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## JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

### 2015 Annual Results Announcement

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	496,975	548,762
Cost of goods sold		<u>(306,373)</u>	<u>(357,684)</u>
<b>Gross profit</b>		<b>190,602</b>	191,078
Other income		12,952	9,858
Selling and marketing costs		(37,593)	(30,466)
Administrative expenses		(48,223)	(45,053)
Research and development expenses		(25,430)	(24,005)
Other gains/(losses) — net	5	<u>25,257</u>	<u>(677)</u>
<b>Operating profit</b>		<b>117,565</b>	100,735
Finance costs — net	7	(3,948)	(2,791)
Share of losses of investments accounted for using the equity method		<u>(613)</u>	<u>(11)</u>
<b>Profit before income tax</b>		<b>113,004</b>	97,933
Income tax expenses	8	<u>(24,098)</u>	<u>(15,297)</u>
<b>Profit for the year</b>	6	<b><u>88,906</u></b>	<b><u>82,636</u></b>
<b>Profit attributable to:</b>			
— Shareholders of the Company		88,921	82,605
— Non-controlling interests		<u>(15)</u>	<u>31</u>
		<b><u>88,906</u></b>	<b><u>82,636</u></b>
<b>Earnings per share for profit attributable to the shareholders of the Company during the year</b> (expressed in RMB per share)			
— Basic	9	<u>0.147</u>	<u>0.147</u>
— Diluted	9	<u>0.147</u>	<u>0.146</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Profit for the year</b>	<b>88,906</b>	82,636
Other comprehensive income for the year	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>88,906</u></b>	<b><u>82,636</u></b>
<b>Total comprehensive income for the year attributable to:</b>		
— Shareholders of the Company	<b>88,921</b>	82,605
— Non-controlling interests	<u>(15)</u>	<u>31</u>
	<b><u>88,906</u></b>	<b><u>82,636</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	<i>Note</i>	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>88,642</b>	91,985
Land use rights		<b>8,877</b>	9,166
Intangible assets		<b>9,463</b>	8,730
Investments accounted for using the equity method		<b>10,176</b>	89
Available-for-sale financial assets		<b>3,349</b>	4,480
Deferred income tax assets		—	560
Restricted cash		<b>160</b>	30,100
		<b>120,667</b>	145,110
<b>Current assets</b>			
Inventories		<b>102,367</b>	95,917
Trade and other receivables	<i>11</i>	<b>28,666</b>	43,563
Financial assets at fair value through profit or loss		<b>5,426</b>	8,779
Structured deposits in a bank		—	30,000
Restricted cash		<b>30,289</b>	60,390
Cash and cash equivalents		<b>308,739</b>	223,645
		<b>475,487</b>	462,294
<b>Total assets</b>		<b>596,154</b>	607,404

	<i>Note</i>	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium		<b>147,449</b>	102,806
Other reserves		<b>232,769</b>	217,428
Retained earnings		<u><b>68,395</b></u>	<u>68,453</u>
<b>Non-controlling interests</b>		<u><b>60</b></u>	<u>75</u>
<b>Total equity</b>		<u><b>448,673</b></u>	<u>388,762</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		—	27,896
Deferred income tax liabilities		<u><b>799</b></u>	<u>—</u>
		<u><b>799</b></u>	<u>27,896</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>112,814</b>	100,432
Current income tax liabilities		<b>4,243</b>	6,715
Borrowings		<u><b>29,625</b></u>	<u>83,599</u>
		<u><b>146,682</b></u>	<u>190,746</u>
<b>Total liabilities</b>		<u><b>147,481</b></u>	<u>218,642</u>
<b>Total equity and liabilities</b>		<u><u><b>596,154</b></u></u>	<u><u>607,404</u></u>

## 1. GENERAL INFORMATION

- (a) Jolimark Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 22 July 2004 as an exempted company with limited liability under the Companies Law (2003 Revision) of the Cayman Islands. The address of its registered offices is Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands.
- (b) The Company 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 has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 29 June 2005.
- (d) These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 24 March 2016.

## 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets.

## 3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### (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 financial year beginning on or after 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.

HKAS19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
Amendment to HKFRS/HKAS	Annual improvements 2010–2012 cycle
Amendment to HKFRS/HKAS	Annual improvements 2011-2013 cycle

### (b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) **New and amended standards and interpretations issued but are not effective for financial year ended 31 December 2015 and have not been early adopted by the Group**

		<b>Effective for annual periods beginning on or after</b>
Annual improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Operations	A date to be determined by the IASB
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: applying the consolidation exception	1 January 2016
HKAS 11 Amendment	Accounting for Acquisitions of Interests in Joint Venture	1 January 2016
HKAS 1 Amendment	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants	1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018

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.

#### **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 tax control equipment and other electronic products manufacturing. During the year, “Kamo” mobile payment and “Yingmei.me” Cloud printing business were in trial run stage, and expenses of approximately RMB8,329,000 were incurred for the year ended 31 December 2015. The amount incurred is not material to the Group’s consolidated financial statements. Accordingly, it has not been disclosed as a separate segment.

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, finance 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 year ended 31 December 2015 are as follows:

	<b>Printer and tax control equipment RMB'000</b>	<b>Other electronic products manufacturing RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue (from external customers) (note (a))</b>	<u>424,690</u>	<u>72,285</u>	<u>496,975</u>
<b>Segment results</b>	<u>137,559</u>	<u>14,837</u>	<u>152,396</u>
Other income			12,952
Administrative expenses			(48,223)
Research and development expenses			(25,430)
Other gains — net			25,257
Finance costs — net			(3,948)
Income tax expenses			<u>(24,098)</u>
Profit for the year			<u><u>88,906</u></u>
<b>Segment results include:</b>			
Share of losses of investments accounted for using the equity method	(2)	(611)	(613)
Depreciation and amortization	<u>(5,374)</u>	<u>(1,376)</u>	<u>(6,750)</u>

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2014 are as follows:

	<b>Printer and tax control equipment RMB'000</b>	<b>Other electronic products manufacturing RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue (from external customers) (note (a))</b>	<u>442,425</u>	<u>106,337</u>	<u>548,762</u>
<b>Segment results</b>	<u>137,455</u>	<u>23,146</u>	<u>160,601</u>
Other income			9,858
Administrative expenses			(45,053)
Research and development expenses			(24,005)
Other losses — net			(677)
Finance costs — net			(2,791)
Income tax expenses			<u>(15,297)</u>
Profit for the year			<u><u>82,636</u></u>
<b>Segment results include:</b>			
Share of losses of investments accounted for using the equity method	(11)	—	(11)
Depreciation and amortization	<u>(6,035)</u>	<u>(2,841)</u>	<u>(8,876)</u>

- (a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the years ended 31 December 2015 and 2014.
- (b) The Group is domiciled in the PRC. The revenue from external customers are as follows:

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
In the PRC	<b>401,689</b>	415,295
In other countries	<u><b>95,286</b></u>	<u>133,467</u>
	<u><b>496,975</b></u>	<u>548,762</u>

- (c) In 2015, approximately 14% of total revenue (2014: approximately 19%) are derived from a single external customer, which is in the segment of other electronic products manufacturing.
- (d) As at 31 December 2015, the Group's non-current assets are mainly located in the PRC.

## 5. OTHER GAINS/(LOSSES) — NET

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
(Losses)/gains on financial assets at fair value through profit or loss — net	<b>(782)</b>	917
Impairment of available for sale financial assets	<b>(1,131)</b>	—
Dividend income of financial assets at fair value through profit or loss	<b>134</b>	226
Losses from disposal of machinery and equipment	<b>(330)</b>	(293)
Foreign exchange gains/(losses) — net	<b>1,328</b>	(1,527)
Penalty charged to a supplier ( <i>note (a)</i> )	<u><b>26,038</b></u>	<u>—</u>
	<u><b>25,257</b></u>	<u>(677)</u>

- (a) Pursuant to a final civil judgment notice received from the Supreme Court of the PRC 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 recognized as other gains.

## 6. PROFIT FOR THE YEAR

Profit for the year has been arrived at after changing the following items:

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Depreciation of property, plant and equipment and amortization of land use rights and intangible assets	<u><b>13,359</b></u>	<u>11,766</u>



## 7. FINANCE COSTS — NET

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest expenses on bank borrowings	(2,219)	(2,611)
Exchange losses on bank borrowings	<u>(1,729)</u>	<u>(180)</u>
	<u><b>(3,948)</b></u>	<u><b>(2,791)</b></u>

## 8. INCOME TAX EXPENSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current income tax expenses		
— Hong Kong profits tax	(478)	(81)
— PRC corporate income tax	(21,099)	(14,101)
— PRC dividend withholding tax	<u>(3,880)</u>	<u>(4,000)</u>
	(25,457)	(18,182)
Deferred income tax	<u>1,359</u>	<u>2,885</u>
	<u><b>(24,098)</b></u>	<u><b>(15,297)</b></u>

The Group's applicable tax rates of Hong Kong profits tax, PRC corporate income tax and PRC dividend withholding income tax for the year ended 31 December 2015 are 16.5%, 15% and 5%, respectively (2014: 16.5%, 15% and 5%).

## 9. EARNINGS PER SHARE

### — Basic

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

	2015	2014
Profit attributable to the shareholders ( <i>RMB'000</i> )	<u><b>88,921</b></u>	<u><b>82,605</b></u>
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<u><b>603,161</b></u>	<u><b>562,036</b></u>
Basic earnings per share ( <i>RMB per share</i> )	<u><b>0.147</b></u>	<u><b>0.147</b></u>

## — Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding on an assumption of conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company for the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015	2014
Profit attributable to the shareholders of the Company ( <i>RMB'000</i> )	<b>88,921</b>	82,605
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<b>603,161</b>	562,036
Adjustments for share options ( <i>shares in thousands</i> )	<b>2,813</b>	3,818
Weighted average number of ordinary shares for diluted earnings per share ( <i>shares in thousands</i> )	<b>605,974</b>	565,854
Diluted earnings per share ( <i>RMB per share</i> )	<b>0.147</b>	0.146

## 10. DIVIDENDS

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend ( <i>note (a)</i> )	<b>46,915</b>	28,218
Proposed final dividend ( <i>note (b)</i> )	<b>33,000</b>	50,352
Proposed special dividend ( <i>note (b)</i> )	—	14,949
	<b>79,915</b>	93,519

- (a) Interim dividends in respect of six months ended 30 June 2015 of RMB0.078 per ordinary share (six months ended 30 June 2014: RMB0.05 per ordinary share) totaling approximately RMB46,915,000 have been declared at the board meeting on 21 August 2015 (six months ended 30 June 2014: RMB28,218,000). RMB27,911,000 and RMB19,004,000 are distributed out of the retained earnings and share premium of the Company respectively.
- (b) At the board of directors meeting held on 24 March 2016, the directors of the Company proposed a final dividend for the year ended 31 December 2015 of RMB 0.053 per ordinary share approximately RMB33,000,000 out of retained earnings of the Company. These proposed dividends have not been reflected as dividends payable in these consolidated financial statements for the year ended 31 December 2015 but will be reflected as dividends distribution for the year ending 31 December 2016.

A final dividend in respect of 2014 of RMB0.108 per ordinary share totaling approximately RMB65,301,000 (based on the number of ordinary shares in issue as at 30 March 2015) have been declared in the Company's Annual General Meeting on 30 March 2015, which have been paid in 2015. RMB50,352,000 and RMB14,949,000 were distributed out of the retained earnings and share premium of the Company respectively.

## 11. 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 31 December 2015, the ageing analysis of the trade receivables based on invoice date, including amounts due from related parties of trading in nature, is as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	<b>10,819</b>	11,790
31–90 days	<b>1,254</b>	8,316
91–180 days	<b>676</b>	732
181–365 days	<b>238</b>	464
Over 365 days	<b>1,241</b>	2,536
	<b><u>14,228</u></b>	<b><u>23,838</u></b>

## 12. TRADE AND OTHER PAYABLES

At 31 December 2015, the ageing analysis of the trade payables based on invoice date, including amounts due to related parties of trading nature, is as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	<b>20,966</b>	19,711
31–90 days	<b>11,813</b>	13,304
91–180 days	<b>249</b>	985
181–365 days	<b>355</b>	35
Over 365 days	<b>2,213</b>	2,723
	<b><u>35,596</u></b>	<b><u>36,758</u></b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business Review

#### *Printer and Tax Control Equipment Business*

For the year ended 31 December 2015, the Group's revenue derived from the printer and tax control equipment business amounted to approximately RMB424,690,000, representing a decrease of approximately 4% as compared to 2014, accounted for approximately 85% of the total 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) by the Chinese government and a decrease in market demand due to the overall economic slowdown.

#### *Other Electronic Products Manufacturing Business*

For the year ended 31 December 2015, the Group's other electronic products manufacturing business amounted to approximately RMB72,285,000, representing a decrease of approximately 32% as compared to 2014, accounted for approximately 15% of the total revenue of the Group. The decrease in revenue was mainly attributable to the adoption by the Group's customers of a remanufacturing approach on some of their products, which means rebuild existing products.

#### *Future Business Outlook*

##### *"BT to VAT"*

China is going to continue its efforts in implementing the "BT to VAT" tax system reform policy, which is a favorable move for the dot matrix printers market. Prime Minister Li Keqiang specifically convened and held a dedicated forum for the implementation of the "BT to VAT" policy on 22 January 2016, and clearly pointed out that: the full implementation of the "BT to VAT" policy is a critical step for further financial and taxation system reform and fostering economic restructuring and industrial transformation. In the *Report on the Work of the Government* announced on 5 March 2016, the demand for a comprehensive implementation of the "BT to VAT" policy was reiterated. From 1 May 2016 onwards, pilot test will be extended to the architectural, real estate, financial and daily life services sectors. And the value added tax under any additional real estate of all enterprises will become deductible, so that the tax liabilities for all industries will only go down.

##### *Electronic Invoices*

The State Administration of Taxation issued the *Notice on the Issues Concerning the Implementation of the Regular Electronic Value Added Tax Invoice Issued by the Electronic Value-Added Tax Invoice System* on 26 November 2015, which states that a regular value-added tax invoice may be issued electronically, and the issuer and the receiver may print the electronic invoice on regular paper, whilst the legality, basic usages and basic application requirements are same as the regular value added tax invoices under the supervision and printing of the taxation authority. The Notice became effective on 1 January 2016. The Notice is limited to the adoption of electronic invoicing for regular value added tax

invoices, while the value added tax specific invoices shall remain to be printed on paper invoices under the supervision and printing of the taxation authority. The promotion and implementation of the electronic invoicing would potentially reduce the market demand for dot matrix printers, but at the same time, it would benefit the sale of the IP-800 continuous feeding inkjet printers recently launched by the Company. IP-800 is the only inkjet printer in the market equipped with both the continuous feeding and flat-bed sheet feeding functions. The printer adopts a continuous inking system which offers extremely low utilization costs to the users but provides faster, quieter and higher quality printing than the dot matrix printers, and is suitable for printing of electronic invoices.

### ***Android POS All-in-one Terminal***

The Android POS All-in-one Terminal (with Android computer and printer functions), the latest offering of the Company, has achieved initial acceptance and has shown satisfactory effect. This product is the only Android platform product equipped with a 7” touch-screen panel with a built-in printer, which may be applied to print invoice, commercial retailing POS and O2O mobile on-line marketing platform and is promising in gaining market share.

### ***Passbook Printer***

In line with the implementation of the policy of the Chinese government on gradual loosening of control in the establishment of financial institutions, the number of small- to medium-scale banks and internet financial institutions has been increasing, fuelling market demands for passbook printers. By the Company’s practice-made-perfect tradition over the years, the Company has already made remarkable progress in passbook printer technologies, resulted in stable and reliable product quality. The Company also recorded a historically high sales volume in 2015 and became one of the main suppliers in the market of passbook printers in mainland China. As the trend for having the intelligent all-in-one passbook printer integrating the functions of a magnetic encoder reader/writer, a contact and contactless IC card reader, a color duplex scanner and an essential vouchers infrared scanner, the passbook printer market will embrace a new round of market share restructuring, wherein the Company is expected to expand its market share.

### ***Inkjet Printer and Multi-functional Printer***

In 2016, the Company will leverage on its advantages in terms of brand and sales channel coverage and the technological expertise in inkjet printing accumulated over recent years to launch inkjet printers and color multi-functional all-in-one terminals (integrating printing, photocopying and scanning functions) targeted at the small and medium enterprise offices. The product adopts a continuous inking system made possible by a larger ink cartridge which reduces the user cost for black and white printing together with the convenient mobile cloud printing feature, which will break the monopoly by foreign brands. The continuous inkjet printers command a large market size and its sales volume has been increasing in recent year, partially replacing the laser printers, and it will be one of the future key developments of the Company.

### ***“Kamo” mobile payment***

In respect of the mobile internet business, the Company launched the “Jolimark Kamo” pre-paid card system in 2015, with several hundreds of merchants joined the on-line applications and achieved sound initial performance. Following the success of version 1.0, version 2.0 also went online in 2016, which integrates the functions of prepaid card management, membership management and marketing, creating a self-controlling O2O marketing and payment platform for the merchants. The product is available in free version and professional charge-based version, whereby the free version can expand the size of the on-line merchants and users in a rapid pace. The merchants can either use their own mobile phone to access the Kamo system or choose to use the Android POS all-in-one terminal of the Company as a hardware platform. On the back of the Android POS all-in-one terminal, the Company will launch the Kamo platform integrating the management software functions across different sectors, such as make-up and skin care, hair treatment, catering and retailing, so as to offer an integrated solution which covers hardware, industry management software, customer management platform, internet marketing platform and payment platform. The Company expects that Kamo’s merchant and user base will expand rapidly in 2016.

### ***“Yingmei.me” Cloud Printing***

Similarly, after the successful launching of on-line free version of the “Yingmei.me” cloud printing, the charge-based “Yingmei.me” cloud printing O2O version was launched in 2016 to enable customers to perform confidential printing by connecting to the “Yingmei.me” franchise printing stores via mobile APP.

### ***2016 Outlook***

Looking forward to 2016, “BT to VAT” will bring along favorable conditions, but the macro economy is still subject to downward pressures. The considerable investment in development of new products and new businesses also bring along some uncertainties. Thus, the Company takes a prudent attitude towards its business throughout 2016.

## **Financial Review**

### ***Results Summary***

For the year ended 31 December 2015, the Group’s turnover amounted to approximately RMB496,975,000, representing a decrease of approximately 9% as compared to last year. The profit attributable to shareholders of the Company enjoyed an increase of approximately 8% over the previous year and amounted to approximately RMB88,921,000. As at 31 December 2015 the basic earnings per share were approximately RMB0.147 (31 December 2014: RMB0.147), which remained stable as compared with last year.

### ***Analysis on Sales and Gross Profit***

For the year ended 31 December 2015, the revenue from printer and tax control equipment business, which was the main contributor to the total revenue of the Group, amounted to approximately RMB424,690,000, accounted for approximately 85% of total revenue of the Group, whereas the revenue from other electronic products manufacturing amounted to approximately RMB72,285,000, and accounted for approximately 15% of the total revenue of the Group. Comparing with 2014, the comprehensive income of the Group decreased by approximately 9%, in which, the revenue from the printer and tax control equipment business decreased by approximately 4%, and revenue from other electronic products manufacturing business decreased by approximately 32%.

The Group's gross profit margin increased from approximately 35% last year to approximately 38% in 2015. The increase in gross profit margin was mainly attributable to an increase in proportion of product revenue from Jolimark branded products and a decrease in the cost of Jolimark branded products.

### ***Capital Expenditure***

For the year ended 31 December 2015, capital expenditure of the Group amounted to approximately RMB10,541,000 (2014: RMB13,420,000), which was mainly used to acquire production equipment and moulds for new products.

### ***Financial and Liquidity Position***

As at 31 December 2015, the total assets of the Group amounted to approximately RMB596,154,000 (31 December 2014: RMB607,404,000), shareholder's fund amounted to approximately RMB448,613,000 (31 December 2014: RMB388,687,000), non-controlling interests amounted to approximately RMB60,000 (31 December 2014: RMB75,000), and current liabilities amounted to approximately RMB146,682,000 (31 December 2014: RMB190,746,000), the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 3.2 (31 December 2014: 2.4). The increase in current ratio was mainly attributable to a decrease in long term borrowing due within one year by RMB53,974,000 in 2015.

As at 31 December 2015, the cash and cash equivalents, restricted cash and the structured deposits of the Group amounted to approximately RMB339,188,000 (31 December 2014: RMB344,135,000) in aggregate, whereas the bank borrowings of the Group amounted to approximately RMB29,625,000, which is repayable within one year (31 December 2014: RMB111,495,000, out of which 83,599,000 was repayable within one year). The Group was in a net cash position after deducting the borrowings.

As at 31 December 2015, the Group held financial assets at fair value through profit or loss in the amount of approximately RMB5,426,000 (31 December 2014: RMB8,779,000), representing the Group's investment of securities of A-share company listed and traded on China A-share securities market. The outstanding bank acceptance bills received from customers amounted to approximately RMB2,739,000 (31 December 2014: RMB2,430,000).



### ***Foreign Currency Risks***

The Group mainly operates in mainland China with most of the transactions denominated and settled in RMB, however, the Group is exposed to foreign exchange risks for assets and liabilities denominated in 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 31 December 2015, 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 reviews of the Group’s net foreign exchange exposures and to mitigate the impact from exchange rate fluctuations by reducing the financial liabilities if needed.

### ***Acquisition***

In 2015, Kong Yue Electronics & Information Industry (Xin Hui) Ltd., a wholly-owned subsidiary of the Group, acquired 20% of the equity interests of Wuhan Hong Ruida Information Technology Limited Company at the consideration of RMB10,000,000. The company is a platform provider of internet interactive video entertainment products.

### ***Contingent Liabilities***

The Group had no material contingent liabilities as at 31 December 2015 (2014: nil).

### ***Staff***

As at 31 December 2015, the Group employed a total of 1,397 staff (2014: 1,220 staffs). Apart from 27 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.

### **Proposed final dividend and closure of register of members**

The Board recommended a final dividend of RMB0.053 per share for the year ended 31 December 2015 to shareholders whose names appear on the register of members on Friday, 27 May 2016. The final dividend will be paid on or before Friday, 24 June 2016.

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB to Hong Kong dollars based on an exchange rate which was the average middle exchange rates for RMB to Hong Kong dollars announced by the People’s Bank of China for the week prior to the date of the declaration of the final dividend.



The average of the middle exchange rate for RMB to Hong Kong dollars as announced by the People's Bank of China for the week from Thursday, 17 March 2016 to Wednesday, 23 March 2016 prior to 24 March 2016, the date on which the final dividend was declared RMB0.8364 to HK\$1.00. Accordingly, the amount of final dividend payable in Hong Kong dollars will be HK\$0.063 per share.

The annual general meeting of the Company will be held on Tuesday, 17 May 2016. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 12 May 2016 to 17 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 11 May 2016.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from 25 May 2016 to 27 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 24 May 2016.

### **Audit committee**

The audit committee of the Company comprises Mr. Lai Ming, Joseph as the chairman, and Mr. Meng Yan, Mr. Xu Guangmao and Mr. Yeung Kwok Keung. All of them are independent non-Executive Directors. For the year ended 31 December 2015, the audit committee held three meetings to review the accounting standards and practices adopted by the Group and to discuss on matters regarding the internal control and financial reporting (including the interim and annual results before proposing them to the Board for approval) with the management and external auditor. The audit committee has reviewed the results of the Group for the year ended 31 December 2015.

### **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 high corporate governance standard and has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules as in effective from time to time (the "CG Code") for the year ended 31 December 2015, 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 18 May 2015.

At the annual general meeting of the Company held on 18 May 2015, 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.

Further information of the corporate governance practice of the Company will also be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2015.

### **Buy back, sale or redemption of the Company's listed securities**

Neither the Company nor any of its subsidiaries bought back, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

### **Issue of new Shares and use of proceeds**

#### ***First Placing***

On 14 January 2015, the Company entered into a placing agreement (the “**First Placing Agreement**”) with Orient Securities (Hong Kong) Limited as placing agent, pursuant to which the Company allotted and issued an aggregate of 40,000,000 shares of the Company (the “**Shares**”) at the price of HK\$1.70 per Share (the “**First Placing**”). The First Placing had been completed on 5 February 2015. The placing shares placed under the First Placing represent (i) approximately 7.10% of the issued share capital of the Company as at the date of the First Placing Agreement; and (ii) approximately 6.63% of the issued share capital of the Company as enlarged by the issue of such placing shares. The placing shares under the First Placing have a market value of approximately HK\$70.80 million based on the closing price of the Shares of HK\$1.77 on 14 January 2015, the date of the First Placing Agreement. The placing price of HK\$1.70 per placing share represents: (i) a discount of approximately 3.95% to the closing price of HK\$1.77 per Share as quoted on the Stock Exchange on the date of the First Placing Agreement; (ii) a discount of approximately 5.56% to the average of the closing prices of approximately HK\$1.8 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 13 January 2015, the last trading day immediately preceding the date of the First Placing Agreement; and (iii) a discount of approximately 5.56% to the average of the closing prices of approximately HK\$1.8 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 13 January 2015, the last trading day immediately preceding the date of the First Placing Agreement.

The gross proceeds of the First Placing was approximately HK\$68 million, and the net proceeds (after deducting all applicable costs and expenses of the First Placing) was approximately HK\$66 million. The bulk of the net proceeds from the First Placing will be applied in compliance with the intended use (i.e. for the business development of the Company in “Kamo” mobile payment business and O2O cloud printing business). As at 31 December 2015, approximately HK\$10 million of the net proceeds has been utilised and the unutilised portion of the net proceeds from the First Placing is currently held in cash and cash equivalents. It will be applied in the manner consistent with the proposed allocations.

## ***Second Placing***

On 26 November 2015, the Company entered into a placing agreement (the “**Second Placing Agreement**”) with Changjiang Securities Brokerage (HK) Limited as placing agent, pursuant to which the Company allotted and issued an aggregate of 18,000,000 shares of the Company (the “**Shares**”) at the price of HK\$1.60 per Share (the “**Second Placing**”). The Second Placing had been completed on 4 December 2015. The placing shares placed under the Second Placing represent (i) approximately 2.97% of the issued share capital of the Company as at the date of the Second Placing Agreement; and (ii) approximately 2.88% of the issued share capital of the Company as enlarged by the issue of such placing shares. The placing shares under the Second Placing have a market value of approximately HK\$31.50 million based on the closing price of the Shares of HK\$1.75 on 26 November 2015, the date of the Second Placing Agreement. The placing price of HK\$1.60 per placing share represents: (i) a discount of approximately 8.57% to the closing price of HK\$1.75 per Share as quoted on the Stock Exchange on the date of the Second Placing Agreement; (ii) a discount of approximately 5.88% to the average of the closing prices of approximately HK\$1.70 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 25 November 2015, the last trading day immediately preceding the date of the Second Placing Agreement; and (iii) a discount of approximately 5.88% to the average of the closing prices of approximately HK\$1.70 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 25 November 2015, the last trading day immediately preceding the date of the Second Placing Agreement.

The gross proceeds of the Second Placing was approximately HK\$28.80 million, and the net proceeds (after deducting all applicable costs and expenses of the Second Placing) was approximately HK\$28 million. The net proceeds from the Second Placing will be applied in compliance with the intended use (i.e. approximately HK\$24.3 million for the development of the Company’s “Kamo” mobile payment business and the “Yingmei.me” cloud printing business, and as to approximately HK\$3.7 million as general working capital of the Company). As at 31 December 2015, all the net proceeds is currently held in cash and cash equivalents and will be applied in the manner consistent with the proposed allocations.

## *Issue of shares pursuant to share option scheme*

During the year ended 31 December 2015, the Company has allotted and issued 1,522,513 and 1,092,500 new shares at an exercise prices of HK\$1.00 and HK\$1.18 each, respectively, pursuant to the exercise of the share options granted pursuant to the share option scheme adopted by the Company on 13 June 2005.

## **Sufficiency of Public Float**

Details of the public float of the Company which had fallen below 25% as required by Rule 8.08 of the Listing Rules, 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 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 market transactions. As a result of which, the public float of the Company further increased from 21.62% to 23.18%. In addition, the Company had successfully placed a further 18 million new shares on 4 December 2015, raising the public ownership of the Company to 25.56%.

As at the date of this announcement, public shareholders are holding more than 25% interest in the Company, the public float of the Company has been restored and the Company is in compliance with the minimum public float requirement under Rule 8.08 of the Listing Rules.

### **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 Model Code during the year ended 31 December 2015 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 December 2015.

### **Publication of annual results announcement and annual report**

This annual results announcement 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 annual report of the Company for the year ended 31 December 2015 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 March 2016

*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.*