of the Company with more and more practical value. Other than paid document printing service, the Company has successively developed Yingmei electronic invoice cloud printer, Wechat electronic invoice self-service printer, Wechat printer, schoolwork printer, university student shared printer and print shop printer based on "Yingmei.me" cloud printing platform, transforming the inkjet printer of the Company in to a print shop or a self-service printing terminal, which shows a rather favorable market prospect. Meanwhile, Micro Cloud printing platform and Micro Cloud printer developed based on this platform have assumed leading market positions, which will promote the upgrade of the Company's Micro printer to Micro Cloud printer.

2017 Outlook

Looking forward to the second half of 2017, market opportunities will be identified with many new products of the Company being put onto the market. However, due to significant short-term demands brought by the "BT to VAT" reform last year, the market has been temporarily saturated this year and the domestic economic growth continued to slow down, and some low-priced brand products has participated in the competition, and the considerable investment in development of new products and new businesses is also expected to pose certain uncertainties. Thus, the Company takes a prudent attitude towards its overall business in the second half of 2017.

Financial Review

Results Summary

As of 30 June 2017, the Group's turnover amounted to approximately RMB163,622,000, representing a decrease of approximately 30% as compared with last year. The profit attributable to shareholders of the Company amounted to approximately RMB11,840,000, representing a decrease of approximately 62% as compared with last year. The basic earnings per share were approximately RMB0.018 (30 June 2016: RMB0.050). The decrease in the profit attributable to shareholders was mainly due to the decrease of sales for the current period and the increase of research and development expenses of the Group in the first half.

Analysis of Sales and Gross Profit

As of 30 June 2017, the revenue from printer business, which was the main contributor to the total revenue of the Group, amounted to approximately RMB159,212,000, accounting for approximately 97% of total revenue of the Group, whereas the revenue from other electronic products business amounted to approximately RMB4,410,000, accounting for approximately 3% of the revenue of the Group.

Comparing with the corresponding period of 2016, the consolidated revenue of the Group decreased by approximately 30%, which was mainly due to the termination of the EMS manufacturing business by the Group and the decrease in sales of printers. The decrease in sales of printers was mainly due to the concentrated outbreak of demands for invoice printers with the full implementation of the "BT to VAT" policy in 2016, resulting in saturation of demands in the first half of this year, and the inadequate demands in the market due to the continuous slowdown of domestic economic growth.

The Group's consolidated gross profit margin remains same as last year at approximately 38%.

Capital Expenditure

For the year ended 31 December 2017, capital expenditure of the Group amounted to approximately RMB5,769,000, which was mainly used to acquire production equipment and moulds for new products.

Financial and Liquidity Position

As at 30 June 2017, the total assets of the Group amounted to approximately RMB541,029,000 (31 December 2016: RMB589,802,000), shareholder's funds amounted to approximately RMB340,519,000 (31 December 2016: RMB322,107,000); current liabilities amounted to approximately RMB148,176,000 (31 December 2016: RMB213,029,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 2.3 (31 December 2016: 1.9). The increase in current ratio was mainly attributable to a decrease of approximately RMB64,853,000 in current liabilities for the year.

As at 30 June 2017, the cash and cash equivalents, restricted cash of the Group amounted to approximately RMB238,990,000 (31 December 2016: RMB326,297,000) in aggregate, whereas the bank loans of the Group amounted to approximately RMB134,148,000 (31 December 2016: RMB161,010,000). The Group was in a net cash position after deducting the loans.

As at 30 June 2017, the Group held no financial asset at fair value through profit or loss (equity securities traded in China's A share stock exchanges) (31 December 2016: nil). The outstanding bank acceptance bills received from customers amounted to approximately RMB32,142,000 (31 December 2016: RMB5,647,000).

Pledge of Assets

As of 30 June 2017, deposits with certain banks totaling RMB69,550,000 (31 December 2016: RMB127,510,000) were used as the letter of guarantee for bank loans facilities, i.e. onshore guarantees for offshore loans. The certain bank deposits will be released upon the settlement of relevant bank loans.

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 United States dollars ("US$"), Taiwanese dollars ("TWD"), Euro and Hong Kong dollars ("HK$") arising from importation of certain raw materials and machinery from overseas suppliers, sales of goods to overseas customers and borrowings that are denominated in foreign currencies. As at 30 June 2017, the Group had more monetary financial liabilities than financial assets outside the 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.

Acquisition and Disposal

In April and June 2017, the Group entered into agreements with Wuhan Hong Ruida Information Technology Limited Company ("Hong Ruida"), to further acquire 40% equity interest with a consideration of RMB10,000,000, of which RMB4,000,000 has been paid up to 30 June 2017. The Group holds 49.19% equity interest of Hong Ruida as at 30 June 2017. Hong Ruida is a high-tech internet operation company incorporated in mainland China, which engages in the business development of live streaming, online education and technique of artificial intelligence image.

Save as disclosed otherwise, the Group did not have any other material acquisitions and disposals during the period under review.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2017 (31 December 2016: nil).

Staff

As at 30 June 2017, the Group employed a total of 1,304 staff (31 December 2016: 1,431 staff). Apart from 25 employees employed in Hong Kong and overseas, the rest were based in mainland China. The Group determined its remuneration and bonus policies for all employees with reference to the 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 competitiveness of the Group. In addition, the Group has adopted a share option scheme with the objective to reward and incentivize its employees.

Interim Dividend

The Board (the "Board") of directors (the "Directors") of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2017 (Six months ended 30 June 2016: an interim dividend of RMB0.0448 per share and a special dividend of RMB0.2400 per share).

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 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "CG Code") during the six months ended 30 June 2017, save for the deviation from code provision E.1.2 below.

In accordance with the requirements of code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. However, due to 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 19 May 2017.

At the annual general meeting of the Company held on 19 May 2017, there was one executive Director and other independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

BUY-BACK, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Issue of new Shares and use of proceeds

Placing of Existing Shares and Subscription of New Shares

On 19 January 2017, the Company, Kytronics Holdings Limited ("Kytronics") as vendor and Changjiang Securities Brokerage (HK) Limited as the placing agent entered into the placing and subscription agreement (the "2017 Placing and Subscription Agreement") pursuant to which the placing agent has agreed to place an aggregate of 18,000,000 shares of the Company (the "Placing Shares") at the price of HK$1.65 per Placing Share to not less than six placees on behalf of Kytronics (the "Placing"). The Placing had been completed on 24 January 2017.

Pursuant to the 2017 Placing and Subscription Agreement, Kytronics has also conditionally agreed to subscribe for the aggregate of 18,000,000 shares of the Company (the "Subscription Shares") at the price of HK$1.65 per Subscription Share (the "Subscription", together with the Placing, the "Top-up Placing"). The Subscription had been completed on 26 January 2017.

The Placing Shares or the Subscription Shares represent (i) approximately 2.82% of the existing issued share capital of the Company as at the date of the 2017 Placing and Subscription Agreement, and (ii) approximately 2.74% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. Based on the closing price of the Subscription Shares of HK$1.81 on 19 January 2017, the date of the 2017 Placing and Subscription Agreement, the Subscription Shares have a market value of approximately HK$32.58 million.

The placing price of HK$1.65 per Placing Share or the subscription price of HK$1.65 per Subscription Share represents: (i) a discount of approximately 8.84% to the closing price of HK$1.81 per Share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as at the date of the 2017 Placing and Subscription Agreement; (ii) a discount of approximately 12.70% to the average closing price of HK$1.89 per Share as quoted on the Stock Exchange for the last five trading days up to and including 18 January 2017, the last trading day immediately preceding the date of the 2017 Placing and Subscription Agreement; and (iii) a discount of approximately 13.16% to the average closing price of HK$1.90 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 18 January 2017, the last trading day immediately preceding the date of the 2017 Placing and Subscription Agreement.

The net proceeds (after deducting all applicable costs and expenses of the Top-up Placing) was approximately HK$29 million, which the Company will use as to approximately HK$29 million for the development of the Company's new mobile payment business. As at 30 June 2017, all the net proceeds is currently held in cash and cash equivalents and will be applied in the manner consistent with the intended use.

Issue of shares pursuant to share option scheme

During the six months ended 30 June 2017, the Company has allotted and issued 25,000, 657,000 and 137,500 new shares pursuant to the exercise of the share options granted pursuant to the share option scheme adopted by the Company on 13 June 2005 at an exercise price of HK$1.00, HK$1.18 and HK$1.70 each, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries bought back, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions contained in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2017 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The audit committee of the Company (the "Audit Committee") comprises four independent non-executive Directors. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2017 had been reviewed by the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2017 had been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jolimark.com). The interim report of the Company for the six months ended 30 June 2017 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 24 August 2017

As at the date of this announcement, the Executive Directors of the Company are Mr. Au Pak Yin, Mr. Au Kwok Lun and Mr. Ou Guo Liang; and the Independent Non-executive Directors of the Company are Mr. Lai Ming, Joseph, Mr. Meng Yan, Mr. Xu Guangmao and Mr. Yeung Kwok Keung.