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## JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

### 2016 ANNUAL RESULTS ANNOUNCEMENT

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
Revenue	4	526,637	496,975
Cost of goods sold		<u>(331,730)</u>	<u>(306,373)</u>
<b>Gross profit</b>		<b>194,907</b>	190,602
Other income		9,962	12,952
Selling and marketing expenses		(43,263)	(37,593)
Administrative expenses		(48,629)	(48,223)
Research and development expenses		(26,834)	(25,430)
Other gains – net	5	<u>376</u>	<u>25,257</u>
<b>Operating profit</b>		<b>86,519</b>	117,565
Finance expenses – net	7	(7,408)	(3,948)
Share of losses of investments accounted for using the equity method		<u>(606)</u>	<u>(613)</u>
<b>Profit before income tax</b>		<b>78,505</b>	113,004
Income tax expenses	8	<u>(17,440)</u>	<u>(24,098)</u>
<b>Profit for the year</b>	6	<u><b>61,065</b></u>	<u>88,906</u>
<b>Profit attributable to:</b>			
– Shareholders of the Company		61,176	88,921
– Non-controlling interests		<u>(111)</u>	<u>(15)</u>
		<u><b>61,065</b></u>	<u>88,906</u>
<b>Earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)</b>			
– Basic	9	<u><b>0.098</b></u>	<u>0.147</u>
– Diluted	9	<u><b>0.098</b></u>	<u>0.147</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Profit for the year</b>	<b>61,065</b>	88,906
Other comprehensive income for the year	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>61,065</u></b>	<b><u>88,906</u></b>
<b>Total comprehensive income for the year attributable to:</b>		
– Shareholders of the Company	<b>61,176</b>	88,921
– Non-controlling interests	<u>(111)</u>	<u>(15)</u>
	<b><u>61,065</u></b>	<b><u>88,906</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	<i>Note</i>	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>89,488</b>	88,642
Land use rights		<b>8,588</b>	8,877
Intangible assets		<b>12,681</b>	9,463
Investments accounted for using the equity method		<b>18,570</b>	10,176
Available-for-sale financial assets		<b>3,349</b>	3,349
Deferred income tax assets		<b>2,682</b>	–
Restricted cash		<b>58,130</b>	160
		<b>193,488</b>	120,667
<b>Current assets</b>			
Inventories		<b>89,113</b>	102,367
Trade and other receivables	<i>11</i>	<b>39,034</b>	28,666
Financial assets at fair value through profit or loss		–	5,426
Restricted cash		<b>69,651</b>	30,289
Cash and cash equivalents		<b>198,516</b>	308,739
		<b>396,314</b>	475,487
<b>Total assets</b>		<b>589,802</b>	596,154

	<i>Note</i>	<b>2016</b> <b>RMB'000</b>	2015 <i>RMB'000</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium		<b>24,578</b>	147,449
Other reserves		<b>245,913</b>	232,769
Retained earnings		<b>51,616</b>	68,395
<b>Non-controlling interests</b>		<u>(77)</u>	<u>60</u>
<b>Total equity</b>		<u><b>322,030</b></u>	<u>448,673</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>53,670</b>	–
Deferred income tax liabilities		<u><b>1,073</b></u>	<u>799</u>
		<u><b>54,743</b></u>	<u>799</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>98,768</b>	112,814
Current income tax liabilities		<b>6,921</b>	4,243
Borrowings		<u><b>107,340</b></u>	<u>29,625</u>
		<u><b>213,029</b></u>	<u>146,682</u>
<b>Total liabilities</b>		<u><b>267,772</b></u>	<u>147,481</u>
<b>Total equity and liabilities</b>		<u><u><b>589,802</b></u></u>	<u><u>596,154</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 and other electronic products in the People’s Republic of China (the “PRC”).
- (c) The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 29 June 2005.
- (d) These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 24 March 2017.

## **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.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 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 2016. The adoption of these new and amended standards and interpretations does not have significant impact to the results or financial position of the Group.

Annual improvements Project	Annual Improvements 2012-2014 Cycle
HKFRS 14	Regulatory Deferral Accounts
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception
HKAS 11 Amendment	Accounting for Acquisitions of Interests in Joint Venture
HKAS 1 Amendment	Disclosure Initiative
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 Amendment	Equity Method in Separate Financial Statements
HKAS 19	Employee Benefits
HKAS 34	Interim Financial Reporting

#### (b) New and amended standards and interpretations issued but are not effective for financial year ended 31 December 2016 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
HKAS 12 Amendment	Income Taxes	1 January 2017
HKAS 7	Statement of Cash Flows	1 January 2017
HKAS 2 Amendment	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Leases	1 January 2019

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 other electronic products. During the year, “Kamo” mobile payment and Yingmei.me O2O cloud printing business were in trial run stage, and expenses of approximately RMB15,975,314 were incurred for the year ended 31 December 2016.

The CODM assesses the performances of the operating segments based on a measure of segment revenue and segment results. Segment results exclude other income, administrative expenses, research and development expenses, other gains – net, finance expenses-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 2016 are as follows:

	<b>Printers</b> <i>RMB’000</i>	<b>Other electronic products</b> <i>RMB’000</i>	<b>Total</b> <i>RMB’000</i>
<b>Revenue (from external customers) (note (a))</b>	<u>469,874</u>	<u>56,763</u>	<u>526,637</u>
<b>Segment results</b>	<u>136,024</u>	<u>15,014</u>	<u>151,038</u>
Other income			9,962
Administrative expenses			(48,629)
Research and development expenses			(26,834)
Other gains – net			376
Finance expenses – net			(7,408)
Income tax expenses			<u>(17,440)</u>
Profit for the year			<u><u>61,065</u></u>
<b>Segment results include:</b>			
Share of losses of investments accounted for using the equity method	(606)	–	(606)
Depreciation and amortization	<u>(3,768)</u>	<u>(762)</u>	<u>(4,530)</u>

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2015 are as follows:

	Printer and tax control equipment <i>RMB'000</i>	Other electronic products <i>RMB'000</i>	Total <i>RMB'000</i>
<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>	152,396
Other income			12,952
Administrative expenses			(48,223)
Research and development expenses			(25,430)
Other gains – net			25,257
Finance expenses – 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	(3,093)	–	(3,093)
Depreciation and amortization	<u>(5,374)</u>	<u>(1,376)</u>	<u>(6,750)</u>

(a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the years ended 31 December 2016 and 2015.

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

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
In the PRC	<b>445,535</b>	401,689
In other countries	<u><b>81,102</b></u>	<u>95,286</u>
	<u><u><b>526,637</b></u></u>	<u><u>496,975</u></u>

(c) In 2016, approximately 14% of total revenue (2015: approximately 14%) are derived from a single external customer, which is attributable to the segment of printers.

(d) As at 31 December 2016, the Group's non-current assets are mainly located in the PRC.



## 5. OTHER GAINS – NET

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Foreign exchange (losses)/gains – net	(1,546)	1,328
Penalty charged to a supplier ( <i>note (a)</i> )	3,290	26,038
Donation	(850)	–
Losses on financial assets at fair value through profit or loss – net	(263)	(782)
Losses from disposal of machinery and equipment	(255)	(330)
Impairment of available for sale financial assets	–	(1,131)
Dividend income of financial assets at fair value through profit or loss	–	134
	<u>376</u>	<u>25,257</u>

- (a) The Group was awarded a compensation of RMB26,038,000 in 2015 for an alleged breach by a former supplier in an exclusive distribution agreement with the Group. In 2016, the Group entered into an agreement with this supplier to terminate the mutual cooperation and all the related contracts, with a compensation of RMB3,290,000.

## 6. PROFIT FOR THE YEAR

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Depreciation of property, plant and equipment and amortization of land use rights and intangible assets	<u>7,394</u>	<u>13,359</u>

## 7. FINANCE EXPENSES – NET

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest expenses on bank borrowings	(2,116)	(2,219)
Exchange losses on bank borrowings	<u>(5,292)</u>	<u>(1,729)</u>
	<u>(7,408)</u>	<u>(3,948)</u>

## 8. INCOME TAX EXPENSES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current income tax expenses		
– Hong Kong profits tax	(684)	(478)
– PRC corporate income tax	(14,339)	(21,099)
– PRC dividend withholding tax	(4,825)	(3,880)
	<u>(19,848)</u>	<u>(25,457)</u>
Deferred income tax	2,408	1,359
	<u>(17,440)</u>	<u>(24,098)</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 2016 are 16.5%, 25% and 15% and 5%, respectively (2015: 16.5%, 25% and 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.

	2016	2015
Profit attributable to the shareholders of the Company ( <i>RMB'000</i> )	<u>61,176</u>	<u>88,921</u>
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<u>626,089</u>	<u>603,161</u>
Basic earnings per share ( <i>RMB per share</i> )	<u>0.098</u>	<u>0.147</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.

	2016	2015
Profit attributable to the shareholders of the Company (RMB'000)	61,176	88,921
Weighted average number of ordinary shares in issue (shares in thousands)	626,089	603,161
Adjustments for share options (shares in thousands)	<u>729</u>	<u>2,813</u>
Weighted average number of ordinary shares for diluted earnings per share (shares in thousands)	<u>626,818</u>	<u>605,974</u>
Diluted earnings per share (RMB per share)	<u><u>0.098</u></u>	<u><u>0.147</u></u>

## 10. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Interim dividend (note (a))	28,000	46,915
Interim special dividend (note (b))	150,026	–
Proposed final dividend (note (c))	<u>22,000</u>	<u>33,000</u>
	<u><u>200,026</u></u>	<u><u>79,915</u></u>

- (a) Interim dividends in respect of six months ended 30 June 2016 of RMB0.0448 per ordinary share (six months ended 30 June 2015: RMB0.078 per ordinary share) totaling a RMB28,000,000 (six months ended 30 June 2015: RMB46,915,000), which were distributed out of the retained earnings (six months ended 30 June 2015: RMB27,911,000 and RMB19,004,000 were distributed out of the retained earnings and share premium of the Company respectively).
- (b) At the board of directors meeting held on 24 August 2016, the directors of the Company also declared a special dividend of RMB0.240 per ordinary share, totaling approximately RMB150,026,000, among which RMB7,943,000 and RMB142,083,000 were distributed out of the retained earnings and share premium of the Company respectively.
- (c) At the board of directors meeting held on 24 March 2017, the directors of the Company proposed a final dividend for the year ended 31 December 2016 of RMB0.033 per ordinary share approximately RMB22,000,000 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 2016 but will be reflected as dividends distribution for the year ended 31 December 2017.

A final dividend in respect of 2015 of RMB0.053 per ordinary share totaling approximately RMB33,000,000 out of retained earnings (based on the number of ordinary shares in issue as at 30 March 2016) was declared in the Company's Annual General Meeting on 27 May 2016, which have been paid in 2016.

## 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 2016, 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	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	<b>15,045</b>	10,819
31-90 days	<b>1,595</b>	1,254
91-180 days	<b>1,190</b>	676
181-365 days	<b>435</b>	238
Over 365 days	<b>843</b>	1,241
	<b>19,108</b>	14,228

## 12. TRADE AND OTHER PAYABLES

At 31 December 2016, 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	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	<b>23,469</b>	20,966
31-90 days	<b>7,381</b>	11,813
91-180 days	<b>756</b>	249
181-365 days	<b>1,356</b>	355
Over 365 days	<b>1,927</b>	2,213
	<b>34,889</b>	35,596

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business Review

#### *Printer Business*

For the year ended 31 December 2016, the revenue of the Group derived from the printer business amounted to approximately RMB469,874,000, representing an increase of approximately 11% as compared with the corresponding period of 2015, and accounted for approximately 89% of the total revenue of the Group. The increase in revenue was mainly due to the implementation of the “BT to VAT” policy (replacing business tax with value-added tax) by the PRC local government in the first half of 2016, which brought about an increase in the market demand for the Group’s printer products.

#### *Other Electronic Products Business*

For the year ended 31 December 2016, the revenue of the Group derived from other electronic products business amounted to approximately RMB56,763,000, representing a decrease of approximately 21% as compared with the corresponding period of 2015, and accounted for approximately 11% of the total revenue of the Group. The decrease in revenue was mainly due to reduction in the production orders from an important customer during the year under audit. The Group planned to terminate the OEM business in 2017.

### Future Business Outlook

#### *Tax-controlled Invoice Printer*

On 23 December 2016, the State Administration of Taxation issued the Notice on Enabling National VAT Invoice Verification Platform (No. [87] of 2016), pointing out that this verification platform is used to verify the invoice information of special VAT invoices, regular VAT invoices, uniform invoices of motor vehicle sales, and regular electronic VAT invoices issued by the new system. This indicates that the PRC local government is further reinforcing tax source monitoring, and the original issuing methods for special VAT invoices, regular VAT invoices and uniform invoices of motor vehicle sales remain unchanged. As the development progresses, the use of quota invoices and handwritten invoices will be eliminated further inevitably, thus expanding the coverage scope of and printing demand for printed invoices. This will benefit the dot matrix printer industry. Besides, the State Administration of Taxation also issued the Notice on the Issues Concerning the Enabling of Regular Value-Added Tax Invoices (Roll Type Invoices) (No. [87] of 2016) on 13 December 2016. This Notice specifies that from 1 January 2017, regular VAT invoices (the roll type invoices) shall be used, and the paper-made roll type invoices shall be used primarily by taxpayers engaged in the consumer services. The Company has numerous products in the roll type invoice printing field, including the 9, 12 and 24 pin micro printers, as well as integrated micro printer cores and integrated invoicing machines. Products of the Company support wireless connection via Bluetooth and WiFi and the printing technologies such as Google Print and Air Print. Particularly, the portable roll type invoice printers launched by the Company can be widely used for invoice printing in the fields such as logistics, express delivery, online car reservation and ambulances.

### ***Electronic Invoice Printer***

The State Administration of Taxation permitted use of electronic invoices starting from 2016. It is expected that electronic invoices will become more widely used in e-commerce, telecommunication services and large chained food providers and retail shops. The Company will launch ink-jet printers in red and black colors for printing electronic invoices bearing red seals to cater customers who require certificates for reimbursement purpose. After several years' R&D, the Cloud printing technologies of the Company have become more and more mature. The Company plans to launch the self-service terminal for on-site printing of electronic invoices, which is a powerful competition approach for the Company to make inroads into such areas proactively against the new market backdrop.

### ***Inkjet Printer***

The Company launched the continuous paper inkjet printer IP-800 in 2016. The machine is a type of inkjet printer that can offer continuous paper printing and flat push printing. The application in hospitals proves that the advantages of IP-800 such as faster speed, less noise and higher printing quality as compared with dot matrix printers have been maximized. The machine is equipped with a paper cutter that can cut the paper for printing according to the actual bill or report size, reducing unnecessary use of paper. The Company will also launch the upgraded product of IP-800 in 2017, which is developed with a built-in character library and a larger cartridge, and can cater to more different applications. The launch of the inkjet printer and the color multifunctional integrated machine (integrating the printing, copying and scanning functions) which the Company initially planned to launch in 2016 targeting the office use of small and medium-sized enterprises will be delayed to 2017, which is expected to further expand the market potential of the Company's printer business.

### ***Cloud Projection Video Conference System***

The Company embedded Android OS and application software on its physical document projector with unique features to achieve the Cloud projection function, and use independently-developed or third party application software to realize multi-party network video conference system function, as well as synchronous sharing of documents and files for multi-party conference.

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

The Android POS All-in-one Terminal (with Android computer and printer functions) newly launched by the Company is the only Android platform product featuring a 7" touch-screen panel and built-in printer, which may be applied to invoice printing and commercial retailing's POS and O2O mobile on-line marketing platform. The Company believes there is great market potential for this product. The actual market conditions in 2016 further verified the prospect of its wide application. For example, the product has been promoted in a number of provinces and cities in the PRC as online billing machine and "BT to VAT" billing machine. Especially after the official implementation of roll type invoices by the State Administration of Taxation in 2017, its application by taxpayers below the minimum threshold will show the competitive advantages such as convenient use, simple maintenance, low cost, and occupation of less desktop space. In addition to the 7" touch-screen panel, the Company also

organized development of 13.3” Android POS machine configured with the magnetic stripe card reader, RFID/NFC and IC card reader and can be combined with Kamo system to form a Kamo integrated machine, becoming an O2O mobile online payment and marketing platform controlled by merchants. Besides, Kamo beauty industry, retail, catering and other cashier systems will also add more abundant application systems to Android POS all-in-one terminal successively, providing complete commercial system solutions to the retail, and service sectors.

### ***“Kamo” Mobile Payment and Marketing Platform***

“Kamo” prepaid card mobile payment and marketing platform system was promoted and developed rapidly in the market in 2016. The functions of the system have been strengthened continuously, and will integrate various online payment functions such as UnionPay, Alipay, WeChat payment, prepaid card payment and coupons, as well as multi-channel promotion and marketing, membership management, and Kamo online shopping mall. Development of Kamo Membership Management System and Kamo beauty industry, retail and catering cashier management systems have been completed and will be put into online operation step by step, providing merchants with a complete solutions of hardware, industry management software, customer management platform, online marketing platform and payment platform.

### ***“Yingmei.me” Cloud Printing and Micro Cloud Printing and Cloud Printing Platform***

The fee-based “Yingmei.me” cloud printing O2O version was launched smoothly in 2016, enabling such processes as local file uploading of mobile phone, placed order printing, payment and printing, as well as print shop searching based on map positioning and displaying offer activities. Moreover, WeChat official account version of “Yingmei.me” was also launched in 2016. Along with the Company’s launch of inkjet printers and photo printers with a continuous inking system, a large cartridge, low cost printing, a large paper box and network functions, the Could printer technology combined with “Yingmei.me” can easily change the Company’s inkjet printer or photo printer into a print shop or self-service print terminal. Micro Cloud printing is an open Cloud platform for bill printing, which provides an open Cloud printing interface through a third party application. The third party application can print bills simply and rapidly. The platform covers the Company’s thermal printers, dot matrix printers and inkjet printers and offers printing solutions to a lot of WeChat businesses and takeaway businesses. The platform was released and put into online operation officially in 2016, and the form master and the latest version of Kamo have been connected to the Company’s Micro Cloud printing platform successfully.

### ***2017 Outlook***

Looking forward to 2017, many new products of the Company to be put onto market, which will bring about certain market opportunities. However, the macro economy is still subject to some uncertainties. The considerable investment in development of new products and new businesses is also expected to pose certain uncertainties. Thus, the Company takes a prudent attitude towards its overall business in 2017.

## **Financial Review**

### ***Results Summary***

For the year ended 31 December 2016, the Group's turnover amounted to approximately RMB526,637,000, representing an increase of approximately 6% as compared with last year. The profit attributable to shareholders of the Company amounted to approximately RMB61,176,000, representing a decrease of approximately 31% as compared with last year. The basic earnings per share was approximately RMB0.098 (31 December 2015: RMB0.147). The decrease in the profit attributable to shareholders for the year of 2016 as compared with 2015 was mainly due to an one-off receipt of the compensation payments of approximately RMB26,038,000 from a former supplier in 2015 and the increased investment expenses on the Company's mobile Internet businesses namely "Yingmei.Kamo" and "Yingmei.me" in 2016.

### ***Analysis of Sales and Gross Profit***

In 2016, the revenue from printer business, which was the main contributor to the total revenue of the Group, amounted to approximately RMB469,874,000, accounting for approximately 89% of total revenue of the Group, whereas the revenue from other electronic products business amounted to approximately RMB56,763,000, accounting for approximately 11% of the revenue of the Group. Comparing with 2015, the revenue of the Group increased by approximately 6%. Of which, the revenue from the printer business increased by approximately 11%, and the revenue from other electronic products business decreased by approximately 21%.

The Group's gross profit margin decreased from approximately 38% in last year to approximately 37% for the year ended 31 December 2016. The slight decrease in gross profit margin was mainly because most of "BT to VAT" customers selected cost-effective products with a lower gross profit margin.

### ***Capital Expenditure***

For the year ended 31 December 2016, capital expenditure of the Group amounted to approximately RMB12,692,000 which was mainly used to acquire production equipment, technologies and moulds for new products.



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

As at 31 December 2016, the total assets of the Group amounted to approximately RMB589,802,000 (31 December 2015: RMB596,154,000), controlling shareholder's fund amounted to approximately RMB322,107,000 (31 December 2015: RMB448,613,000); non-controlling interests amounted to approximately RMB(77,000) (31 December 2015: RMB60,000); and current liabilities amounted to approximately RMB213,029,000 (31 December 2015: RMB146,682,000), the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 1.9 (31 December 2015: 3.2). The decrease in current ratio was mainly attributable to a decrease of approximately RMB79,173,000 in current assets and an increase of current liabilities in the amount of approximately RMB66,347,000 (being increase in bank loans) during the year under audit. The gearing ratio (the ratio of total borrowings to total equity) of the Group for the year ended 31 December 2016 was approximately 50% (31 December 2015: 7%). The increase in the gearing ratio was mainly attributable to an increase of borrowings and a decrease of total equity due to the dividend payments during the year under audit.

As at 31 December 2016, the cash and cash equivalents, restricted cash of the Group amounted to approximately RMB326,297,000 (31 December 2015: RMB339,188,000) in aggregate, whereas the bank loans of the Group amounted to approximately RMB161,010,000 (31 December 2015: RMB29,625,000). Out of the banks loans, the bank borrowing of RMB53,670,000 which bore an interest of 1.90% per annum over one-month HIBOR and repayable within three-year was secured by the Group's bank deposit of RMB57,960,000. The bank borrowing of RMB53,670,000 which bore an interest of 1.65% per annum over one-month HIBOR and repayable within two years was secured by the Group's bank deposit of RMB57,960,000. The bank borrowing of RMB53,670,000 which bore an interest of 1.45% per annum over one-month HIBOR and repayable within one year was secured by the Group's bank deposit of RMB11,590,000. The Group was in a net cash position after deducting the loans.

As at 31 December 2016, the Group held no financial asset at fair value through profit or loss (equity securities traded in China's A share stock exchanges) (31 December 2015: RMB5,426,000). The outstanding bank acceptance bills received from customers amounted to approximately RMB5,647,000 (31 December 2015: RMB2,739,000).

## ***Pledge of Assets***

As of 31 December 2016, deposits with certain banks totaling RMB127,510,000 (31 December 2015: RMB30,000,000) were pledged as securities for bank loans facilities. The pledged bank deposits will be released upon the settlement of relevant bank loans.

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

The Group mainly operates in Mainland China with most of the transactions denominated and settled in RMB, however, the Group is exposed to foreign exchange risks for assets and liabilities denominated in United States dollars (“**US\$**”), Taiwanese dollars (“**TWD**”), Euro and Hong Kong dollars (“**HK\$**”) arising from importation of certain raw materials and machinery from overseas suppliers, sales of goods to overseas customers and borrowings that are denominated in foreign currencies. As at 31 December 2016, the Group had more monetary financial liabilities than financial assets outside the Mainland China.

The Group manages and monitors its foreign exchange risks by performing regular review of the Group’s net foreign exchange exposures and mitigates the impact of exchange rate fluctuations by reducing the financial liabilities if needed.

### ***Acquisition and Disposal***

On 21 July 2016, the Group acquired 20% of the equity interest of Wuhan Shuyuan Network Technology Company Limited (“**Wuhan Shuyuan**”) at a cash consideration of RMB9,000,000. Wuhan Shuyuan is a PRC registered high-tech company engaged in sales of software products, development, manufacturing and selling of software and hardware products and provision of software-related services.

On 27 July 2016, the Group entered into a share subscription agreement with Gowin Technology International Holdings Limited (“**Gowin**”), to further subscribe an additional 15% share capital of Gowin at a consideration of HK\$1. Upon the completion of such subscription, the Group hold an aggregate of 65% share capital of Gowin. Gowin is a Hong Kong registered high-tech company engaged in research and development of internet technology and electronic products.

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

### ***Contingent Liabilities***

The Group had no material contingent liabilities as at 31 December 2016 (2015: nil).

### ***Staff***

As at 31 December 2016, the Group employed a total of 1,431 staffs (2015: 1,397 staffs). Apart from 22 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 RMB0.033 per share for the year ended 31 December 2016 to shareholders whose names appear on the register of members on Thursday, 1 June 2017. The final dividend will be paid on or before Wednesday, 28 June 2017.

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 Friday, 17 March 2017 to Thursday, 23 March 2017 prior to 24 March 2017, the date on which the final dividend was declared RMB0.8878 to HK\$1.00. Accordingly, the amount of final dividend payable in Hong Kong dollars will be HK\$0.037 per share.

The annual general meeting of the Company will be held on Friday, 19 May 2017. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, 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 Monday, 15 May 2017.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 29 May 2017 to Thursday, 1 June 2017, 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 Friday, 26 May 2017.

## **Scope of work of PricewaterhouseCoopers**

The figures in respect of this announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2016. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

## **Audit committee**

The audit committee of the Company (the “**Audit Committee**”) 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 2016, the Audit Committee held two 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 2016.

## **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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as in effective from time to time (the “**CG Code**”) during the year ended 31 December 2016, 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 17 May 2016.

At the annual general meeting of the Company held on 17 May 2016, 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 2016.

## **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 2016.

## Issue of new Shares and use of proceeds

### *Placing of Existing Shares and Subscription of New Shares*

On 13 December 2016, the Company, the Kytronics Holdings Limited (“**Kytronics**”) as vendor and Changjiang Securities Brokerage (HK) Limited as the placing agent entered into the placing and subscription agreement (the “**Placing and Subscription Agreement**”) pursuant to which the placing agent has agreed to place an aggregate of 12,000,000 shares of the Company (the “**Placing Shares**”) at the price of HK\$1.60 per Placing Share to not less than six places on behalf of Kytronics (the “**Placing**”). The Placing had been completed on 16 December 2016.

Pursuant to the Placing and Subscription Agreement, Kytronics has also conditionally agreed to subscribe for the aggregate of 12,000,000 shares of the Company (the “**Subscription Shares**”) at the price of HK\$1.60 per Subscription Share (the “**Subscription**”, together with the Placing, the “**Top-up Placing**”). The Subscription had been completed on 21 December 2016.

The Placing Shares or the Subscription Shares represent (i) approximately 1.92% of the existing issued share capital of the Company as at the date of the Placing and Subscription Agreement, and (ii) approximately 1.88% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. Based on the closing price of the Subscription Shares of HK\$1.88 on 13 December 2016, the date of the Placing and Subscription Agreement, the Subscription Shares have a market value of approximately HK\$22.56 million.

The placing price of HK\$1.60 per Placing Share or the subscription price of HK\$1.60 per Subscription Share represents: (i) a discount of approximately 14.89% to the closing price of HK\$1.88 per Share as quoted on the Stock Exchange as at the date of the Placing and Subscription Agreement; (ii) a discount of approximately 14.89% to the average closing price of HK\$1.88 per Share as quoted on the Stock Exchange for the last five trading days up to and including 12 December 2016, the last trading day immediately preceding the date of the Placing and Subscription Agreement; and (iii) a discount of approximately 9.60% to the average closing price of HK\$1.77 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 12 December 2016, the last trading day immediately preceding the date of the Placing and Subscription Agreement.

The net proceeds (after deducting all applicable costs and expenses of the Top-up Placing) was approximately HK\$18 million, which the Company will use as to approximately HK\$18 million for the development of the Company’s new mobile payment business. As at 31 December 2016, all the net proceeds is currently held in cash and cash equivalents and will be applied in the manner consistent with the intended use.

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

During the year ended 31 December 2016, the Company has allotted and issued 492,500, 1,237,000 and 307,500 new shares pursuant to the exercise of the share options granted pursuant to the share option scheme adopted by the Company on 13 June 2005 at an exercise prices of HK\$1.00, HK\$1.18 and HK\$1.70 each, respectively.

## Sufficiency of Public Float

On 2 December 2016, the Company announced that it noted from the disclosure of interest form filed by Mr. Kent C. McCarthy (“**Mr. McCarthy**”) on 30 November 2016 that he has acquired an additional 1,150,000 shares in the Company and thereby increased his interest in the Company from approximately 9.95% to 10.14%. Given that Mr. McCarthy’s interest in the Company was over 10%, he became a substantial shareholder and a connected person of the Company. Accordingly, the shares held by him would not be counted towards the public float of the Company. To the best of the Directors’ knowledge, save for his interest as a substantial shareholder of the Company, Mr. McCarthy and the companies he controlled are independent of the Company and its Directors. His interest when aggregated with the shareholding interest of Kytronics, the controlling shareholder of the Company holding approximately 66.72% interest in the Company as at the date of the announcement, is approximately 76.86% of the Company’s total issued share capital. Accordingly, the Company’s public float had then fallen below the required 25% as stipulated under Rule 8.08 of the Listing Rules.

On 20 December 2016, the Company announced that it further noted from the disclosure of interest form filed by Mr. McCarthy on 15 December 2016 that he acquired an additional 6,802,000 shares in the Company and thereby increased his interest in the Company further from approximately 10.14% to 11.22%.

In an attempt to restore the public float to the required level, the Company had successfully completed the Top-up Placing on 21 December 2016, pursuant to which 12,000,000 shares held by Kytronics had been placed to not less than six individual placees and Kytronics had subscribed for up to 12,000,000 new shares. Upon the completion of the Top-up Placing, the public float of the Company was 23.54% and was still below the 25% minimum public float requirement under Rule 8.08 of the Listing Rules.

Between 22 December 2016 and 23 December 2016, Mr. McCarthy had further acquired additional shares in the Company, thereby increased his interest in the Company to approximately 14.53%. On 27 December 2016, Mr. McCarthy, however, had disposed of 19,070,880 shares of the Company and thereby decreased his interest in the Company from approximately 14.53% to 11.54%. As a result of which, the public float of the Company was still below the 25% minimum public float requirement under Rule 8.08 of the Listing Rules.

To restore the public float to the required level, the Company had successfully done another top-up placing on 26 January 2017 (the “**2017 Top-up Placing**”), pursuant to which up to 18,000,000 shares held by Kytronics had been placed to not less than six individual placees and Kytronics had subscribed for up to 18,000,000 new shares. Upon the completion of the 2017 Top-up Placing on 26 January 2017, approximately 25.18% of the shares of the Company was held by the public.

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 as at the date of this announcement.

## **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 2016 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 2016.

## **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 2016 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 2017

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