

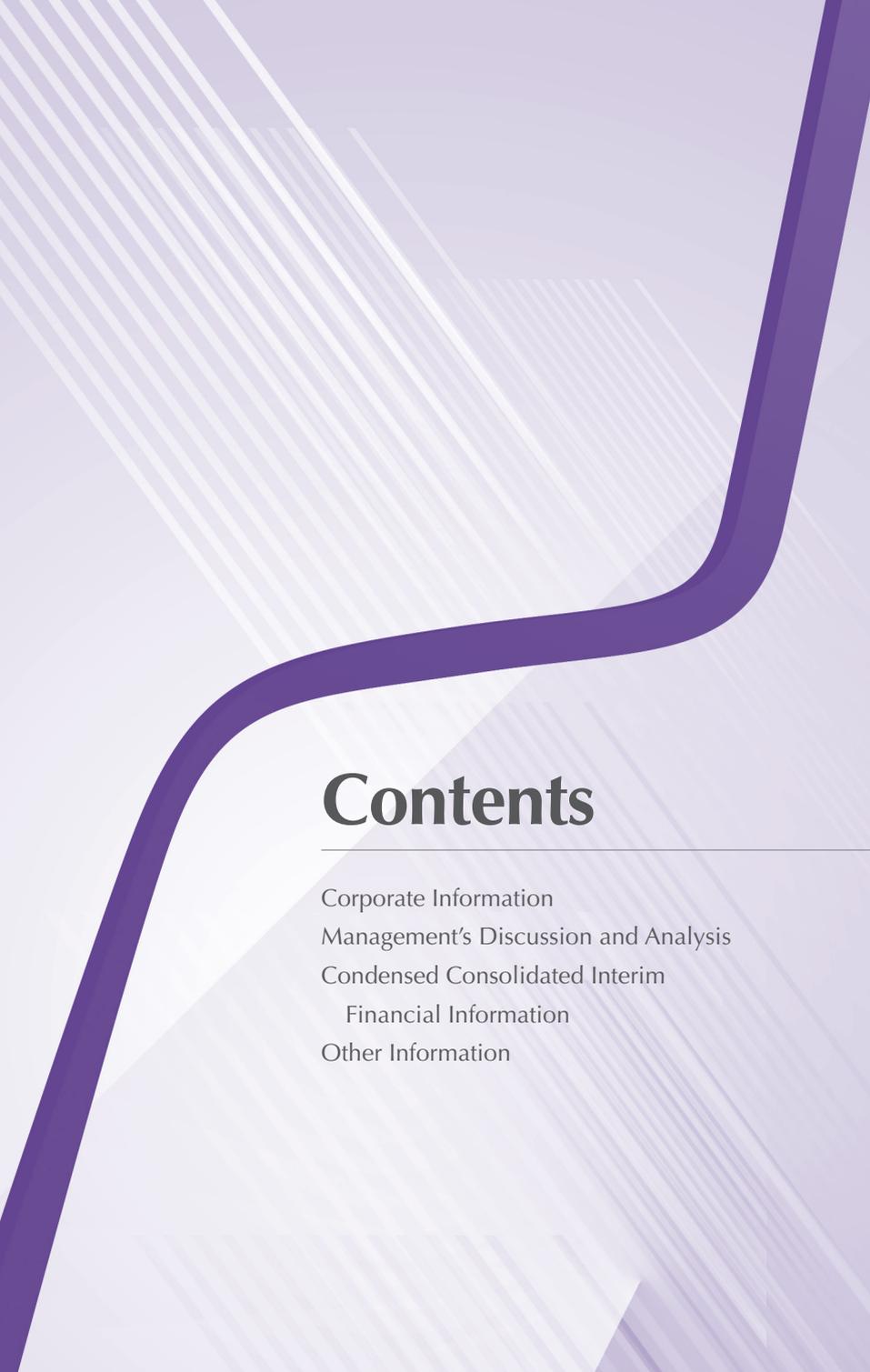
# Jolimark Holdings Limited 映美控股有限公司

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

Interim Report 2015

# Jolimark





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# Corporate Information

## Directors

### Executive Directors

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

### Independent Non-Executive Directors

Mr. Lai Ming, Joseph  
Mr. Meng Yan  
Mr. Xu Guangmao  
Mr. Yeung Kwok Keung

## Registered Office

Clifton House  
75 Fort Street  
PO Box 1350 GT  
George Town, Grand Cayman  
Cayman Islands

## Principal Place of Business in Hong Kong

Unit 01, 23A Floor  
K. Wah Centre  
191 Java Road  
North Point  
Hong Kong

## Company Secretary

Mr. Lai Sai Wo, Ricky

## Authorised Representatives

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

## Audit Committee

Mr. Lai Ming, Joseph (*Chairman*)  
Mr. Meng Yan  
Mr. Xu Guangmao  
Mr. Yeung Kwok Keung

## Remuneration Committee

Mr. Lai Ming, Joseph (*Chairman*)  
Mr. Meng Yan  
Mr. Xu Guangmao  
Mr. Yeung Kwok Keung  
Mr. Au Kwok Lun

## Nomination Committee

Mr. Lai Ming, Joseph (*Chairman*)  
Mr. Meng Yan  
Mr. Xu Guangmao  
Mr. Yeung Kwok Keung

## Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*  
22nd Floor, Prince's Building  
Central  
Hong Kong

## Legal Adviser to the Company as to Hong Kong Law

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

## Hong Kong Branch Share Registrar and Transfer Office

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

## Principal Bankers

China Construction Bank  
Agricultural Bank of China  
Xiamen International Bank  
Postal Savings Bank of China  
Nanyang Commercial Bank  
China Everbright Bank

## Stock Code

2028

## Website

[www.jolimark.com](http://www.jolimark.com)

# Management's Discussion and Analysis

## Business Review

### Printer and Tax Control Equipment Business

For the first half of 2015, the revenue from the printer and tax control equipment business amounted to approximately RMB174,778,000, representing a decrease of approximately 15% from the first half of 2014, accounted for approximately 83% of the revenue of the Group. The decrease in revenue was mainly due to the slowdown in the implementation of "BT to VAT" policy (replacing business tax with value-added tax) introduced by the State during the first half of the year, and a decrease in market demand due to economic slowdown.

### Other Electronic Products Manufacturing Business

The revenue from the Group's other electronic products manufacturing business which accounted for approximately 17% of the revenue of the Group amounted to approximately RMB34,731,000, representing a decrease of approximately 37% from the first half of 2014. The decrease in revenue was mainly due to lower demand from our existing customers.

### Future Business Outlook

In 2015, it became a national requirement to extend the "BT to VAT" to all sectors across the country, and implementation has been carried out as far as practicable. The pilot test of tax control integrated platform had been completed and full implementation has been extended across the country. Upon completion of the implementation, it is expected that a total of 12 million tax payers will use this tax control system, which is set to boost the printing volume of different invoices and in turn, is expected to increase the market demand of invoice printers. The Company anticipates that the "BT to VAT" policy will be fully embarked in the fourth quarter.

In respect of the invoice printers, the Company has successfully launched a series of invoice printers which catered for the printing needs of different tax payers with different price ranges. The Company has also introduced the touch-screen Android POS printers with high price-performance, simple-to-use functions and competitive in total price which satisfied the demands from the great number of small tax-payers. In view of the rapid development in the logistics industry and the emerging car rental market, the Company pioneered the development of the portable invoice printers in the industry, which are equipped with an anti-counterfeiting 2-dimensional bar code printing function, satisfying the new development trend of invoice printing. The product raised considerable market awareness shortly after its launch.

In line with the gradual policy of the State on loosening control in the establishment of financial institutions, the number of small- to medium-scale banks and internet financial institutions has increased, fueling market demands for passbook printers. The Company has developed an integrated intelligent passbook printer which is compatible with different paper sizes and thicknesses. This printer is also integrated with magnetic encoder reader/writer, ID card scanning and essential vouchers infrared scanning functions. The preliminary marketing efforts have been successful.

With respect to commercial invoices, the Company has introduced the comprehensive dot matrix and thermal product series. Particularly noteworthy are the easy-loading mini printers, automatic ceramics paper cutter and the mini printer engine with new structure, which formulated a series of new products: MP-58TC, MP-230D/DC, MP-200D, MP-330T, MP-350T, MP-610DC/620D, LQ-120K/200KIII. These printers sufficiently satisfied the multi-purpose demands of commercial invoice printing in respect of paper-size, speed, dot matrix/thermal and paper output methods. Moreover, building upon the foundation laid down by the existing Android POS 7" screen, the Company further developed the 10" and 13" screen products which are clearly distinguishable, so as to cater for the requirements of more users. Moreover, the Company stepped up its marketing efforts to establish a dedicated sales and marketing team for the commercial invoice segment.

The ancillary digitalized medical information products that the Company has developed for years will be launched in the near future, including graphic, text and bar code inkjet printers for prescriptions, medicine bags, bills and anamnesis. This line of new products promises to create new market opportunities for the Company.

## Management's Discussion and Analysis (continued)

As for projectors, following the introduction of the short-throw, focused and 16:9 products, the Company is going to initiate the development of the confidential projectors, cloud projectors and video phone projectors, in addition to our latest developed multi-touch whiteboard, adding up to our interactive education system. This expansion to our product offering will strengthen our product competitiveness. In conjunction with our dedicated projector sales team, the new products will facilitate the market expansion of our projector products.

The Company has kept abreast of the development and changes in the domestic market and took the initiative to participate in the "Internet+" action plan promoted by the State. Following the successful launch of "Jolimark Kamo" pre-paid card mobile payment system, the Company has successfully developed the "Yingmei.me" free online Cloud Printing System and the charge-based "Yingmei.me" cloud printing platform. The Company has established sales teams in Guangzhou, Shenzhen, Chongqing and Guiyang and accelerated our pace in expanding into the mobile internet business segment. Moreover, the Company successfully developed our Android Touch PC and touch-panel products by way of joint investment, which will further facilitate the Company's development towards the direction of internet industry.

Looking into the second half of 2015, there will be uncertainties in the domestic macro-economic development as the economy gradually holds steady while trending down, in addition to the stepped up efforts in financial investment from the State. The Company is also subject to uncertainties in the face of our increased investment in new product development and new businesses. The Company holds a prudent attitude towards our business throughout 2015.

## Financial Review

### Results Summary

The Group's turnover in the first half of 2015 amounted to approximately RMB209,509,000, representing a decrease of approximately 19% from the corresponding period last year. The profit attributable to shareholders of the Company enjoyed an increase of approximately 38% over the corresponding period of the previous year and amounted to approximately RMB49,906,000 (first half of 2014: RMB36,271,000). The basic earnings per share were approximately RMB0.084 (first half of 2014: RMB0.065), representing an increase of approximately RMB0.019 over last year. The increase was mainly attributable to a compensation of approximately RMB26,038,000 received from Epson (China) Limited ("Epson"). In addition, the Company made provisions for the impairment of loans to joint venture in the amount of approximately RMB2,281,000, and litigation costs arising from the Epson case amounted to approximately RMB1,824,000, and approximately RMB1,908,000 of amortization cost for options granted to staff were also incurred.

### Analysis on Sales and Gross Profit

In the first half of 2015, the revenue of the printer and tax control equipment business, which was the largest contributor to the revenue of the Group, amounted to approximately RMB174,778,000 and accounted for approximately 83% of the total revenue of the Group, whereas the revenue of other electronic products manufacturing amounted to approximately RMB34,731,000 and accounted for approximately 17% of the revenue of the Group. Comparing with the first half of 2014, the revenue from the printer and tax control equipment business decreased by approximately 15%, whereas revenue from the other electronic products manufacturing business decreased by approximately 37%. The Group's gross profit margin increased from approximately 32% of last year to approximately 40%, the increase in gross profit margin was mainly attributed to a decrease in product cost of Jolimark branded products and an increase in percentage of revenue from Jolimark branded products.

### Capital Expenditure

As of 30 June 2015, capital expenditure of the Group amounted to approximately RMB4,301,000, which was mainly used to acquire production equipment and moulds for new products.

## Management's Discussion and Analysis (continued)

### Financial and Liquidity Position

As at 30 June 2015, the total assets of the Group amounted to approximately RMB550,386,000 (31 December 2014: RMB607,404,000), shareholders' fund amounted to approximately RMB428,940,000 (31 December 2014: RMB388,762,000), non-controlling interests amounted to approximately RMB78,000 (31 December 2014: RMB75,000) and current liabilities amounted to approximately RMB93,561,000 (31 December 2014: RMB190,746,000). The current ratio of the Group was approximately 4.3 (31 December 2014: 2.4).

As at 30 June 2015, the cash and cash equivalents and the structured deposits in a bank (including restricted cash) of the Group amounted to approximately RMB295,949,000 (31 December 2014: RMB344,135,000) whereas bank borrowings of the Group amounted to approximately RMB27,885,000 (31 December 2014: RMB111,495,000). The Group was in a net cash position after setting off the loan amounts.

As at 30 June 2015, the Group possessed financial assets, which were equity securities traded in China A shares stock exchange at fair value through profit or loss of approximately RMB8,955,000 (31 December 2014: RMB8,779,000), and we had no outstanding bank acceptance bills on 30 June 2015 (31 December 2014: RMB2,430,000).

### Foreign Currency Risks

The Group mainly operates in mainland China with most of the transactions originally denominated and settled in RMB, however, the Group is exposed to foreign exchange risks for assets and liabilities denominated in United States dollars ("US\$"), Japanese Yen ("JPY"), 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 borrowing that are denominated in foreign currencies. As at 30 June 2015, the Group had more monetary financial liabilities than assets outside mainland China.

The Group manages and monitors its foreign exchange risks by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact from exchange rate fluctuations by reducing the financial liabilities if need.

### Acquisition

The Group had no material acquisition in the six months ended 30 June 2015.

### Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2015.

### Staff

As at 30 June 2015, the Group employed 1,283 staff in total. Apart from 24 employees employed in Hong Kong and overseas, most of them were based in mainland China. The Group implemented its remuneration policy and bonus and share option scheme based on the business results and individual performance of the staff. In addition, fringe benefits, such as insurance, medical allowance and pension, were provided to ensure the competitiveness of the Group.

### Proposed Interim Dividend and Closure of Register of Members

The Board recommended an interim dividend for 2015 of HK\$0.094 per share to shareholders whose names appear on the register of members on 11 September 2015. The interim dividend will be paid on or before 23 October 2015.

For determining entitlement to the interim dividend, the register of members of the Company will be closed from 9 September 2015 to 11 September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 8 September 2015.

## Condensed Consolidated Interim Balance Sheet

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	As at	
		30 June 2015 Unaudited	31 December 2014 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	90,416	91,985
Land use rights	7	9,022	9,166
Intangible assets	7	9,549	8,730
Investments accounted for using the equity method		86	89
Available-for-sale financial assets		4,480	4,480
Deferred income tax assets		499	560
Restricted cash	10	30,100	30,100
<b>Total non-current assets</b>		<b>144,152</b>	<b>145,110</b>
<b>Current assets</b>			
Inventories		104,859	95,917
Trade and other receivables	8	26,571	43,563
Financial assets at fair value through profit or loss	9	8,955	8,779
Structured deposits in a bank		—	30,000
Restricted cash	10	291	60,390
Cash and cash equivalents		265,558	223,645
<b>Total current assets</b>		<b>406,234</b>	<b>462,294</b>
<b>Total assets</b>		<b>550,386</b>	<b>607,404</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium	12	141,702	102,806
Other reserves		219,102	217,428
Retained earnings			
— Proposed dividend	17	28,048	50,000
— Unappropriated retained earnings		40,010	18,453
		<b>428,862</b>	<b>388,687</b>
<b>Non-controlling interests</b>		<b>78</b>	<b>75</b>
<b>Total equity</b>		<b>428,940</b>	<b>388,762</b>

## Condensed Consolidated Interim Balance Sheet (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	As at	
		30 June 2015 Unaudited	31 December 2014 Audited
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	27,885	27,896
<b>Current liabilities</b>			
Trade and other payables	13	86,188	100,432
Current income tax liabilities		7,373	6,715
Borrowings	11	—	83,599
		<b>93,561</b>	190,746
<b>Total liabilities</b>		<b>121,446</b>	218,642
<b>Total equity and liabilities</b>		<b>550,386</b>	607,404
<b>Net current assets</b>		<b>312,673</b>	271,548
<b>Total assets less current liabilities</b>		<b>456,825</b>	416,658

The notes on pages 12 to 27 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Interim Income Statement

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2015 Unaudited	2014 Unaudited
Revenue	6	209,509	260,247
Cost of goods sold		(126,752)	(175,951)
<b>Gross profit</b>		<b>82,757</b>	84,296
Other income		6,659	5,328
Selling and marketing costs		(14,106)	(13,378)
Administrative expenses		(23,723)	(19,408)
Research and development expenses		(12,020)	(10,274)
Other gains/(losses) — net	14	24,947	(290)
<b>Operating profit</b>		<b>64,514</b>	46,274
Finance costs — net		(1,245)	(1,628)
Share of losses of an associate		(2)	(11)
<b>Profit before income tax</b>		<b>63,267</b>	44,635
Income tax expenses	15	(13,358)	(8,350)
<b>Profit for the period</b>		<b>49,909</b>	36,285
<b>Profit attributable to:</b>			
— Shareholders of the Company		49,906	36,271
— Non-controlling interests		3	14
		<b>49,909</b>	36,285
<b>Earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)</b>			
— Basic	16	0.084	0.065
— Diluted	16	0.083	0.065

The notes on pages 12 to 27 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Interim Statement of Comprehensive Income

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2015 Unaudited	2014 Unaudited
<b>Profit for the period</b>	<b>49,909</b>	36,285
Other comprehensive income for the period	—	—
<b>Total comprehensive income for the period</b>	<b>49,909</b>	36,285
<b>Total comprehensive income for the period attributable to:</b>		
— Shareholders of the Company	<b>49,906</b>	36,271
— Non-controlling interests	<b>3</b>	14
	<b>49,909</b>	36,285

The notes on pages 12 to 27 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Interim Statement of Changes in Equity

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Attributable to shareholders of the Company				Total equity
	Share capital and premium	Other reserves	Retained earnings	Non-controlling interests	
<b>Balance at 1 January 2014</b> (Audited)	99,088	208,653	58,019	44	365,804
<b>Comprehensive income</b>					
Profit for the six months ended 30 June 2014	—	—	36,271	14	36,285
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity:</b>					
Share options granted to employees	—	477	—	—	477
Share options exercised by employees	2,203	(582)	—	—	1,621
Dividends	—	—	(35,247)	—	(35,247)
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity</b>	2,203	(105)	(35,247)	—	(33,149)
<b>Balance at 30 June 2014</b> (Unaudited)	101,291	208,548	59,043	58	368,940
<b>Balance at 1 January 2015</b> (Audited)	<b>102,806</b>	<b>217,428</b>	<b>68,453</b>	<b>75</b>	<b>388,762</b>
<b>Comprehensive income</b>					
Profit for the six months ended 30 June 2015	—	—	49,906	3	49,909
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity:</b>					
Placing of new shares (note (12))	52,488	—	—	—	52,488
Share options granted to employees	—	1,908	—	—	1,908
Share options exercised by employees	1,408	(234)	—	—	1,174
Dividends	(15,000)	—	(50,301)	—	(65,301)
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity</b>	38,896	1,674	(50,301)	—	(9,731)
<b>Balance at 30 June 2015</b> (Unaudited)	<b>141,702</b>	<b>219,102</b>	<b>68,058</b>	<b>78</b>	<b>428,940</b>

The notes on pages 12 to 27 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Interim Statement of Cash Flows

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2015 Unaudited	2014 Unaudited
<b>Cash flows from operating activities</b>		
Cash generated from operations	55,677	18,250
Income tax paid	(12,616)	(6,042)
Interest paid	(963)	(990)
<b>Net cash generated from operating activities</b>	<b>42,098</b>	11,218
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,301)	(7,802)
Purchase of intangible assets	—	(2,122)
Prepayment for acquisition of a business	—	(1,000)
Loans to a joint venture	—	(2,551)
Purchase of structured deposits in a bank	—	(30,000)
Proceeds from structured deposits in a bank	30,000	31,500
Interests received	9,301	4,597
<b>Cash generated from/(used in) investing activities — net</b>	<b>35,000</b>	(7,378)
<b>Cash flows from financing activities</b>		
Placing of new shares	52,488	—
Bank deposits pledged for borrowings	60,000	10,257
Repayment of amounts borrowed	(83,528)	(9,744)
Proceeds from exercise of share options	1,174	1,621
Dividends paid to the shareholders of the Company	(65,301)	(35,247)
<b>Cash used in financing activities — net</b>	<b>(35,167)</b>	(33,113)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>41,931</b>	(29,273)
Cash and cash equivalents at beginning of the period	223,645	199,634
Exchange (losses)/gains on cash and cash equivalents	(18)	144
<b>Cash and cash equivalents at end of the period</b>	<b>265,558</b>	170,505

The notes on pages 12 to 27 form an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 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, tax control equipment and other electronic products manufacturing in the People’s Republic of China (the “PRC”).
- (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) The condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 21 August 2015.
- (e) 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 2015 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 2014, 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 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**3. Accounting Policies (Continued)****(a) Effect of adopting new standard and amendments to standards**

The following standards have been adopted by the Group for the first time for the year begin on or after on 1 January 2015. 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 19 (Amendment)	Defined benefit plans: Employee contribution
HKFRS (Amendment)	Annual improvements 2012 and 2013

**(b) New and amended standards and interpretations issued but are not effective for six months ended 30 June 2015 and have not been early adopted by the Group**

		<b>Effective for annual periods beginning on or after</b>
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKAS 11 (Amendment)	Accounting for acquisitions of interests in joint operation	1 January 2016
HKAS 16 (Amendment) and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortization	1 January 2016
HKAS 16 (Amendment) and HKAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKFRS 10 (Amendment) and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS/HKAS (Amendment)	Annual improvements 2014	1 January 2016
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2017

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 4. Estimates

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

In preparing these condensed consolidated interim financial statements, significant judgments were made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the preparation of the consolidated financial statements for the year ended 31 December 2014.

### 5. Financial Risk Management

#### 5.1 Financial risk factors

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

There have been no significant changes in risk management policies during the six months ended 30 June 2015.

#### 5.2 Fair value estimation

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

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The financial assets at fair value through profit or loss of the Group are measured at fair value in level 1 as at 30 June 2015. The financial assets at fair value through profit or loss of the Group are traded in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets at fair value through profit or loss held by the Group is the current bid price. There were no significant changes in valuation techniques during the period.

Available-for-sale financial asset is equity investment in a private company in Taiwan, which is measured at fair value in level 3 as at 30 June 2015.

As at 30 June 2015, the carrying amounts less impairment provision of trade and other receivable and the carrying amounts of trade and other payables approximate their fair values due to their short term nature.

During the six months ended 30 June 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 6. Segment Information

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

The CODM manages the Group’s business from the perspective of different product lines of the Group, i.e. printers and tax control equipment and other electronic products manufacturing.

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/(losses) — net, income tax expenses and finance costs — net, which are centrally managed for the Group. Other information provided to the CODM is measured in a manner consistent with that in this condensed consolidated interim financial information.

The segment revenue and results and the reconciliation with profit for the six months ended 30 June 2015 are as follows:

	Printer and tax control equipment	Other electronic products manufacturing	Total
<b>Revenue (from external customers)</b> (note (a))	<b>174,778</b>	<b>34,731</b>	<b>209,509</b>
<b>Segment results</b>	<b>61,213</b>	<b>7,436</b>	<b>68,649</b>
Other income			6,659
Administrative expenses			(23,723)
Research and development expenses			(12,020)
Other gains — net			24,947
Finance costs — net			(1,245)
Income tax expenses			(13,358)
Profit for the period			<b>49,909</b>
<b>Segment results include:</b>			
Share of losses of an associate	(2)	—	(2)
Depreciation and amortisation	(3,331)	(531)	(3,862)

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**6. Segment Information (Continued)**

The segment revenue and results and the reconciliation with profit for the six months ended 30 June 2014 are as follows:

	Printer and tax control equipment	Other electronic products manufacturing	Total
<b>Revenue (from external customers)</b> (note (a))	205,462	54,785	260,247
<b>Segment results</b>	59,931	10,976	70,907
Other income			5,328
Administrative expenses			(19,408)
Research and development expenses			(10,274)
Other losses — net			(290)
Finance costs — net			(1,628)
Income tax expenses			(8,350)
Profit for the period			36,285
<b>Segment results include:</b>			
Share of losses of an associate	(11)	—	(11)
Depreciation and amortisation	(3,219)	(858)	(4,077)

- (a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).
- (b) The Group is domiciled in the PRC. The analysis of geography of the customers of the Group is set out below:

	Six months ended 30 June	
	2015	2014
In the PRC	168,873	192,324
In other countries	40,636	67,923
	209,509	260,247

- (c) For the six months ended 30 June 2015, approximately 15% of total revenue (six months ended 30 June 2014: approximately 19%) are derived from a single external customer, which is in the segment of other electronic products manufacturing.

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**7. Property, Plant and Equipment, Land Use Rights and Intangible Assets**

	<b>Property, plant and equipment</b>	<b>Land use rights</b>
<b>Six months ended 30 June 2014</b>		
Opening net book amount as at 1 January 2014	88,725	9,455
Additions	8,660	—
Disposals	(211)	—
Depreciation and amortisation	(5,120)	(144)
Closing net book amount as at 30 June 2014	92,054	9,311
<b>Six months ended 30 June 2015</b>		
Opening net book amount as at 1 January 2015	<b>91,985</b>	<b>9,166</b>
Additions	<b>3,060</b>	—
Depreciation and amortisation	<b>(4,629)</b>	<b>(144)</b>
Closing net book amount as at 30 June 2015	<b>90,416</b>	<b>9,022</b>

	<b>Goodwill</b>	<b>Proprietary technology</b>	<b>Total</b>
<b>Six months ended 30 June 2014</b>			
Opening net book amount as at 1 January 2014	—	389	389
Additions	—	2,122	2,122
Amortisation	—	(173)	(173)
Closing net book amount as at 30 June 2014	—	2,338	2,338
<b>Six months ended 30 June 2015</b>			
Opening net book amount as at 1 January 2015	<b>5,742</b>	<b>2,988</b>	<b>8,730</b>
Additions	—	<b>1,051</b>	<b>1,051</b>
Amortisation	—	<b>(232)</b>	<b>(232)</b>
Closing net book amount as at 30 June 2015	<b>5,742</b>	<b>3,807</b>	<b>9,549</b>

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**8. Trade and Other Receivables**

	As at	
	30 June 2015	31 December 2014
Trade receivables		
— Third parties (note (a))	12,619	20,565
— Related parties (note 19)	94	3,273
	<b>12,713</b>	23,838
Less: provision for impairment of trade receivables	—	—
Trade receivables — net	12,713	23,838
Prepayments to third parties	4,372	2,810
Bills receivable	—	2,430
Other receivables		
— Third parties	7,378	10,091
— Related parties (note 19)	7,497	7,502
	<b>14,875</b>	17,593
Less: provision for impairment of other receivables	(5,389)	(3,108)
Other receivables — net	9,486	14,485
	<b>26,571</b>	43,563

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**8. Trade and Other Receivables (Continued)**

- (a) 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 2015, the ageing analysis of the trade receivables is as follows:

	As at	
	30 June 2015	31 December 2014
Less than 30 days	8,827	11,790
31–90 days	1,988	8,316
91–180 days	564	732
181–365 days	124	464
Over 365 days	1,210	2,536
	<b>12,713</b>	23,838

The Group assesses impairment of trade and other receivables mainly based on their ageing.

The credit quality of trade receivables within credit limit are assessed by reference to historical information about counterparty default rates. As at 30 June 2015, these trade receivables were related to major customers of the Group and without indication of default in settlement.

As at 30 June 2015, trade receivables of RMB1,334,000 (31 December 2014: RMB3,000,000) were past due but not impaired.

- (b) As at 30 June 2015, other receivables of RMB 5,389,000 (31 December 2014: RMB 3,108,000) were impaired. Movements on the Group's allowance for impairment of other receivables are as follows:

	As at	
	30 June 2015	31 December 2014
Opening balance	(3,108)	(971)
Impairment of provision	(2,281)	(2,288)
Written off of provision	—	151
Closing balance	<b>(5,389)</b>	(3,108)

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**9. Financial Assets at Fair Value Through Profit or Loss**

	As at	
	30 June 2015	31 December 2014
Listed equity securities in the PRC		
— stated at market value	8,955	8,779

Changes of financial assets at fair value through profit or loss are presented within “operating activities” in the condensed consolidated interim statement of cash flow.

Gains on financial assets at fair value through profit or loss of RMB169,000 (six months ended 30 June 2014: loss of RMB452,000) is included in the “other gains/(losses) — net” (note 14) of the condensed consolidated interim income statement.

The fair value of all equity securities is based on their current trade prices in an active market.

**10. Restricted Cash — Group**

	As at	
	30 June 2015	31 December 2014
<b>Non-current:</b>		
Guarantee deposit for loans (note 11 (a))	30,000	30,000
Guarantee deposit for biddings	100	100
	<b>30,100</b>	30,100
<b>Current:</b>		
Guarantee deposit for loans	—	60,000
Guarantee deposit for biddings	291	390
	<b>291</b>	60,390
	<b>30,391</b>	90,490

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 11. Borrowings

	As at	
	30 June 2015	31 December 2014
<b>Borrowings included in non-current liabilities:</b>		
Bank borrowing — secured (note (a))	27,885	27,896
<b>Borrowings included in current liabilities:</b>		
Current portion of non-current borrowings		
— Bank borrowing — unsecured	—	27,390
— Bank borrowing — secured	—	56,209
	—	83,599
	27,885	111,495

- (a) Amount represents a bank borrowing of HK\$35,360,000 (equivalent to RMB27,885,000), which bears an interest of 1.75% per annum over one-month HIBOR, is repayable within two years and secured by the Group's bank deposit of RMB30,000,000.

Interest expenses of the borrowings for the six months ended 30 June 2015 amounted to RMB963,000 (six months ended 30 June 2014: RMB871,000), which have been recognised as finance costs in the income statement.

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2015	31 December 2014
Floating rate:		
— expiring within one year	71,544	73,538
— expiring after one year	1,293	1,294
	72,837	74,832

## 12. Share Capital and Premium

On 5 February 2015, the Company has completed a placing of an aggregate of 40,000,000 new shares at the placing price of HK\$1.70 per share and received net proceeds of approximately HK\$66,254,000 (equivalent to RMB52,488,000).

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**13. Trade and Other Payables**

	As at	
	30 June 2015	31 December 2014
Trade payables		
— Third parties	38,374	32,785
— An associate	1,128	1,128
— Related parties (note 19)	2,856	2,845
	42,358	36,758
Other payables to third parties	34,306	57,296
Dividends payable	975	975
Advances from customers	8,549	5,403
	86,188	100,432

At 30 June 2015, the ageing analysis of the trade payables, including amounts due to related parties of trading nature, is as follows:

	As at	
	30 June 2015	31 December 2014
Less than 30 days	30,836	19,711
31–90 days	7,878	13,304
91–180 days	1,361	985
181–365 days	324	35
Over 365 days	1,959	2,723
	42,358	36,758

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**14. Other Gains/(Losses) — Net**

	Six months ended 30 June	
	2015	2014
Gains/(losses) on financial assets at fair value through profit or loss — net	169	(452)
Dividend income of financial assets at fair value through profit or loss	118	206
Losses on disposal of fixed assets	—	(211)
Foreign exchange (losses)/gains — net	(1,378)	167
Penalty charged to a supplier (note (a))	26,038	—
	<b>24,947</b>	<b>(290)</b>

- (a) Pursuant to a final civil judgment from the Supreme Court of the PRC received by the Group in January 2015, the Group was awarded a compensation of RMB30 million for an alleged breach by a former supplier in an exclusive distribution agreement with the Group. Having deducted the amount of RMB4 million received in 2012, the remaining sum of RMB26 million was received in January 2015 and has been recognised as other gains.

**15. Income Tax Expenses**

	Six months ended 30 June	
	2015	2014
Current income tax		
— Hong Kong profits tax	—	370
— PRC corporate income tax	10,823	6,257
— PRC dividend withholding tax	2,474	1,500
	<b>13,297</b>	<b>8,127</b>
Deferred income tax	61	223
	<b>13,358</b>	<b>8,350</b>

**Hong Kong profits tax**

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 June 2015 (six months ended 30 June 2014: 16.5%).

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 15. Income Tax Expenses (Continued)

#### 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 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 HNTE for three years from 2014 to 2016, and therefore it enjoyed a preferential CIT rate at 15% for the six months ended 30 June 2015. The effective CIT rate of other Group entities in the PRC is 25% (six months ended 30 June 2014: 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 2015, the Group has made a provision for withholding income tax of RMB2,474,000 in respect of the profit distributed by Kongyue Information (six months ended 30 June 2014: RMB1,500,000). The Group has not made provision of deferred income tax of RMB3,555,350 (31 December 2014: RMB2,930,000) for the unremitted earnings of the PRC subsidiaries of RMB71,107,000 (31 December 2014: RMB58,604,000) 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 Island (the “BVI”) are incorporated under the International Business Companies Act of the BVI and, accordingly, are exempted from income tax in the BVI.

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 16. Earnings Per Share

	Six months ended 30 June	
	2015	2014
<b>— Basic</b>		
Profit attributable to the shareholders of the Company ( <i>RMB'000</i> )	<b>49,906</b>	36,271
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<b>597,396</b>	560,823
Basic earnings per share ( <i>RMB per share</i> )	<b>0.084</b>	0.065
<b>— Diluted</b>		
Profit attributable to the shareholders of the Company ( <i>RMB'000</i> )	<b>49,906</b>	36,271
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<b>597,396</b>	560,823
Adjustments for share options ( <i>shares in thousands</i> )	<b>6,373</b>	896
Weighted average number of ordinary shares for diluted earnings ( <i>shares in thousands</i> )	<b>603,769</b>	561,719
Diluted earnings per share ( <i>RMB per share</i> )	<b>0.083</b>	0.065

## 17. Dividends

	Six months ended 30 June	
	2015	2014
Interim dividends (note (a))	<b>47,000</b>	28,000

- (a) At the board of directors meeting held on 21 August 2015, the directors of the Company proposed an interim dividend for the six months ended 30 June 2015 of HK\$0.094 per ordinary share approximately HK\$57,046,000 (equivalent to RMB47,000,000). HK\$34,043,000 (equivalent to RMB28,048,000) and HK\$23,003,000 (equivalent to RMB18,952,000) is distributed out of the retained earnings and share premium of the Company respectively.

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**18. Commitments**

## Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30 June 2015	31 December 2014
No later than 1 year	1,743	1,352
Later than 1 year and not later than 5 years	1,318	825
	<b>3,061</b>	2,177

**19. Significant Related Party Transactions**

The directors of the Company regard the Au Family, which composes of Mr. Au Pak Yin, Ms. Tai Noi Kit, Mr. Au Kwok Lun, Mr. Ou Guo Liang and Ms. Ou Ri Ai, to be the beneficial owners of the Company. Mr. Au Pak Yin, Mr. Au Kwok Lun and Mr. Ou Guo Liang are also executive directors of the Company.

Save as disclosed elsewhere in the condensed consolidated interim financial information, significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

## (i) Purchases of goods and molds

	Six months ended 30 June	
	2015	2014
Purchases of goods and molds from related parties (note (a))	11,695	13,245

## (ii) Key management compensation

	Six months ended 30 June	
	2015	2014
Salary and other short-term employee benefits	2,344	2,230
Share options	157	56
Retirement scheme contribution	28	25
	<b>2,529</b>	2,311

## Notes to the Condensed Consolidated Interim Financial Information (continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

**19. Significant Related Party Transactions (Continued)**

## (iii) Period-end balances with related parties

	As at	
	30 June 2015	31 December 2014
Trade and other receivables		
— Trade receivable from parties controlled by the Au Family (note (b))	94	3,273
— Loans to joint venture (note (c))	—	2,288
— Cash advanced to parties controlled by the Au Family (note (b))	2,928	2,926
	<b>3,022</b>	8,487
Trade payables to parties controlled by the Au Family (note (b))	<b>2,856</b>	2,845

- (a) Purchase transactions are negotiated with related parties in the normal course of business.
- (b) These amounts due from/to related parties are unsecured and interest free; amounts due from related parties are repayable on demand, amounts due to related parties are repayable within 45 days.
- (c) During the six months ended 30 June 2015, the Group has agreed to extend the maturity of the loans to a joint venture of the Group of HK\$5.8 million (equivalent to RMB4,569,000) to 31 December 2015. The loans are interest free and guaranteed by one of the joint venture partner. As at 30 June 2015, a full provision of RMB4,569,000 (31 December 2014: RMB2,288,000) has been made.

## Other Information

### Disclosure of Interests

#### (a) Interests and Short Positions of the Directors and Chief Executive of the Company

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Company/Name of associated corporation	Capacity	Number of shares held <sup>(Note 1)</sup>	Percentage in the relative class of share capital (approx.)
Mr. Au Pak Yin (“Mr. Au”)	Company	Interest in controlled corporation <sup>(Note 2)</sup>	394,285,533 shares (L)	65.18%
Mr. Au	Kytronics Holdings Limited (“Kytronics”)	Beneficial owner	2 ordinary shares (L)	40%
Mr. Au Kwok Lun	Kytronics	Beneficial owner	1 ordinary share (L)	20%
Mr. Ou Guo Liang	Kytronics	Beneficial owner	1 ordinary share (L)	20%

Notes:

1. The letter “L” denotes the Director’s long position in such securities.
2. 394,285,533 Shares were owned by Kytronics. The issued share capital of Kytronics is owned as to 20% by each of Mr. Au and his spouse Ms. Tai Noi Kit (“Ms. Tai”). Mr. Au is therefore deemed to be interested in these shares by virtue of his interests in Kytronics pursuant to Part XV of the SFO.
3. Each of Mr. Au and Ms. Tai is the beneficial owner of an ordinary share in Kytronics.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

## Other Information (continued)

## (b) Substantial Shareholders and Other Person's Interest in the Shares

As at 30 June 2015, as far as is known to the Directors and the chief executive of the Company, the following person (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Company/Name of associated corporation	Capacity	Number of shares held	Percentage in the relevant class of share capital (approx.) <sup>(Note 1)</sup>
Kytronics	Company	Beneficial Owner	394,285,533 <sup>(Note 2)</sup> shares	65.18%(L)
Ms. Tai Noi Kit ("Ms. Tai")	Kytronics	Interest in controlled corporation	394,285,533 <sup>(Note 2)</sup> shares	65.18%(L)
Kent C. McCarthy	Company	Interest in controlled corporation	79,826,000 <sup>(Note 3)</sup> shares	13.20%(L)

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. 394,285,533 shares were owned by Kytronics. The issued share capital of Kytronics is owned as to 20% each of Ms. Tai and her spouse Mr. Au. Ms. Tai and Mr. Au are therefore deemed to be interested in these shares by virtue of their interests in Kytronics pursuant to Part XV of the SFO.
3. 70,372,000 shares and 9,454,000 shares were held by Jayhawk Private Equity Fund II, L.P. and Kent C. McCarthy Revocable Trust respectively, which are wholly owned by Kent C. McCarthy.

Saved as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at 30 June 2015, had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## Other Information (continued)

## Share Option Schemes

Details of the share option scheme adopted on 13 June 2005 (the “2005 Scheme”) were set out in the published annual report of the Company for the year ended 31 December 2014. In the annual general meeting of the Company held on 18 May 2015, the shareholders approved to terminate the 2005 Scheme and adopted a new share option scheme (the “New Share Option Scheme”). The adoption of the New Share Option Scheme and the termination of the 2005 Scheme will not in any way affect the terms of the options already granted under the 2005 Scheme, which will continue to be valid and subject to the terms of the 2005 Scheme. Since adoption, no options have been granted under the New Share Option Scheme.

The following table discloses movements in the Company’s share options during the six months ended 30 June 2015:

Name	Date of grant	Exercise price HK\$	Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2015	Percentage of the issued share capital of the Company as at the date of this report	Exercise period
Employees — Type 3	22 July 2011	1.00 <small>(Note 3 and 4)</small>	2,080,013	—	(290,013) <small>(Note 11)</small>	—	<b>1,790,000</b>	0.30%	Six years from the date of grant <small>(Note 1)</small>
Employees — Type 3	10 December 2013	1.18 <small>(Note 5 and 6)</small>	5,500,000	—	(1,015,000) <small>(Note 12)</small>	(160,000)	<b>4,325,000</b>	0.72%	Six years from the date of grant <small>(Note 1)</small>
Employees — Type 3	17 December 2014	1.70 <small>(Note 7 and 8)</small>	19,800,000	—	—	(250,000)	<b>19,550,000</b>	3.23%	Six years from the date of grant <small>(Note 1)</small>
Employees — Type 4	15 May 2015	2.17 <small>(Note 9 and 10)</small>	—	17,980,000	—	—	<b>17,980,000</b>	2.97%	Six years from the date of grant <small>(Note 2)</small>
Total			27,380,013	17,980,000	(1,305,013)	(410,000)	<b>43,645,000</b>	7.22%	

## Notes:

- The first 25% of the option can be exercisable at any time on and after the first anniversary of the date of grant. The next 25% of the option can be exercisable at any time commencing from the second anniversary of the date of grant. The third 25% of the option can be exercisable at any time commencing from the third anniversary of the date of grant. The remaining 25% of the option can be exercisable at any time commencing from the fourth anniversary of the date of grant.
- Out of 17,980,000 options, 12,980,000 options shall be exercisable in four tranches. The first 25% of the option can be exercisable at any time on and after the first anniversary of the date of grant. The next 25% of the option can be exercisable at any time commencing from the second anniversary of the date of grant. The third 25% of the option can be exercisable at any time commencing from the third anniversary of the date of grant. The remaining 25% of the option can be exercisable at any time commencing from the fourth anniversary of the date of grant.

Out of 17,980,000 options, 5,000,000 options shall be exercisable in two tranches. The first 50% of the option can be exercisable at any time on and after the first anniversary of the date of grant. The remaining 50% of the option can be exercisable at any time commencing from the second anniversary of the date of grant.

## Other Information (continued)

3. The closing price immediately before the date of grant was HK\$0.80.
4. The exercise price was determined by the Directors of the Company and was fixed at HK\$1.00 per share.
5. The closing price immediately before the date of grant was HK\$1.18.
6. The exercise price was determined by the Directors of the Company and was fixed at HK\$1.18 per share.
7. The closing price immediately before the date of grant was HK\$1.72.
8. The exercise price was determined by the Directors of the Company and was fixed at HK\$1.70 per share.
9. The closing price immediately before the date of grant was HK\$2.17.
10. The exercise price was determined by the Directors of the Company and was fixed at HK\$2.17 per share.
11. The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK\$2.10 per share.
12. The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK\$2.13 per share.

## Buy Back, Sale or Redemption of the Company's Listed Securities

On 5 February 2015, the Company completed a placing of an aggregate of 40,000,000 new shares at the placing price of HK\$1.70 per share and received net proceeds of approximately HK\$66 million.

During the six months ended 30 June 2015, the Company has issued and allotted 290,013 and 1,015,000 new shares at exercise prices of HK\$1.00 and HK\$1.18 each, respectively, as a result of the exercise of the share options under the share option scheme of the Company.

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 2015.

## Sufficiency of Public Float

In respect of the public float of the Company which has fallen below 25% as required by Rule 8.08 of the Listing Rules, the details of which were set out in the published annual report of the Company for the year ended 31 December 2014.

In an attempt to restore the public float to the required level, the Company has successfully placed 40 million new shares on 5 February 2015, raising the public ownership of the Company from 16.04% to 21.45%. On 27 July 2015, the Company noted that Mr. McCarthy disposed 11,026,000 shares of the Company through on market transactions. As a result of which, the public float of the Company further increased from 21.62% to 23.18%. The Company will continue to look into the best means to restore the public float level to the stipulated minimum requirement under Rule 8.08 of the Listing Rule, and will continue to actively consider options and alternatives to restore its public float.

## Other Information (continued)

### Compliance with the Corporate Governance code

The Company has adopted and complied with all the code provisions 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") during the six months ended 30 June 2015, save as disclosed below.

In accordance with the requirements of code provision E.1.2 of the Corporate Governance Code, the chairman of the Board should attend the annual general meeting of the Company. However, due to other business commitment, the chairman of the Board, Mr. Au Pak Yin, did not attend the annual general meeting of the Company held on 18 May 2015.

At the annual general meeting of the Company, there were 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.

### Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Code during the six months ended 30 June 2015 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the period.

### Review of Condensed Consolidated Interim Financial Information

The audit committee of the Company (the "Audit Committee") is composed of four independent non-executive Directors. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2015 had been reviewed by the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2015 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 the Interim Report

This interim report of the Company is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jolimark.com](http://www.jolimark.com)). The interim report of the Company for the Interim Period 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