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## JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

### 2014 Annual Results Announcement

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	2	548,762	581,313
Cost of goods sold		<u>(357,684)</u>	<u>(419,807)</u>
<b>Gross profit</b>		<b>191,078</b>	161,506
Other income		9,858	11,215
Selling and marketing costs		(30,466)	(30,140)
Administrative expenses		(45,053)	(43,048)
Research and development expenses		(24,005)	(20,927)
Other (losses)/gains — net		<u>(677)</u>	<u>3,313</u>
<b>Operating profit</b>		<b>100,735</b>	81,919
Finance costs — net	4	(2,791)	(226)
Share of losses of investments accounted for using the equity method		<u>(11)</u>	<u>(2)</u>
<b>Profit before income tax</b>		<b>97,933</b>	81,691
Income tax expenses	5	<u>(15,297)</u>	<u>(13,972)</u>
<b>Profit for the year</b>	3	<b><u>82,636</u></b>	<b><u>67,719</u></b>
<b>Profit attributable to:</b>			
— Shareholders of the Company		82,605	67,706
— Non-controlling interests		<u>31</u>	<u>13</u>
		<b><u>82,636</u></b>	<b><u>67,719</u></b>
<b>Earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)</b>			
— Basic	6	<u>0.147</u>	<u>0.121</u>
— Diluted	6	<u>0.146</u>	<u>0.121</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2014*

	<b>2014</b>	2013
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>82,636</b>	67,719
Other comprehensive income for the year	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>82,636</u></b>	<b><u>67,719</u></b>
<b>Total comprehensive income for the year attributable to:</b>		
— Shareholders of the Company	<b>82,605</b>	67,706
— Non-controlling interests	<u>31</u>	<u>13</u>
	<b><u>82,636</u></b>	<b><u>67,719</u></b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	2014	2013
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>91,985</b>	88,725
Land use rights	<b>9,166</b>	9,455
Intangible assets	<b>8,730</b>	389
Investments accounted for using the equity method	<b>89</b>	95
Available-for-sale financial assets	<b>4,480</b>	4,480
Deferred income tax assets	<b>560</b>	—
Restricted cash	<b><u>30,100</u></b>	<u>60,000</u>
	<b><u>145,110</u></b>	<u>163,144</u>
<b>Current assets</b>		
Inventories	<b>95,917</b>	118,191
Trade and other receivables	<b>43,563</b>	39,509
Financial assets at fair value through profit or loss	<b>8,779</b>	7,641
Structured deposits in a bank	<b>30,000</b>	31,500
Restricted cash	<b>60,390</b>	10,257
Cash and cash equivalents	<b><u>223,645</u></b>	<u>199,634</u>
	<b><u>462,294</u></b>	<u>406,732</u>
<b>Total assets</b>	<b><u><u>607,404</u></u></b>	<b><u><u>569,876</u></u></b>

	<i>Note</i>	<b>2014</b> <b>RMB'000</b>	2013 RMB'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium		<b>102,806</b>	99,088
Other reserves		<b>217,428</b>	208,653
Retained earnings			
— proposed final dividend	7	<b>50,000</b>	35,000
— unappropriated retained earnings		<b>18,453</b>	23,019
		<b>388,687</b>	365,760
<b>Non-controlling interests</b>		<b>75</b>	44
<b>Total equity</b>		<b>388,762</b>	365,804
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>27,896</b>	83,313
Deferred income tax liabilities		<b>—</b>	2,325
		<b>27,896</b>	85,638
<b>Current liabilities</b>			
Trade and other payables	9	<b>100,432</b>	103,221
Current income tax liabilities		<b>6,715</b>	5,469
Borrowings		<b>83,599</b>	9,744
		<b>190,746</b>	118,434
<b>Total liabilities</b>		<b>218,642</b>	204,072
<b>Total equity and liabilities</b>		<b>607,404</b>	569,876
<b>Net current assets</b>		<b>271,548</b>	288,298
<b>Total assets less current liabilities</b>		<b>416,658</b>	451,442

## 1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

### 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 2014. 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 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) 21	Levies
HKFRS/HKAS (Amendment)	Annual improvements 2010–2012 cycle
HKFRS/HKAS (Amendment)	Annual improvements 2011–2013 cycle
HKAS19 (Amendment)	Defined Benefit Plans: Employee Contributions
HKFRS 10, HKFRS 12 and HKAS 27(2011) (Amendment)	Investment Entities

#### (b) *New and amended standards and interpretations issued but are not effective for financial year ended 31 December 2014 and have not been early adopted by the Group*

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9	Financial instruments	1 January 2018
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
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
HKFRS 10 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/HKAS (Amendment)	Annual improvements 2012–2014 Cycle	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016

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.

(c) *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 as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

## 2. 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, the Group has invested in certain other businesses, i.e. mobile payment and Yingmei.me O2O Cloud printing business. The said other businesses are in trial run stage, only incurred expenses of approximately RMB2,044,000 during the year ended 31 December 2014 which is not material to the Group’s consolidated financial statements and therefore 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 (losses)/gains-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 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>	<b><u>442,425</u></b>	<b><u>106,337</u></b>	<b><u>548,762</u></b>
<b>Segment results</b>	<b><u>137,455</u></b>	<b><u>23,146</u></b>	<b>160,601</b>
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			<b><u>82,636</u></b>
<b>Segment results include:</b>			
Share of losses of investments accounted for using the equity method	(11)	—	(11)
Depreciation and amortisation	<u>(6,035)</u>	<u>(2,841)</u>	<u>(8,876)</u>

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2013 are as follows:

	Printer and tax control equipment <i>RMB'000</i>	Other electronic products manufacturing <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue (from external customers) (note (a))</b>	<u>464,392</u>	<u>116,921</u>	<u>581,313</u>
Segment results	<u>110,182</u>	<u>21,182</u>	131,364
Other income			11,215
Administrative expenses			(43,048)
Research and development expenses			(20,927)
Other gains — net			3,313
Finance costs — net			(226)
Income tax expenses			<u>(13,972)</u>
Profit for the year			<u><u>67,719</u></u>
<b>Segment results include:</b>			
Share of loss of investments accounted for using the equity method	(2)	—	(2)
Depreciation and amortisation	<u>(4,914)</u>	<u>(2,107)</u>	<u>(7,021)</u>

(a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the year ended 31 December 2014 (2013: nil).

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

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
In the PRC	<b>415,295</b>	434,809
In other countries	<u>133,467</u>	<u>146,504</u>
	<u><b>548,762</b></u>	<u>581,313</u>

(c) In 2014, approximately 19% of total revenue (2013: approximately 19%) are derived from a single external customer, which is in the segment of other electronic products manufacturing.

(d) As at 31 December 2014, the Group's non-current assets are mainly located in the PRC.

### 3. PROFIT FOR THE YEAR

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Depreciation of property, plant and equipment and amortisation of land use rights and intangible assets	<u>11,766</u>	<u>8,600</u>

### 4. FINANCE COSTS — NET

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Interest expenses on bank borrowings	(2,611)	(1,800)
Exchange (losses)/gains on bank borrowings	<u>(180)</u>	<u>1,574</u>
	<u>(2,791)</u>	<u>(226)</u>

### 5. INCOME TAX EXPENSES

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Current income tax expenses		
— Hong Kong profits tax	(81)	(933)
— PRC corporate income tax	(14,101)	(12,296)
— PRC dividend withholding tax	<u>(4,000)</u>	<u>(2,000)</u>
	(18,182)	(15,229)
Deferred income tax	<u>2,885</u>	<u>1,257</u>
	<u>(15,297)</u>	<u>(13,972)</u>

The Group's applicable tax rates of Hong Kong profits tax, PRC corporate income tax and PRC withholding income tax for the year ended 31 December 2014 are 16.5%, 15% and 5%, respectively (2013: 16.5%, 15% and 5%).



## 6. 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.

	2014	2013
Profit attributable to the shareholders of the Company ( <i>RMB'000</i> )	<u>82,605</u>	<u>67,706</u>
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	<u>562,036</u>	<u>559,992</u>
Basic earnings per share ( <i>RMB per share</i> )	<u>0.147</u>	<u>0.121</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 annual market share price of the Company) 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.

	2014	2013
Profit attributable to the shareholders of the Company ( <i>RMB'000</i> )	82,605	67,706
Weighted average number of ordinary shares in issue ( <i>shares in thousands</i> )	562,036	559,992
Adjustments for share options ( <i>shares in thousands</i> )	<u>3,818</u>	<u>102</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>shares in thousands</i> )	<u>565,854</u>	<u>560,094</u>
Diluted earnings per share ( <i>RMB per share</i> )	<u>0.146</u>	<u>0.121</u>

## 7. DIVIDENDS

	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
Interim dividend ( <i>note (a)</i> )	<b>28,218</b>	20,036
Proposed final dividend ( <i>note (b)</i> )	<b>50,000</b>	35,247
Proposed special dividend ( <i>note (b)</i> )	<b>15,000</b>	—
	<b><u>93,218</u></b>	<b><u>55,283</u></b>

- (a) Interim dividends in respect of six months ended 30 June 2014 of HK\$0.063 per ordinary share (six months ended 30 June 2013: HK\$0.045 per ordinary share) totaling approximately HK\$35,475,000 (equivalent to RMB28,218,000) have been declared out of retained earnings of the Company at the board meeting on 22 August 2014 (six months ended 30 June 2013: RMB20,036,000).
- (b) At the board of directors' meeting held on 30 March 2015, the directors of the Company proposed a final dividend for the year ended 31 December 2014 of HK\$0.105 per ordinary share approximately HK\$63,163,000 (equivalent to RMB50,000,000, based on the number of ordinary shares in issue as of 30 March 2015) out of retained earnings of the Company and a special dividend of HK\$0.031 per ordinary share approximately HK\$18,949,000 (equivalent to RMB15,000,000, based on the number of ordinary shares in issue as of 30 March 2015) out of share premium of the Company. These proposed dividends have not been reflected as dividends payable in these consolidated financial statements for the year ended 31 December 2014, but will be reflected as dividends distribution for the year ending 31 December 2015.

A final dividend in respect of 2013 of HK\$0.079 per ordinary share approximately HK\$44,422,000 (equivalent to RMB35,247,000) have been declared out of retained earnings of the Company, respectively, in the Company's Annual General Meeting on 12 May 2014, which have been paid in 2014.

## 8. TRADE AND OTHER RECEIVABLES

The Group's sales to corporate customers are generally granted with credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 31 December 2014, the ageing analysis of the trade receivables, including amounts due from related parties of trading in nature, were as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Less than 30 days	<b>11,790</b>	10,050
31–90 days	<b>8,316</b>	7,259
91–180 days	<b>732</b>	1,629
181–365 days	<b>464</b>	862
Over 365 days	<b>2,536</b>	4,829
	<b>23,838</b>	24,629

## 9. TRADE AND OTHER PAYABLES

At 31 December 2014, the ageing analysis of the trade payables, including amounts due to related parties of trading nature, were as follows:

	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
Less than 30 days	<b>19,711</b>	23,843
31–90 days	<b>13,304</b>	15,928
91–180 days	<b>985</b>	8,761
181–365 days	<b>35</b>	2,482
Over 365 days	<b>2,723</b>	4,737
	<b>36,758</b>	55,751

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business Review

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

For the year ended 31 December 2014, the Group's revenue from the business of printer and tax control equipment amounted to approximately RMB442,425,000, representing approximately 81% of the Group's revenue and a decrease of approximately 5% when compared with 2013. With an aim to increasing market share, the Group adopted aggressive pricing and promotion policies in the second half of the year, resulting in an increase in annual sales volume of approximately 4.86% and a slight decrease in sales amount despite the sluggish market.

#### *Other Electronic Products Manufacturing Business*

For the year ended 31 December 2014, the Group's revenue from sales recorded by other electronic products manufacturing business amounted to approximately RMB106,337,000, representing approximately 19% of the Group's revenue and a decrease of approximately 9% when compared with 2013. The decrease in sales was mainly due to the weak market demand in Europe and the United States witnessed in the second half of the year.

### Future Business Outlook

2015 is a banner year for the Chinese government's reform of "BT to VAT" (replacing business tax with value-added tax). To extend the reform to all industries across the country will be one of the key tasks under the Chinese government's "General Plan on Comprehensively Pushing Forward the Reform of Financial and Tax System". The Chinese government steams ahead in accomplishing the "BT to VAT" reform through significant move of publishing "Report on the Work of the Government", which is set to boost the printing volume of value-added tax invoices and in turn, stoking the market demand of invoice printers. Besides, the Chinese government made its intention clearer in the "Report on the Work of the Government" that the regulations on establishing financial institutions will be loosened. In particular, the Chinese government has introduced the deposit security system to encourage qualified private capital to invest in establishing financial institutions such as small- to medium-scale banks. Restrictions will be abandoned under the new regulation with an aim to approving every single matured enterprise. In addition, the State Council of China promulgated the "Provisional Regulations on Real Estate Registration" on 1 March 2015. Both of these are expected to fuel the market demand of printers for passbooks and certificates. The printing demand from commercial bills, medical records and invoices also received significant mid- to long-term boost from the economic development and social benefit policies. Specifically, the government has strenuously promoted the development of livelihood and services industries, including travel, health care, elderly services, innovation, design, etc., in order to promote more comprehensive reform of the service industry. "Internet+" action plan was introduced to support the development of e-commerce and O2O and enormous efforts were made in increasing the

per capita disposable income. With respect to medical services, the government strives to improve the basic medical insurance system for urban residents, raise the standard of financial and medical subsidies and promote the digitization of medical and health care information.

The Company's technical and product development plans are based on the opportunities offered by the general development trend of the macro-economic environment. With respect to invoice printers, the Company has successfully introduced a series of front loading invoice printers which are quiet and stylish. They are also equipped with paper-feeding and other smart features designed for the printing needs of different kind of customers. The Company has continued to better the performance, lower the cost and improve the price-performance of its products. Its touch-screen tax control invoice printers and Android POS are expected to gain more popularity among users. With respect to printers for passbooks and certificates, the Company has developed new models of intelligent printers for passbooks and certificates which are compatible with different paper sizes and thickness while integrating the magnetic encoder reader/writer and scanning functions in the same devices. For e-commerce, the Company has introduced the 1+6 multi-linked voucher printer equipped with high-loading, high-speed and automatic thickness detection functions to meet the demand for high volume printing of invoices and courier documents of internet stores. With respect to commercial bills, the Company has introduced the comprehensive dot matrix and heat sensitive product series. Particularly noteworthy are the easy-loading mini printers and automatic ceramics paper cutter. The Company is in possession of the intellectual property rights of the core technologies and we expect these products to have a significant impact on the invoice printing market. The Company has also given full consideration on the diversified printing demand of commercial invoices when planning its product lines and designing its products. For example, our dot matrix printers offer various size options of 57 or 76 mm and 40 or 50 lines while the heat sensitive printers offer the options of 58 or 80 mm. Our dot matrix printers allow customers to select print heads with 9, 12 or 24-pins while our thermal print heads also offer different speed selections. For paper loading, we offer customers choices of top or front loading. Our portable printers are in the process of being launched in the market. The printing applications of medical records, prescriptions and medicine bags are set to speed up medical consultation process while reducing the chance of errors in the dispensing of pharmaceuticals, which is favourable for solving the problem of medical shortage. Given the great importance placed by the Chinese government, the Company has devoted much resource to develop medical information electronic products for years and will successively launch our products, including graphic, text and bar code inkjet printers for prescriptions, medicine bags, bills and anamnesis. Following the great success we enjoyed with the introduction of the document short-throw real-object projectors, the Company has also introduced new focused projectors and 16:9 projection products to work as an interactive education system in conjunction with our newly developed multi-touch electronic whiteboard and this gives us greater product competitiveness. The Company places great emphasis on a product development culture for image applications, which is beneficial for customer retention and acquisition. Together with the new marketing and sales divisions and strategies, the Company is well positioned to seize more market opportunities in these areas in 2015. In 2014, our Taiwan R&D center has commenced on the development of 3D printers and multi-functional colour ink-jet printers for office use. We see bright prospects of business development in both of these market segments.

In 2014, the Company actively developed new mobile internet products and participated in the “Internet+” action plan. Through the application of mobile phone sound wave identification technique and mobile internet technology, we successfully developed the “Kamo” (卡莫) pre-paid card mobile payment system to serve as a new commercial O2O platform which can be trusted by the consumers while promoting vendor integrity. The new system will be launched in the first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen. The research and development of “Yingmei.me” Cloud Printing System are completed and free services will be offered. By simply applying for a registered email, users of the system can transform an ordinary printer to a cloud printer. Our immediate next step is to introduce the “Yingmei.me” O2O cloud printing platform which will provide charge-based services to users. The introduction of “Kamo” and “Yingmei.me” systems will usher the Company into the new business sector of mobile internet, while mobile payment and O2O cloud printing platform and printers will be focal areas of our future business development.

Looking ahead to 2015, the domestic economy will move from a period of high growth to a new normal period of medium-high growth and the economy will face the challenges of downward pressures. Notwithstanding that many new products are being launched and many new businesses are being set up by us, the Company will still be subject to certain uncertainties and therefore we take a prudent view of the business performance for the whole year of 2015.

## **Financial Review**

### *Results Summary*

The Group recorded a turnover of approximately RMB548,762,000 for the year ended 31 December 2014, representing a decrease of approximately 6% from the previous year. The profit attributable to shareholders of the Company enjoyed an increase of approximately 22% over the previous year and amounted to approximately RMB82,605,000. The basic earnings per share were approximately RMB0.147 (2013: RMB0.121), representing an increase of approximately RMB0.026 over the previous year.

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

For the year ended 31 December 2014, the revenue of the printer and tax control equipment business amounted to approximately RMB442,425,000 and accounted for approximately 81% of the total revenue of the Group, which was the largest contributor to the revenue of the Group, whereas the revenue of other electronic products manufacturing amounted to approximately RMB106,337,000 and accounted for approximately 19% of the revenue of the Group. The revenue from the printer and tax control equipment business decreased by approximately 5% as compared to that of 2013, whereas revenue from other electronic products manufacturing business decreased by approximately 9%.

The Group’s gross profit margin increased from approximately 27.8% of last year to approximately 34.8%. The increase in gross profit margin was mainly due to the increase in the proportion of sales and gross profit margin of Jolimark branded products. The relatively substantial rise in gross profit

margin of Jolimark brand products is attributable to the aggressive use of new design and new technology by the Group on the research, development and introduction of new products and the replacement of print heads purchased from external parties by self-manufactured print heads.

### **Capital Expenditure**

For the year ended 31 December 2014, the capital expenditure of the Group amounted to approximately RMB13,420,000, which was mainly used for the purchase of production equipment and moulds for new products.

### **Financial Position and Liquidity**

As at 31 December 2014, the total assets of the Group amounted to approximately RMB607,404,000 (31 December 2013: RMB569,876,000), shareholders' fund amounted to approximately RMB388,687,000 (31 December 2013: RMB365,760,000). Non-controlling interests amounted to approximately RMB75,000 (31 December 2013: RMB44,000) and current liabilities amounted to approximately RMB190,746,000 (31 December 2013: RMB118,434,000). The current ratio (the ratio of current assets to current liabilities) of the Group was approximately 2.4 (31 December 2013: 3.4). The decrease in current ratio was mainly attributable to the change of long-term loans amounting to approximately RMB83,313,000 in 2013 to short-term loans due within one year in 2014.

As at 31 December 2014, the cash and cash equivalents, restricted cash and the structured deposits of the Group amounted to approximately RMB344,135,000 (31 December 2013: RMB301,391,000) whereas the bank borrowings of the Group amounted to approximately RMB111,495,000 (31 December 2013: RMB93,057,000). The Group was in a net cash position after deducting the borrowings.

As at 31 December 2014, the Group held financial assets stated at fair value through profit or loss (equity securities traded in China A shares stock exchange) of approximately RMB8,779,000 (31 December 2013: RMB7,641,000). The outstanding bank acceptance bills received from customers amounted to approximately RMB2,430,000 (31 December 2013: RMB6,726,000).

### **Acquisition**

In 2014, Kong Yue Electronics & Information Industry (Xin Hui) Ltd., a subsidiary of the Group, acquired 100% of the equity interests in Shenzhen Coolwi Technology Company Limited (深圳酷外科技有限責任公司) with the consideration of approximately RMB6,000,000. As at 31 December 2014, Jolimark Technology Co., Ltd. held 50% shares in Gowin Technology International Holdings Ltd.

### **Contingent Liabilities**

The Group had no material contingent liabilities as at 31 December 2014.

## **Staff**

As at 31 December 2014, the Group employed 1,220 staff in total. Most of them were based in the PRC while 21 employees were employed in Hong Kong and overseas. The Group implemented its remuneration policy, bonus scheme and share option scheme based on results of the Group and individual performance of the staff. In addition, fringe benefits, such as insurance, medical allowance and pension, were provided to ensure the Group's competitiveness.

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

The Board recommended a final dividend for 2014 of HK\$0.105 per share and special dividend for 2014 of HK\$0.031 per share to shareholders whose names appear on the register of members on Wednesday, 27 May 2015. The final dividend and the special dividend will be paid on or before Friday, 26 June 2015.

The annual general meeting of the Company will be held on Monday, 18 May 2015. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 13 May 2015 to 18 May 2015, 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 12 May 2015.

For determining entitlement to the proposed final and special dividend, the register of members of the Company will be closed from 22 May 2015 to 27 May 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final and special 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, Hong Kong, not later than 4:30 p.m. on 21 May 2015.

## **Audit committee**

The audit committee comprises Mr. Lai Ming, Joseph as the chairman, Mr. Meng Yan, Mr. Xu Guangmao and Mr. Yeung Kwok Keung, all are Independent Non-Executive Directors. For the year ended 31 December 2014, 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 2014.



## **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 year ended 31 December 2014, 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. 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 12 May 2014.

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.

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

During the year ended 31 December 2014, the Company has issued and allotted 300,000 and 3,259,987 new shares at exercise prices of HK\$0.63 and HK\$1.00 each, respectively, as a result of the exercise of share options to the share option holders 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 year ended 31 December 2014.

## **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 year ended 31 December 2014 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the year.

## **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 2014 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, 30 March 2015

*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.*