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JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

(1) PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES; (2) UPDATE ON THE STATUS OF THE PUBLIC FLOAT OF THE COMPANY

PLACING AGENT



On 19 January 2017, the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which the Placing Agent has agreed to place, on a best effort basis, up to 18,000,000 Shares to places at the Placing Price on behalf of the Vendor.

The Placing Shares represent (i) approximately 2.82% of the existing issued share capital of the Company, and (ii) approximately 2.74% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Pursuant to the Placing and Subscription Agreement, the Vendor has also conditionally agreed to subscribe for the Subscription Shares at the Placing Price. The Subscription Shares represent (i) approximately 2.82% of the existing issued share capital of the Company, and (ii) approximately 2.74% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Completion of the Subscription is conditional upon:

- (i) completion of the Placing; and

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

Shareholders and potential investors should note that the Placing and Subscription are subject to the fulfillment of the conditions under the Placing and Subscription Agreement and may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 19 January 2017

Parties

Vendor: Kytronics Holdings Limited, the controlling shareholder of the Company. As at the date of this announcement, the Vendor is interested in 417,721,533 Shares, representing approximately 65.40% of the existing issued share capital of the Company;

Issuer: the Company; and

Placing Agent: Changjiang Securities Brokerage (HK) Limited.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Placing

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 18,000,000 existing shares of the Company held by the Vendor to not less than six independent individuals, corporate and/or institutional placees. It is not expected that the Placing Agent or any placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Number of Placing Shares to be placed

The Placing Shares represent (i) approximately 2.82% of the existing issued share capital of the Company, and (ii) approximately 2.74% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Placing Price

The Placing Price is HK\$1.65 per Placing Share and represents:

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

The Placing Price was determined by the parties to the Placing and Subscription Agreement after arm's length negotiations with reference to the prevailing trading price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable under the current market conditions.

Rights

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of the Placing and Subscription Agreement, including the right to receive all dividends or other distributions declared, made or paid on or after the date of the Placing and Subscription Agreement.

Completion of the Placing

The parties expect that the Placing will be completed on 24 January 2017 (or such other date as the Vendor and the Placing Agent may otherwise agree in writing).

The Subscription

Pursuant to the Placing and Subscription Agreement, the Vendor will subscribe for the Subscription Shares at the Subscription Price.

Number of new Shares to be subscribed

Up to 18,000,000 new Shares, representing (i) approximately 2.82% of the existing issued share capital of the Company, and (ii) approximately 2.74% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Subscription Price

The Subscription Price per new Share is equivalent to the Placing Price of HK\$1.65 per Share. Based on the closing price of the Shares of HK\$1.81 per Share on 19 January 2017, the date of the Placing and Subscription Agreement, the Subscription Shares have a market value of HK\$32.58 million and an aggregate nominal value of HK\$180,000.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market condition and in the interest of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) completion of the Placing; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

In the event that the conditions are not fulfilled within 14 days after the Placing and Subscription Agreement (or such other date as the Vendor and the Company may otherwise agree in writing), all rights and obligations under the Subscription will cease and terminate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place upon the fulfillment of all conditions listed above and within 14 days from the date of the Placing and Subscription Agreement.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 17 May 2016. On the date of the annual general meeting, the Company had 624,942,000 Shares in issue, and the general mandate granted to the Directors was to issue up to 124,988,400 Shares, representing 20% of the number of shares of the Company in issue as at the date of the passing of the resolution.

As at the date of this announcement, 12,000,000 Shares have been issued pursuant to such general mandate, and the Company has not carried out any buy-back of Shares in the 30 days immediately preceding the date of the Placing and Subscription Agreement.

Upon completion of the Subscription, the Company will still have unused general mandate to issue up to 94,988,400 Shares.

Termination events

The obligations of the Placing Agent to proceed to completion of the Placing is conditional upon that none of the following events shall have occurred before 10:00 a.m. (Hong Kong time) on the completion date of the Placing:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities); or
- (iv) there had been any breach of the representations and warranties under the Placing and Subscription Agreement.

The Board is not aware of the occurrence of any of such events as at the date of this announcement.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING AND SUBSCRIPTION

Set out below is the table of the shareholdings in the Company before and after completion of the Placing and the Subscription:

Shareholders	Shareholding as at the		Shareholding immediately		Shareholding upon	
	date of this announcement		after completion of the		completion of the Placing	
			Placing but before the		and the Subscription	
	<i>Number of</i>		<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
The Vendor	417,721,533	65.40	399,721,533	62.58	417,721,533	63.61
Kent C. McCarthy ("Mr. McCarthy")	73,637,120	11.53	73,637,120	11.53	73,637,120	11.21
Placees	–	–	18,000,000	2.82	18,000,000	2.74
Public shareholders	<u>147,367,347</u>	<u>23.07</u>	<u>147,367,347</u>	<u>23.07</u>	<u>147,367,347</u>	<u>22.44</u>
Total	<u>638,726,000</u>	<u>100.00</u>	<u>638,726,000</u>	<u>100.00</u>	<u>656,726,000</u>	<u>100.00</u>

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

On 13 December 2016, the Company and the Vendor entered into a placing and subscription agreement with the Placing Agent, pursuant to which the Placing Agent placed on aggregate of 12,000,000 Shares at the placing price of HK\$1.60 per Share on behalf of the Vendor, and the Vendor successfully subscribed for an aggregate of 12,000,000 new Shares at the subscription price of HK\$1.60 per Share (the "2016 Top-up Placing"). Completion of the placing and subscription took place on 16 December 2016 and 21 December 2016, respectively, raising a net proceeds of HK\$18 million, which the Company intends to use for the development of the Company's new mobile payment services.

Save as disclosed, the Company has not carried out any capital raising activities during the 12 months immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and sale of printers, tax control equipment and other electronic products in the PRC.

On 2 December 2016, the Company announced that the number of Shares held by the public has fallen below the minimum requirement of 25% as required by Rule 8.08 of the Listing Rules. The 2016 Top-up Placing was an attempt to restore the public float. However, prior to the completion of

“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Company”	Jolimark Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company from time to time;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board;
“Placing”	the placement of the Placing Shares to independent investors at the Placing Price;
“Placing Agent”	Changjiang Securities Brokerage (HK) Limited, a corporation licensed to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing and Subscription Agreement”	the placing and subscription agreement dated 19 January 2017 entered into between the Vendor, the Company and the Placing Agent in relation to the Placing and the Subscription;
“Placing Price”	HK\$1.65 per Placing Share;
“Placing Shares”	up to 18,000,000 Shares to be sold by the Vendor pursuant to the terms of the Placing and Subscription Agreement;
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by the Vendor;
“Subscription Price”	the subscription price of HK\$1.65 per Share;
“Subscription Shares”	up to 18,000,000 new Shares to be issued by the Company under the Subscription;
“Vendor”	Kytronics Holdings Limited, a company incorporated in the British Virgin Islands, the controlling shareholder of the Company; and
“%”	per cent.

On behalf of the Board
Jolimark Holdings Limited
Au Pak Yin
Chairman

Hong Kong, 19 January 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.