

JOLIMARK HOLDINGS LIMITED  
映美控股有限公司

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE: 2028

2009  
INTERIM  
REPORT

Jolimark 映美®

The logo features the word "Jolimark" in a sans-serif font followed by the Chinese characters "映美" in a stylized, bold font. A registered trademark symbol (®) is positioned to the upper right of the Chinese characters. The entire logo is rendered in a 3D effect with a purple-to-pink color gradient. Below the logo, there is a reflection on a surface that transitions from purple on the left to yellow and orange on the right, creating a rainbow-like effect.

## CONTENTS

2	Corporate Information
3	Management's Discussion and Analysis
6	Condensed Consolidated Interim Financial Information
24	Other Information

# CORPORATE INFORMATION

## DIRECTORS

### EXECUTIVE DIRECTORS

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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Ming, Joseph  
Mr. Meng Yan  
Mr. Xu Guangmao

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1005, Olympia Plaza  
255 King's Road  
North Point  
Hong Kong

## COMPANY SECRETARY

Li Ho Cheong *CPA, ACCA*

## AUTHORISED REPRESENTATIVES

Au Kwok Lun  
Li Ho Cheong

## AUDIT COMMITTEE

Mr. Lai Ming, Joseph (*chairman of audit committee*)  
Mr. Meng Yan  
Mr. Xu Guangmao

## AUDITOR

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

## LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Rooms 1712–16, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

Bank of China  
Industrial and Commercial Bank of China  
China Construction Bank  
Agricultural Bank of China  
Guangdong Development Bank

## STOCK CODE

2028

## WEBSITE

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### PRINTER AND TAX CONTROL EQUIPMENT BUSINESS

The sales of printer and tax control equipment of the Group for the first half of 2009 decreased by approximately 16% from the corresponding period of last year to approximately RMB118,440,000, representing approximately 58% of the turnover of the Group. The decrease in sales was mainly due to termination of the distribution of printers of other brand. Although the sales of printer and tax control equipment decreased in the first half of the year, the sales of products of "Jolimark" brand experienced a significant growth as compared to that of the corresponding period of last year. Meanwhile, as the gross profit margin of products of "Jolimark" brand is higher than that of other distributed brands, the gross profit margin of printer and tax control equipment recorded a substantial increase in the first half year, as compared to that of corresponding period of last year.

### PROJECTOR BUSINESS

The turnover of the projector business decreased by approximately 19% from the corresponding period last year to approximately RMB75,445,000, representing approximately 36% of the turnover of the Group. It was mainly due to a decrease in demand of orders from customers. The gross profit margin of the projector business increased slightly from approximately 7% of the corresponding period of last year to approximately 8% in the first half of the year.

### OTHER ELECTRONIC PRODUCTS MANUFACTURING BUSINESS

The turnover of other electronic products manufacturing business of the Group decreased by approximately 33% from the corresponding period of last year to approximately RMB11,853,000, representing approximately 6% of the turnover of the Group. The decrease was mainly due to the financial tsunami. As for the gross profit margin, during the first half of the year, it decreased slightly by approximately 1% as compared to that of last year.

## FINANCIAL REVIEW

### RESULTS SUMMARY

During the six months ended 30 June 2009, the Group recorded a turnover of approximately RMB205,738,000, decreased by approximately 18% from the corresponding period of last year and the gross margin increased to approximately 18% from approximately 7% of the corresponding period of last year.

The profit attributable to shareholders for the Group was approximately RMB5,330,000 and the basic earnings per share was RMB0.008 during the period. The improvement in the results was mainly attributed to:

- (1) significant increase in the gross profit margin of the products;
- (2) the optimization of the management structure and the operations process, resulting in the decrease in the administrative expenses of approximately 16% from the corresponding period of last year;

# MANAGEMENT'S DISCUSSION AND ANALYSIS

- (3) the sufficiency of cash of the Group which resulted in a decrease in finance costs; and
- (4) the rebound of the stock market in the People's Republic of China (the "PRC") during the first half of the year, leading to a record of profit in the investment of shares during the six months ended 30 June 2009.

## OPERATING RESULTS ANALYSIS BY PRODUCT

	For the six months ended 30 June					
	2009			2008		
	Turnover RMB'000	Gross Profit RMB'000	Gross Profit Margin	Turnover RMB'000	Gross Profit RMB'000	Gross Profit Margin
Printer and tax control equipment	118,440	28,807	24%	140,379	7,054	5%
Projectors	75,445	6,122	8%	93,168	6,222	7%
Other electronic products manufacturing	11,853	2,382	20%	17,770	3,761	21%
Total	205,738	37,311	18%	251,317	17,037	7%

## CAPITAL EXPENDITURE

For the six months ended 30 June 2009, capital expenditure amounted to approximately RMB1,365,000, which was mainly related to the purchase of property, plant and equipment.

4

## LIQUIDITY AND FINANCIAL POSITION

As at 30 June 2009, the total assets of the Group amounted to approximately RMB537,069,000 (31 December 2008: RMB569,907,000), shareholder's fund amounted to approximately RMB443,708,000 (31 December 2008: RMB448,642,000), minority interests amounted to approximately RMB14,517,000 (31 December 2008: RMB13,884,000) and current liabilities amounted to approximately RMB78,844,000 (31 December 2008: RMB107,381,000). The current ratio of the Group was approximately 5.4 (31 December 2008: 4.2).

As at 30 June 2009, the cash and the cash equivalents of the Group amounted to approximately RMB133,525,000 (31 December 2008: RMB175,412,000) whereas no bank loan was outstanding (31 December 2008: RMB7,161,000). The gearing ratio\* was 0% (31 December 2008: 1.3%). The Group had no assets held under finance lease or operating lease during the period.

\* Gearing ratio: Borrowings/Total Assets

## CONTINGENT LIABILITIES

As at 30 June 2009, the Group had no material contingent liabilities.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## STAFF

As at 30 June 2009, the Group employed a total 895 staff, of which all staff were employed in Mainland China except for 10 who were employed in Hong Kong and overseas. The Group implemented its remuneration policy based on the merits of an individual staff member. In addition, fringe benefits such as insurance, medical allowance and pension were provided to ensure the competitiveness of the Group.

## FUTURE BUSINESS OUTLOOK

For the printer and tax control equipment business, owing to the policies of various regions, the promotion progress of the tax control electronic cash registers was not satisfactory. While concerning such business, the Group will emphasize on the development of its own branded dot matrix printer market in the second half of the year, and will develop the printing equipment and solutions related to the application in the industries such as logistics, retail, finance, medicine and taxation, by using the advantages of its existing brand, sales channels, technologies and production. There is stable demand of dot matrix printers in the PRC, especially in the areas of taxation, medicine, finance and telecommunications. The Group will continue to maintain the efforts in this business, in particular the development of new products, brand-marketing and the invention of new applications. At the same time, it will also develop the OEM, ODM and the overseas markets. As for the projector business, owing to the keen competition in the market, the Group expects that there will be a decline in turnover for this business. The Group will take a cautious approach towards this business. As for the electronic manufacturing services (EMS) business, as the Group is focused on the small-to-medium customers of optoelectronicmechanical integrated products, the competition is relatively less intense. The Group will strive to enhance the competitive edges and the scale of economy of such business.

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	As at	
		30 June 2009 Unaudited	31 December 2008 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	93,923	98,500
Land use right	5	10,756	10,900
Intangible assets	5	1,406	1,498
Interests in associates		225	470
Available-for-sale financial assets		500	1,000
Deferred income tax assets		4,946	5,347
		<b>111,756</b>	117,715
<b>Current assets</b>			
Inventories		181,602	158,374
Trade and other receivables	6	82,501	114,951
Financial assets at fair value through profit or loss		—	3,455
Restricted cash	7	27,685	—
Cash and cash equivalents		133,525	175,412
		<b>425,313</b>	452,192
<b>Total assets</b>		<b>537,069</b>	569,907
<b>EQUITY</b>			
<b>Capital and reserves attributable to the shareholders of the Company</b>			
Share capital and premium	8	261,540	271,226
Other reserves		190,091	190,036
Accumulated losses		(7,923)	(12,620)
		<b>443,708</b>	448,642
<b>Minority interests</b>		<b>14,517</b>	13,884
<b>Total equity</b>		<b>458,225</b>	462,526
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	49,229	100,028
Notes payable	7	27,664	—
Current income tax liabilities		1,951	192
Borrowings	10	—	7,161
		<b>78,844</b>	107,381
<b>Total equity and liabilities</b>		<b>537,069</b>	569,907
<b>Net current assets</b>		<b>346,469</b>	344,811
<b>Total assets less current liabilities</b>		<b>458,225</b>	462,526

The notes on pages 11 to 23 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2009 Unaudited	2008 Unaudited
Turnover		205,738	251,317
Cost of goods sold		(168,427)	(234,280)
<b>Gross profit</b>		<b>37,311</b>	17,037
Other income		3,287	2,164
Selling and marketing costs		(13,318)	(16,118)
Administrative expenses		(24,602)	(29,347)
Other gains/(losses) — net	11	5,345	(7,942)
<b>Operating profit/(loss)</b>	12	<b>8,023</b>	(34,206)
Finance (expenses)/income — net		(49)	361
Share of losses of associates		(245)	(72)
<b>Profit/(loss) before income tax</b>		<b>7,729</b>	(33,917)
Income tax (expenses)/credit	13	(2,399)	578
<b>Profit/(loss) for the period</b>		<b>5,330</b>	(33,339)
<b>Attributable to:</b>			
Shareholders of the Company		4,697	(33,316)
Minority interests		633	(23)
		<b>5,330</b>	(33,339)
<b>Basic and diluted earning/(loss) per share for profit/(loss) attributable to the shareholders of the Company during the period</b> (expressed in RMB per share)	14	<b>0.008</b>	(0.057)

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2009 Unaudited	2008 Unaudited
<b>Profit/(loss) for the period</b>	<b>5,330</b>	(33,339)
Other comprehensive income for the period	—	—
Total comprehensive income/(loss) for the period	<b>5,330</b>	(33,339)
<b>Attributable to:</b>		
Shareholders of the Company	<b>4,697</b>	(33,316)
Minority interests	<b>633</b>	(23)
	<b>5,330</b>	(33,339)

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Attributable to shareholders of the Company				
	Share capital and premium	Other reserves	Retained earnings/ (accumulated losses)	Minority interests	Total
	Unaudited (note 8)	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance at 1 January 2008</b>	282,194	185,252	85,149	14,261	566,856
Loss for the period	—	—	(33,316)	(23)	(33,339)
Other comprehensive income for the period	—	—	—	—	—
Transfer to the statutory reserve and enterprise expansion fund	—	3,716	(3,716)	—	—
Re-purchase and cancellation of shares of the Company	(10,968)	—	—	—	(10,968)
Final dividends for 2007 (note 15(b))	—	—	(4,061)	—	(4,061)
<b>Balance at 30 June 2008</b>	271,226	188,968	44,056	14,238	518,488
<b>Balance at 1 January 2009</b>	<b>271,226</b>	<b>190,036</b>	<b>(12,620)</b>	<b>13,884</b>	<b>462,526</b>
Profit for the period	—	—	4,697	633	5,330
Other comprehensive income for the period	—	—	—	—	—
Share option granted to employees	—	55	—	—	55
Re-purchase and cancellation of shares of the Company	(1,357)	—	—	—	(1,357)
Final dividends for 2008 (note 15(a))	(8,329)	—	—	—	(8,329)
<b>Balance at 30 June 2009</b>	<b>261,540</b>	<b>190,091</b>	<b>(7,923)</b>	<b>14,517</b>	<b>458,225</b>

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2009 Unaudited	2008 Unaudited
<b>Cash used in operating activities — net</b>	<b>(24,702)</b>	(22,455)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,365)	(3,697)
Interest received	1,011	637
<b>Cash used in investing activities — net</b>	<b>(354)</b>	(3,060)
<b>Cash flows from financing activities</b>		
Re-purchase and cancellation of the shares of the Company	(1,357)	(10,968)
Proceeds from borrowings	—	55,612
Repayments of borrowings	(7,133)	(45,498)
Dividends paid to the shareholders of the Company	(8,329)	(4,061)
<b>Cash used in financing activities — net</b>	<b>(16,819)</b>	(4,915)
<b>Net decrease in cash and cash equivalents</b>	<b>(41,875)</b>	(30,430)
Cash and cash equivalents at beginning of the period	175,412	160,895
Exchange loss on cash and cash equivalents	(12)	(867)
<b>Cash and cash equivalents at end of the period</b>	<b>133,525</b>	129,598

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 1. GENERAL INFORMATION

Jolimark Holdings Limited (the “Company”) and its subsidiaries (the “Group”) are principally engaged in the manufacture and sale of printers, tax control equipment, projectors and other electronic products in the People’s Republic of China (the “PRC”).

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 June 2005.

This condensed consolidated interim financial information was approved for issue by the board of directors of the Company (the “BoD”) on 16 September 2009.

This condensed consolidated interim financial information has not been audited.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

## 3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

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

- (a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009
- HKAS 1 (revised), “Presentation of financial statements”. The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The condensed consolidated interim financial statements have been prepared under the revised disclosure requirements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 (continued)
- HKAS 23 (Revised), "Borrowing costs". The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The application of HKAS 23 (Revised) does not result in substantial impact on the Group's accounting policies because the Group is already applying the capitalisation option on the borrowing costs for qualifying assets.
  - Amendment to HKFRS 7, "Financial instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.
  - HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The Group has adopted HKFRS 8 in 2009. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.
  - HKAS 2 (amendment), "Share-based payment". The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment does not have a material impact on the Group's financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (b) The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not relevant for the Group
- HKAS 32 (amendment), "Financial instruments: presentation".
  - HK(IFRIC) 9 (amendment), "Reassessment of embedded derivatives" and HKAS 39 (amendment), "Financial instruments: Recognition and measurement".
  - HK(IFRIC) 13, "Customer loyalty programmes".
  - HK(IFRIC) 15, "Agreements for the construction of real estate".
  - HK(IFRIC) 16, "Hedges of a net investment in a foreign operation".
  - HKAS 39 (amendment), "Financial instruments: Recognition and measurement".

## 4. SEGMENT INFORMATION

The chief executive officer and senior management of the Group are the chief operating decision-maker ("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, tax control equipment, projectors and other electronic products manufacturing.

The CODM assesses the performances of the operating segments based on a measure of segment turnover and segment results. Segment results excludes other income, administrative expenses, other gains/(losses), finance (expenses)/income and income tax (expenses)/credit, which are centrally managed for the Group. Other information provided to the CODM is measured in a manner consistent with that in the financial statements.

Total segment assets exclude deferred income taxes, financial assets at fair value through profit and loss, restricted cash, cash and cash equivalents and other assets shared by all segments, which are managed on a central basis.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 4. SEGMENT INFORMATION (continued)

The segment turnover and results and the reconciliation with profit for the six months ended 30 June 2009 are as follows:

	Printer and tax control equipment	Projectors	Other electronic products manufacturing	Total
<b>Turnover (from external customers)</b>	<b>118,440</b>	<b>75,445</b>	<b>11,853</b>	<b>205,738</b>
<b>Segment results</b>	<b>14,974</b>	<b>5,892</b>	<b>2,382</b>	<b>23,248</b>
Other income				3,287
Administrative expenses				(24,602)
Other gains, excluding impairment loss of available-for-sale financial assets				5,845
Finance expenses — net				(49)
Income tax expenses				(2,399)
<b>Profit for the period</b>				<b>5,330</b>
<b>Segment results include:</b>				
Impairment loss of available-for-sale financial assets	(500)	—	—	(500)
Share of losses of associates	(245)	—	—	(245)
Depreciation and amortisation charge	(2,713)	(1,685)	(115)	(4,513)

14

The segment turnover and results and the reconciliation with loss for the six months ended 30 June 2008 are as follows:

	Printer and tax control equipment	Projectors	Other electronic products manufacturing	Total
<b>Turnover (from external customers)</b>	<b>140,379</b>	<b>93,168</b>	<b>17,770</b>	<b>251,317</b>
<b>Segment results</b>	<b>(9,136)</b>	<b>6,222</b>	<b>3,761</b>	<b>847</b>
Other income				2,164
Administrative expenses				(29,347)
Other losses — net				(7,942)
Finance income — net				361
Income tax credit				578
<b>Loss for the period</b>				<b>(33,339)</b>
<b>Segment results include:</b>				
Share of losses of associates	(72)	—	—	(72)
Depreciation and amortisation charge	(2,883)	(1,664)	(29)	(4,576)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 4. SEGMENT INFORMATION (continued)

The segment assets and the reconciliation with total assets as at 30 June 2009 are as follows:

	Printer and tax control equipment	Projectors	Other electronic products manufacturing	Total
<b>Segment assets</b>	<b>182,298</b>	<b>57,959</b>	<b>22,482</b>	<b>262,739</b>
<b>Unallocated assets</b>				
Property, plant and equipment and land use right (note a)				81,116
Deferred income tax assets				4,946
Other receivables				27,058
Restricted cash				27,685
Cash and cash equivalents				133,525
				<b>274,330</b>
<b>Total assets</b>				<b>537,069</b>
<b>Segment assets include:</b>				
Investments in associates	225	—	—	225
Additions of property, plant and equipment during the six months ended 30 June 2009	1,294	—	—	1,294

The segment assets and the reconciliation with total assets as at 31 December 2008 are as follows:

	Printer and tax control equipment	Projectors	Other electronic products manufacturing	Total
<b>Segment assets</b>	<b>193,205</b>	<b>68,482</b>	<b>21,606</b>	<b>283,293</b>
<b>Unallocated assets</b>				
Property, plant and equipment and land use right (note a)				84,157
Deferred income tax assets				5,347
Other receivables				18,243
Financial assets at fair value through profit or loss				3,455
Cash and cash equivalents				175,412
				<b>286,614</b>
<b>Total assets</b>				<b>569,907</b>
<b>Segment assets include:</b>				
Investments in associates	470	—	—	470
Additions of property, plant and equipment during the year ended 31 December 2008	5,611	785	11	6,407

(a) Amounts represent portion of property, plant and equipment and land use right shared by all the segments.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 4. SEGMENT INFORMATION (continued)

The Group is domiciled in the PRC. The turnover from external customers are as follows:

	Six months ended 30 June	
	2009	2008
In the PRC	180,682	211,484
In other countries	25,056	39,833
	<b>205,738</b>	251,317

As at 30 June 2009 and 31 December 2008, non-current assets, other than deferred tax assets, are mainly located in the PRC.

For the six months ended 30 June 2009, turnover of approximately RMB75,006,000 (six months ended 30 June 2008: RMB91,642,000) are derived from a single external customers. These turnover are attributable to the segment of projectors.

## 5. CAPITAL EXPENDITURE

	Property, plant and equipment	Land use right	Intangible assets
<b>Six months ended 30 June 2008</b>			
Opening net book amount as at 1 January 2008	99,851	11,189	1,681
Additions	4,460	—	—
Disposals	(1)	—	—
Depreciation and amortisation charge	(6,087)	(144)	(92)
Closing net book amount as at 30 June 2008	98,223	11,045	1,589
<b>Six months ended 30 June 2009</b>			
Opening net book amount as at 1 January 2009	98,500	10,900	1,498
Additions	1,365	—	—
Disposals	(97)	—	—
Depreciation and amortisation charge	(5,845)	(144)	(92)
Closing net book amount as at 30 June 2009	93,923	10,756	1,406

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 6. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2009	31 December 2008
Trade receivables		
— Third parties	56,117	91,806
— Related parties (note 16)	7,450	6,944
	<b>63,567</b>	98,750
Less: provision for impairment of receivables	<b>(28,029)</b>	(22,681)
Trade receivables — net	<b>35,538</b>	76,069
Prepayments		
— Third parties	15,945	16,218
— Related parties (note 16)	3,960	4,421
Other receivables		
— Third parties	19,843	10,811
— Associates	852	819
— Related parties (note 16)	6,363	6,613
	<b>82,501</b>	114,951

As at 30 June 2009, the fair value of trade and other receivables approximate their carrying amounts.

The Group's sales to corporate customers are generally granted with credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 30 June 2009, the ageing analysis of the trade receivables, including amounts due from related parties of trading in nature, was as follows:

	As at	
	30 June 2009	31 December 2008
0–30 days	20,314	54,293
31–90 days	8,572	7,538
91–180 days	1,681	2,656
181–365 days	2,594	1,599
Over 365 days	30,406	32,664
	<b>63,567</b>	98,750

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 7. RESTRICTED CASH

	As at	
	30 June 2009	31 December 2008
Bank deposits pledged as securities for notes payable	27,685	—

As at 30 June 2009, bank deposits of the Group of approximately RMB27,685,000 (31 December 2008: nil) were pledged as securities for the Group's notes payable of approximately RMB27,664,000. Such guarantee will be released after the payment of the relevant notes.

## 8. SHARE CAPITAL AND PREMIUM

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Opening balance 1 January 2008</b>	597,210,000	5,972	6,299	275,895	282,194
Re-purchase and cancellation of the shares of the Company (note (a))	(20,000,000)	(200)	(184)	(10,784)	(10,968)
<b>At 30 June 2008</b>	577,210,000	5,772	6,115	265,111	271,226
<b>Opening balance 1 January 2009</b>	577,210,000	5,772	6,115	265,111	271,226
Re-purchase and cancellation of the shares of the Company (note (a))	(9,304,000)	(93)	(82)	(1,275)	(1,357)
Final dividends for 2008 (note 15(a))	—	—	—	(8,329)	(8,329)
<b>At 30 June 2009</b>	567,906,000	5,679	6,033	255,507	261,540

(a) The Company repurchased 9,304,000 of its own shares through purchases on the Stock Exchange during the six months ended 30 June 2009. The shares have been cancelled upon being repurchased. The total consideration inclusive of handling fee paid to acquire the shares amounted to approximately HK\$1,539,000 (equivalent to RMB1,357,000).

The Company repurchased 20,000,000 of its own shares through purchases on the Stock Exchange during the six months ended 30 June 2008. The shares have been cancelled upon being repurchased. The total consideration inclusive of handling fee paid to acquire the shares amounted to approximately HK\$11,942,000 (equivalent to RMB10,968,000).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 9. TRADE AND OTHER PAYABLES

	As at	
	30 June 2009	31 December 2008
Trade payables		
— Third parties	35,182	75,074
— Related parties (note 16)	2,579	3,577
	<b>37,761</b>	78,651
Other payables to third parties	9,110	16,169
Advances from customers	2,358	5,208
	<b>49,229</b>	100,028

At 30 June 2009, the ageing analysis of the trade payables, including amounts due to related parties, was as follows:

	As at	
	30 June 2009	31 December 2008
0–30 days	15,388	35,231
31–90 days	13,563	38,064
91–180 days	6,325	3,959
181–365 days	1,631	440
Over 365 days	854	957
	<b>37,761</b>	78,651

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 10. BORROWINGS

	As at	
	30 June 2009	31 December 2008
Bank borrowings		
— unsecured	—	7,161

Movements in borrowings are analysed as follows:

	Six months ended 30 June	
	2009	2008
<b>Opening amount</b>	<b>7,161</b>	56,509
Addition of borrowings	—	55,612
Repayment of borrowings	(7,133)	(45,498)
Exchange gain	(28)	(2,173)
<b>Closing amount</b>	<b>—</b>	64,450

Interest expenses on borrowings for the six months ended 30 June 2009 amounted to RMB77,000 (six months ended 30 June 2008: RMB1,812,000).

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2009	31 December 2008
Floating rate		
— expiring within one year	62,316	28,115

## 11. OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2009	2008
Net foreign exchange gains/(losses)	343	(634)
Impairment loss of available-for-sale financial assets	(500)	—
Fair value gains/(losses) on financial assets at fair value through profit or loss (note (a))	5,502	(7,308)
	<b>5,345</b>	(7,942)

(a) Amounts represent the fair value gains/(losses) on the investments in listed equity securities. All the listed equity securities were disposed of during the six months ended 30 June 2009.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 12. OPERATING PROFIT/(LOSS)

The following items have been charged to the operating profit during the period:

	Six months ended 30 June	
	2009	2008
Write down of inventories	—	1,795
Provision for impairment of receivables	5,348	598

## 13. INCOME TAX (EXPENSES)/CREDIT

	Six months ended 30 June	
	2009	2008
Current income tax		
— Hong Kong profits tax	(198)	(211)
— PRC enterprise income tax	(1,800)	(1,344)
Deferred income tax	(401)	2,133
	(2,399)	578

### HONG KONG PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 June 2009 and 2008.

### PRC ENTERPRISE INCOME TAX

The main business of the Group is conducted in the PRC and the major subsidiary of the Group is Kong Yue Electronics & Information (Xinhui) Limited ("Kongyue Information"), which is a foreign investment company based in Xinhui, the PRC. PRC enterprise income tax of Kongyue Information is provided on the basis of its profit for statutory financial reporting purposes, adjusted for income and expenses items, which are not assessable or deductible for income tax purpose. The effective enterprise income tax rate of Kongyue Information is 15% for the six months ended 30 June 2009 (six months ended 30 June 2008: 15%).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 14. EARNING/(LOSS) PER SHARE

Basic earning/(loss) per share is calculated by dividing the earning/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2009	2008
Earning/(loss) attributable to shareholders of the Company	4,697	(33,316)
Weighted average number of ordinary shares in issue (thousands)	570,917	588,883
Basic earning/(loss) per share (RMB per share)	0.008	(0.057)

Diluted earning/(loss) per share is calculated by adjusting the weighted average number of outstanding ordinary shares with assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. As the exercise price of the share options is higher than the average market share price of the Company's shares for the six months ended 30 June 2009, there is no potential dilutive impact of the share options during the six months ended 30 June 2009.

## 15. DIVIDEND

- (a) A final dividend for the year ended 31 December 2008 of HK\$0.017 per ordinary share, totaling approximately HK\$9,471,000 (equivalent to RMB8,329,000) has been declared out of share premium of the Company in the Company's Annual General Meeting on 26 May 2009 and paid during the six months ended 30 June 2009.

According to the Companies Law (2003 Revision) of the Cayman Islands and the articles of association of the Company, the dividends can be declared out of share premium account but subject to solvency test.

- (b) A final dividend for the year ended 31 December 2007 of HK\$0.008 per ordinary share, totaling approximately HK\$4,778,000 (equivalent to RMB4,061,000) has been declared in the Company's Annual General Meeting on 23 May 2008 and paid during the six months ended 30 June 2008.
- (c) In a meeting held on 16 September 2009, the directors of the Company determined that no interim dividend would be declared for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

### (I) PURCHASES OF GOODS AND SERVICES

	Six months ended 30 June	
	2009	2008
Purchases of goods from related parties controlled by Au Family (note (a))	16,305	11,247
Rental expenses paid to a related party controlled by Au Family (note (b))	211	202
Handling fee charged by a related party controlled by Au Family (note (c))	800	552

### (II) KEY MANAGEMENT COMPENSATION

	Six months ended 30 June	
	2009	2008
Salary and other short-term employee benefits	2,785	2,641
Share options	55	—
	2,840	2,641

### (III) PERIOD-END BALANCES WITH RELATED PARTIES

	As at	
	30 June 2009	31 December 2008
Trade and other receivables from related parties controlled by Au Family (note (d))	17,773	17,978
Trade payables to related parties controlled by Au Family (note (d))	2,579	3,577

Notes:

- Purchase of goods were negotiated with related parties in a normal course of business with a margin on the same basis as non-related parties.
- Rental expenses were determined with reference to the prevailing rental market price and in accordance with the terms of underlying agreement.
- Handling fee represent service charge for handling customs documents for the Group during import and export process, which is calculated based on approximately 1% of the aggregate value of goods handled by the related party.
- Balances with related parties were unsecured, interest free and had no fixed terms of repayments.

# OTHER INFORMATION

## DISCLOSURE OF INTERESTS

### (A) INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at 30 June 2009, the interests and short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO") which are required to be notified the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Company/name of associated corporation	Capacity	Number of shares held <sup>(Note 1)</sup>
Mr. Au Pak Yin ("Mr. Au")	Company	Interest in controlled corporation <sup>(Note 2)</sup>	374,325,533 shares (L)
Mr. Au	Kytronics Holdings Limited ("Kytronics")	Beneficial owner	2 ordinary shares (L)
Mr. Au Kwok Lun	Kytronics	Beneficial owner	1 ordinary share (L)
Mr. Ou Guo Liang	Kytronics	Beneficial owner	1 ordinary share (L)

Notes:

1. The letter "L" denotes the Director's long position in such securities.
2. 374,325,533 Shares were owned by Kytronics. The issued share capital of Kytronics is owned as to 20% by each of Mr. Au and his spouse Ms. Tai Noi Kit. Mr. Au is therefore deemed to be interested in these shares by virtue of his interests in Kytronics pursuant to Part XV of the SFO.
3. Each of Mr. Au and his spouse, Ms Tai Noi Kit is the beneficial owner of an ordinary share in Kytronics.

Save as disclosed above, as at 30 June 2009, none of the Directors or Chief Executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

# OTHER INFORMATION

## (B) SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTEREST IN THE SHARES

As at 30 June 2009, as far as is known to the Directors and the Chief Executive of the Company, the following person (not being a Director or Chief Executive of the Company) had an interest of short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Company/Name of associated corporation	Capacity	Number of shares held	Percentage of total issued share capital <sup>(Note 1)</sup>
Kytronics	Company	Beneficial Owner	374,325,533 <sup>(Note 2)</sup>	65.91%(L)
Tai Noi Kit	Kytronics	Interest in controlled corporation	374,325,533 <sup>(Note 2)</sup>	65.91%(L)
Martin Currie (Holdings) Limited	Company	Interest in controlled corporation	40,264,000 <sup>(Note 3)</sup>	7.09%(L)
Kent C. McCarthy	Company	Interest in controlled corporation	34,165,000 <sup>(Note 4)</sup>	6.02%(L)

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. 374,325,533 Shares were owned by Kytronics. The issued share capital of Kytronics is owned as to 20% by each of Ms. Tai Noi Kit ("Ms. Tai") and her spouse Mr. Au. Ms. Tai is therefore deemed to be interested in these shares by virtue her interests in Kytronics pursuant to Part XV of the SFO.
3. The 40,264,000 shares were held by Martin Currie Inc. and Martin Currie Investment Management, both being companies wholly owned by Martin Currie Ltd which is wholly owned by Martin Currie (Holdings) Limited.
4. The 34,165,000 shares were held by Kent C. McCarthy Revocable Trust and Jayhawk Private Equity Fund II, L.P., both being companies wholly owned by Kent C. McCarthy.

Saved as disclosed above, the Directors and the Chief Executive of the Company are not aware of any person (other than a Director or Chief Executive of the Company) who, as at 30 June 2009, had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## SHARE OPTION SCHEME

Details of the share option scheme were set out in the published annual report of the Company for the year ended 31 December 2008. No movement was noted during the six months ended 30 June 2009.

# OTHER INFORMATION

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2009, the Company purchased a total of 9,304,000 Company's listed shares on the Stock Exchange and such shares were then subsequently cancelled. Details of the repurchase of shares are summarised as follows:

Month/year	Number of shares repurchased	Repurchase price per share		Aggregate consideration paid (excluding expenses) HK\$
		Highest HK\$	Lowest HK\$	
February 2009	8,750,000	0.165	0.165	1,443,750
March 2009	554,000	0.185	0.162	90,898
Total	9,304,000			1,534,648

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

## THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that during the six months ended 30 June 2009, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 under the Rules Governing the Listing of Securities on the Stock Exchange.

## 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 under the Listing Rules as the model code for securities transactions by the relevant Directors. The Company has made specific enquiry of all Directors and the Directors confirmed that, during the six months ended 30 June 2009, they have complied with all the relevant requirements set out in the Model Code.

## AUDIT COMMITTEE

The audit committee has reviewed this interim report.

## REMUNERATION COMMITTEE

The Company has established a remuneration committee to consider the remunerations for the Directors and senior management of the Company. The remuneration committee comprises Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guangmao who are all Independent Non- Executive Directors and Mr. Au Kwok Lun who is an Executive Director. During the period, Mr. Au Kwok Lun was appointed as the chairman of the remuneration committee.

By order of the Board  
**Jolimark Holdings Limited**  
**Au Pak Yin**  
*Chairman*