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## **JOLIMARK HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code : 2028)**

### **2009 Annual Results Announcement**

#### **CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2009*

	<i>Note</i>	<b>2009</b> <b>RMB'000</b>	<b>2008</b> <b>RMB'000</b>
Revenue	2	<b>456,690</b>	613,985
Cost of goods sold	4	<u><b>(368,221)</b></u>	<u>(572,581)</u>
<b>Gross profit</b>		<b>88,469</b>	41,404
Other income	3	<b>7,136</b>	3,675
Selling and marketing costs	4	<b>(30,677)</b>	(60,978)
Administrative expenses	4	<b>(48,320)</b>	(56,609)
Other gains/(losses) — net	5	<u><b>2,782</b></u>	<u>(15,492)</u>
<b>Operating profit/(loss)</b>		<b>19,390</b>	(88,000)
Finance (costs)/income — net	6	<b>(210)</b>	1,164
Share of losses of associates and impairment charge		<u><b>(291)</b></u>	<u>(4,729)</u>
<b>Profit/(loss) before income tax</b>		<b>18,889</b>	(91,565)
Income tax (expenses)/credit	7	<u><b>(3,633)</b></u>	<u>2,116</u>
<b>Profit/(loss) for the year</b>		<u><u><b>15,256</b></u></u>	<u><u>(89,449)</u></u>

	<i>Note</i>	<b>2009</b> <b><i>RMB'000</i></b>	2008 <i>RMB'000</i>
Attributable to:			
Shareholders of the Company		<b>13,733</b>	(89,072)
Minority interests		<u><b>1,523</b></u>	<u>(377)</u>
		<u><b>15,256</b></u>	<u>(89,449)</u>
<b>Basic and diluted earning/(loss) per share for profit/</b> <b>(loss) attributable to shareholders of the Company</b> <b>during the year</b> (expressed in Renminbi per share)	8	<u><b>0.024</b></u>	<u>(0.154)</u>
Dividend		<u><b>33,480</b></u>	<u>8,329</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2009*

	<b>2009</b> <b><i>RMB'000</i></b>	<b>2008</b> <b><i>RMB'000</i></b>
<b>Profit/(loss) for the year</b>	<b>15,256</b>	<b>(89,449)</b>
Other comprehensive income for the year	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>15,256</u></b>	<b><u>(89,449)</u></b>
<b>Attributable to:</b>		
Shareholders of the Company	<b>13,733</b>	<b>(89,072)</b>
Minority interests	<u><b>1,523</b></u>	<u><b>(377)</b></u>
	<b><u>15,256</u></b>	<b><u>(89,449)</u></b>

# CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	<i>Note</i>	<b>2009</b> <b>RMB'000</b>	2008 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>89,470</b>	98,500
Land use right		<b>10,611</b>	10,900
Intangible assets		<b>936</b>	1,498
Interests in associates		<b>179</b>	470
Available-for-sale financial assets		<b>500</b>	1,000
Deferred income tax assets		<b>4,264</b>	5,347
		<b>105,960</b>	117,715
<b>Current assets</b>			
Inventories		<b>159,532</b>	158,374
Trade and other receivables	9	<b>74,100</b>	114,951
Financial assets at fair value through profit or loss		<b>21,790</b>	3,455
Cash and cash equivalents		<b>184,478</b>	175,412
		<b>439,900</b>	452,192
<b>Total assets</b>		<b>545,860</b>	569,907
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium		<b>261,455</b>	271,226
Other reserves		<b>191,704</b>	190,036
Accumulated losses		<b>(465)</b>	(12,620)
		<b>452,694</b>	448,642
<b>Minority interests</b>		<b>15,407</b>	13,884
<b>Total equity</b>		<b>468,101</b>	462,526

	<i>Note</i>	<b>2009</b> <b><i>RMB'000</i></b>	2008 <i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	<b>77,652</b>	100,028
Current income tax liabilities		<b>107</b>	192
Borrowings		<u>—</u>	<u>7,161</u>
Total liabilities		<u><b>77,759</b></u>	<u>107,381</u>
<b>Total equity and liabilities</b>		<u><b>545,860</b></u>	<u><b>569,907</b></u>
<b>Net current assets</b>		<u><b>362,141</b></u>	<u><b>344,811</b></u>
<b>Total assets less current liabilities</b>		<u><b>468,101</b></u>	<u><b>462,526</b></u>

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

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) 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.

### (a) *New and amended standards adopted by the Group*

The Group has adopted the following amended HKFRSs as of 1 January 2009:

- HKAS 1 (revised), “Presentation of financial statements” (effective from 1 January 2009). The Group has elected to present two statements: a consolidated income statement and a consolidated statement of comprehensive income. The consolidated financial statements have been prepared under the revised disclosure requirements.
- HKAS 23 (Revised), “Borrowing costs” (effective from 1 January 2009). The amendment does not have material impact on the Group’s consolidated financial statements, because the Group is already applying the capitalisation option on the borrowing costs for qualifying assets.
- HKAS 23 (Amendment), “Borrowing costs” (effective from 1 January 2009). The amendment does not have material impact on the Group’s consolidated financial statements because the Group is already applying the effective interest method on the borrowing costs.
- Amendment to HKFRS 7, “Financial instruments: disclosures” (effective from 1 January 2009). The Group has adopted this amendment in 2009 and made the required disclosure in the Group’s consolidated financial statements.
- HKFRS 8, “Operating segments” (effective from 1 January 2009). The Group has adopted HKFRS 8 in 2009. Operating segments are now reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the “CODM”).
- HKAS 2 (amendment), “Share-based payment” (effective from 1 January 2009). This amendment does not have a material impact on the Group’s financial statements.
- HKAS 36 (Amendment), “Impairment of assets” (effective from 1 January 2009). The amendment does not have material impact on the Group’s consolidated financial statements.

### (b) *Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards and amendments to existing standards, which are relevant to the Group’s business, have been published and are mandatory for the Group’s accounting periods beginning on or after 1 July 2009 or later periods, but the Group has not early adopted them. It is not expected to have a material impact on the Group’s or the Company’s financial statements when applying the following standards and amendments.

- HKAS 27 (revised) “Consolidated and separate financial statements” (effective for annual period beginning on or after 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in

goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement.

- HKAS 1 (amendment) “Presentation of financial statements” (effective for annual period beginning on or after 1 January 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- HKAS 7 “Classification of expenditures on unrecognised assets” (effective for annual period beginning on or after 1 January 2010). Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities.
- HKAS 17 “Classification of leases of land and buildings” (effective for annual period beginning on or after 1 January 2010). Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of HKAS 17.
- HKFRS 9 “Financial Instruments” (effective for annual period beginning on or after 1 January 2013). Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost, which is determined at initial recognition basing on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

## **2. SEGMENT INFORMATION**

The directors and chief executive officer of the Group are 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.

The CODM assesses the performances of the operating segments based on a measure of segment revenue and segment results. Segment results excludes other income, administrative expenses, other gains/(losses), finance (costs)/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, cash and cash equivalents and other assets shared by all segments, which are managed on a central basis.

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2009 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>276,601</u></b>	<b><u>180,089</u></b>	<b><u>456,690</u></b>
<b>Segment results</b>	<b><u>39,014</u></b>	<b><u>17,987</u></b>	<b>57,001</b>
Other income			7,136
Administrative expenses			(48,320)
Other gains, excluding impairment loss of available-for-sale financial assets			3,282
Finance costs — net			(210)
Income tax expenses			<u>(3,633)</u>
<b>Profit for the year</b>			<b><u><u>15,256</u></u></b>
<b>Segment results include:</b>			
Impairment loss of available-for-sale financial assets	(500)	—	(500)
Share of losses of associates	(291)	—	(291)
Depreciation, amortisation and impairment charge	<u>(5,170)</u>	<u>(4,797)</u>	<u>(9,967)</u>



The segment revenue and results and the reconciliation with loss for the year ended 31 December 2008 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>300,530</u>	<u>313,455</u>	<u>613,985</u>
<b>Segment results</b>	<u>(53,027)</u>	<u>28,724</u>	<u>(24,303)</u>
Other income			3,675
Administrative expenses			(56,609)
Other losses — net			(15,492)
Finance income — net			1,164
Income tax credit			<u>2,116</u>
<b>Loss for the year</b>			<u><u>(89,449)</u></u>
<b>Segment results include:</b>			
Share of losses of associates and impairment charge	(4,729)	—	(4,729)
Depreciation and amortisation charge	<u>(5,832)</u>	<u>(2,925)</u>	<u>(8,757)</u>

The segment assets and the reconciliation with total assets as at 31 December 2009 are as follows:

	<b>Printer and tax control equipment <i>RMB'000</i></b>	<b>Other electronic products manufacturing <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Segment assets</b>	<u>193,384</u>	<u>45,535</u>	<u>238,919</u>
<b>Unallocated assets</b>			
Property, plant and equipment and land use right ( <i>note (b)</i> )			77,480
Deferred income tax assets			4,264
Other receivables			18,929
Financial assets at fair value through profit and loss			21,790
Cash and cash equivalents			<u>184,478</u>
			<u>306,941</u>
<b>Total assets</b>			<u><u>545,860</u></u>
<b>Segment assets include:</b>			
Investments in associates	179	—	179
Additions of property, plant and equipment during the year ended 31 December 2009	<u>3,963</u>	<u>—</u>	<u>3,963</u>

The segment assets and the reconciliation with total assets as at 31 December 2008 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>Segment assets</b>	<u>193,205</u>	<u>90,088</u>	<u>283,293</u>
<b>Unallocated assets</b>			
Property, plant and equipment and land use right ( <i>note (b)</i> )			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			<u>175,412</u>
			<u>286,614</u>
<b>Total assets</b>			<u><u>569,907</u></u>
<b>Segment assets include:</b>			
Investments in associates	470	—	470
Additions of property, plant and equipment during the year ended 31 December 2008	<u>5,611</u>	<u>796</u>	<u>6,407</u>

- (a) Revenues from external customers are for sales of goods. There is no inter-segment sales for the years ended 31 December 2009 and 2008.
- (b) Amounts represent the portion of the property, plant and equipment and land use right that are shared by all segments.

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
In the PRC	398,246	531,179
In other countries	<u>58,444</u>	<u>82,806</u>
	<u><u>456,690</u></u>	<u><u>613,985</u></u>

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

In 2009, revenue of approximately RMB130,491,000 (2008: RMB274,911,000) are derived from a single external customer, which is attributable to the segment of other electronic products manufacturing.

### 3. OTHER INCOME

	2009 RMB'000	2008 RMB'000
Interest income	2,465	1,906
Subsidy income ( <i>note (a)</i> )	3,218	425
Repair and maintenance service income — net	<u>1,453</u>	<u>1,344</u>
	<u><u>7,136</u></u>	<u><u>3,675</u></u>

(a) The subsidy income represents funds provided by government as incentive for research and development of new products.

### 4. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing costs and administrative expenses are analysed as follows:

	2009 RMB'000	2008 RMB'000
Depreciation for property, plant and equipment, amortisation of land use right, and amortisation and impairment charge of intangible assets	13,872	12,498
Raw materials and consumables recognised in cost of goods sold and expenses	338,418	411,616
Cost of goods sold of distribution business	16,259	146,760
Write down of inventories	—	5,727
Provision for impairment of receivables	6,037	19,764
Employee benefit expenses	34,903	36,064
Operating leases — building	1,548	1,730
Transportation expenses	5,373	6,721
Auditors' remuneration	1,251	1,560
Others	<u>29,557</u>	<u>47,728</u>
	<u><u>447,218</u></u>	<u><u>690,168</u></u>

### 5. OTHER GAINS/(LOSSES) — NET

	2009 RMB'000	2008 RMB'000
Gains/(losses) on financial assets at fair value through profit or loss — net	4,017	(12,438)
Impairment loss of available-for-sale financial assets	(500)	—
Foreign exchange losses — net	<u>(735)</u>	<u>(3,054)</u>
	<u><u>2,782</u></u>	<u><u>(15,492)</u></u>

## 6. FINANCE (COSTS)/INCOME — NET

	2009 RMB'000	2008 RMB'000
Interest expenses on bank borrowings	(238)	(2,730)
Exchange gains on bank borrowings	<u>28</u>	<u>3,894</u>
	<u>(210)</u>	<u>1,164</u>

## 7. INCOME TAX (EXPENSES)/CREDIT

	2009 RMB'000	2008 RMB'000
Current income tax		
— Hong Kong profits tax	(253)	—
— PRC corporate income tax	<u>(2,297)</u>	<u>3,178</u>
	(2,550)	3,178
Deferred income tax	<u>(1,083)</u>	<u>(1,062)</u>
	<u>(3,633)</u>	<u>2,116</u>

The income tax on the Group's profit before taxation differs from the theoretical amount that would arise using the enacted tax rate of the home countries of the group entities as follows:

	2009 RMB'000	2008 RMB'000
Profit/(loss) before tax	<u>18,889</u>	<u>(91,565)</u>
Tax calculated at tax rates applicable to profits in the respective entities of the Group	(1,022)	13,240
Write-off of deferred income tax asset previously recognised for tax losses	—	(2,005)
Tax losses for which no deferred income tax asset was recognised	(2,492)	(6,624)
Tax effect of shares of results of associates and impairment charge	(44)	(709)
Expenses not deductible for tax purposes	(75)	(24)
Effect of change of income tax rate	<u>—</u>	<u>(1,762)</u>
Income tax (expenses)/credit	<u>(3,633)</u>	<u>2,116</u>

### Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% for the year ended 31 December 2009 (2008: 16.5%).

## PRC corporate income tax

The main business of the Group is conducted in the PRC and the major subsidiary of the Group is Kongyue Information, which is a foreign investment company based in Xinhui, the PRC. Corporate 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 corporate income tax rate of Kongyue Information is 15% for the year ended 31 December 2009 (2008: 15%). The effective corporate income tax rate of other group entities in the PRC is 25% (2008: 25%).

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, withholding income tax of 10% shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. All dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax. As at 31 December 2009, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries (2008: nil) because the Group does not have a plan to distribute earnings from its PRC subsidiaries generated in the period after 1 January 2008 to 31 December 2009 in the foreseeable future.

## Overseas income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2003 Revision) of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Subsidiaries of the Company in the BVI are incorporated under the International Business Companies Act of the BVI and, accordingly, are exempted from income tax in BVI.

## 8. EARNING/(LOSS) PER SHARE

### Basic

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

	<b>2009</b> <b>RMB</b>	2008 <b>RMB</b>
Profit/(loss) attributable to shareholders of the Company	<u><b>13,733,000</b></u>	<u>(89,072,000)</u>
Weighted average number of ordinary shares in issue	<u><b>569,391,000</b></u>	<u>579,804,000</u>
Basic earning/(loss) per share (RMB per share)	<u><b>0.024</b></u>	<u>(0.154)</u>

### Diluted

Diluted earning/(loss) 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. As the exercise price of the share options is higher than the average annual market price of the Company's shares in 2009 and 2008, there is no potential dilutive impact of the share options during the year ended 31 December 2009 and 2008.

## 9. TRADE AND OTHER RECEIVABLES

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Trade receivables		
— Third parties	39,544	91,806
— Related parties	<u>8,341</u>	<u>6,944</u>
	47,885	98,750
Less: provision for impairment of receivables	<u>(5,877)</u>	<u>(22,681)</u>
Trade receivables — net	42,008	76,069
Prepayments		
— Third parties	9,896	16,218
— Related parties	3,267	4,421
Other receivables		
— Third parties	12,612	10,811
— Amounts due from associates	178	819
— Related parties	<u>6,139</u>	<u>6,613</u>
	<u><u>74,100</u></u>	<u><u>114,951</u></u>

The Group's sales to corporate customers are entered into on credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 31 December 2009, the ageing analysis of the trade receivables, including amounts due from related parties of trading in nature, were as follows:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
0–30 days	22,341	54,293
31–90 days	16,179	7,538
91–180 days	1,097	2,656
181–365 days	511	1,599
Over 365 days	<u>7,757</u>	<u>32,664</u>
	<u><u>47,885</u></u>	<u><u>98,750</u></u>

# 10. TRADE AND OTHER PAYABLES

	2009 RMB'000	2008 RMB'000
Trade payables		
— Third parties	38,979	75,074
— Related parties	<u>5,677</u>	<u>3,577</u>
	44,656	78,651
Other payables to third parties	25,878	16,169
Advances from customers	<u>7,118</u>	<u>5,208</u>
	<u>77,652</u>	<u>100,028</u>

At 31 December 2009, the ageing analysis of the trade payables, including amounts due to related parties of trading nature, are as follows:

	2009 RMB'000	2008 RMB'000
0–30 days	18,286	35,231
31–90 days	9,502	38,064
91–180 days	11,431	3,959
181–365 days	3,788	440
Over 365 days	<u>1,649</u>	<u>957</u>
	<u>44,656</u>	<u>78,651</u>



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Business Review**

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

The revenue of printer and tax control equipment of the Group for the year of 2009 decreased by approximately 8% from the previous year to approximately RMB276,601,000, representing approximately 61% of the revenue of the Group. The decrease in revenue was mainly attributable to termination of the Group's business of distribution of printers of other manufacturers. Although the revenue of printer and tax control equipment for the year decreased, the revenue of products under owned brand experienced a significant growth over the previous year. Meanwhile, lower prices for raw materials and higher margin on owned brand products have led to a significant increase in gross profit margin of printer and tax control equipment for the year as compared to the previous year.

#### ***Other Electronic Products Manufacturing Business***

The revenue of other electronic products manufacturing business of the Group decreased by approximately 43% from the previous year to approximately RMB180,089,000, representing approximately 39% of the revenue of the Group. The decrease was mainly attributable to the decrease in client orders as a result of the financial tsunami. Gross profit margin for the year increased slightly by approximately 1% over the previous year.

### **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 this 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 for 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 electronic manufacturing services (EMS) business of other electronic products and explore the overseas markets for its own products. For the EMS business, as the Group focused on the small-to-medium customers overseas of optoelectronic mechanical 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. The Group believes that, with the effective implementation of the economic policies by the PRC to stimulate domestic demand, the development of the Group's business in printers and tax control register products is expected to be stable and will bring satisfactory return to the shareholders in future.

## **Financial Review**

### ***Results Summary***

In 2009, the Group recorded a revenue of approximately RMB456,690,000, decreased by approximately 26% from last year whereas gross profit margin increased to approximately 19.4% from approximately 6.7% of last year. During the year, the Group recorded profit attributable to shareholders of the Company of approximately RMB13,733,000. The Group's turning losses into gains was mainly attributed to:

- (1) significant growth in the revenue of own branded products, in addition to the decrease in raw materials prices, leading to a significant increase in the gross profit margin;
- (2) the optimization of the management structure and the operations process, resulting in the decrease in the administrative expenses and selling and marketing costs;
- (3) the sufficiency of cash of the Company which resulted in a decrease in finance costs; and
- (4) the rebound of the stock market in the PRC during the first half of the year, leading to record a gain on financial assets at fair value during the year.

The profit attributable to the shareholders of the Company was approximately RMB13,733,000 and the basic earnings per share was RMB0.024 for the year, while the Group recorded a loss attributable to shareholders of approximately RMB89,072,000 and a basic loss per share of RMB0.154 in the previous year.

### **Analysis on sales and gross profit**

During the year, the revenue of printer and tax control equipment was still the largest contributor to the revenue of the Group, which amounted to approximately RMB276,601,000 and accounted for approximately 61% of total revenue of the Group whereas the revenue of other electronic products manufacturing amounted to approximately RMB180,089,000 and accounted for approximately 39% of the revenue of the Group respectively.

Comparing with 2008, revenue of printer and tax control equipment decreased by approximately 8%, whereas revenue of other electronic products manufacturing decreased by approximately 43%.

With regard to gross profit margin, the Group's gross profit margin increased to approximately 19.4% compared with 6.7% of last year.

## Liquidity and financial resources

As at 31 December 2009, the total assets of the Group amounted to approximately RMB545,860,000 (2008: RMB569,907,000), comprising shareholders' fund of approximately RMB452,694,000 (2008: RMB448,642,000), minority interests of approximately RMB15,407,000 (2008: RMB13,884,000) and current liabilities of approximately RMB77,759,000 (2008: RMB107,381,000). The current ratio of the Group was approximately 5.7 (2008: 4.2).

The financial position of the Group was sound. As at 31 December 2009, the cash and cash equivalents of the Group amounted to approximately RMB184,478,000 (2008: RMB175,412,000).

As at 31 December 2009, the Group had no bank loan (2008: RMB7,161,000). The gearing ratio\* was approximately 1.3% as at 31 December 2008.

\* Gearing ratio = Borrowings/Total Assets

## Purchase, sale or redemption of the company's listed securities

During the year ended 31 December 2009, the Company purchased 9,528,000 shares of HK\$0.01 each in the capital of the Company at prices ranging from HK\$0.162 to HK\$0.435 per share on the Stock Exchange. Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price per share		Aggregate purchase consideration (excluding charges) HK\$
		Highest	Lowest	
		HK\$	HK\$	
February 2009	8,750,000	0.165	0.165	1,443,750
March 2009	554,000	0.185	0.162	90,898
December 2009	<u>224,000*</u>	0.435	0.425	<u>97,260</u>
Total	<u><u>9,528,000</u></u>			<u><u>1,631,908</u></u>

\* Shares were cancelled in January 2010.

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 year.

## Contingent liabilities

With reference to the announcement dated 11 February 2010, on 9 February 2010, the Group has received a civil summons from the First Beijing Intermediate Court in relation to an action (the "Application") filed by a supplier (the "Supplier") which alleged that certain of the Group's products

infringed on the name rights of the Supplier and constituted unfair competition. The Supplier sought suspension of the use of such names in the products of the Group, and claimed damages in an aggregate amount of RMB24,300,000.

The Board of Directors of the Company (the “Board”) considers that the Application is misconceived, groundless and without merit. The Company has sought legal advice in respect of the Application and resolved to oppose the same vigorously. Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2009.

## **Staff**

As at 31 December 2009, the Group had a workforce of 848, of which 10 were employed in Hong Kong and overseas, while the remaining were employed in the PRC. The Group implemented its remuneration policy, bonus and share option schemes based on its results and the performance of individual staff. In addition, fringe benefits such as insurance, medical allowance and pension were provided to ensure the competitiveness of the Group.

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

The Board recommended a final dividend for 2009 of HK1.4 cents per share and a special dividend of HK5.4 cents per share to shareholders whose names appear on the register of members on Thursday, 13 May 2010. The final and special dividend will be paid on Friday, 25 June 2010.

The register of members of the Company will be closed from 13 May 2010 to 17 May 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final and special dividend and be entitled to attend and vote at the 2010 Annual General Meeting, 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 12 May 2010.

## **Model code for securities transactions by directors**

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company has made specific enquiry of all Directors regarding any non-compliance with the Code during the year ended 31 December 2009 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the year.

## **Audit committee**

The audit committee of the Company was established on 13 June 2005 in accordance with Appendix 14 to the Listing Rules. The existing committee comprises Mr. Lai Ming, Joseph as the chairman, Mr. Meng Yan and Mr. Xu Guangmao. The committee members are Independent Non-Executive Directors.

For the year ended 31 December 2009, 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 announcement and the Annual Report of the Company for the year ended 31 December 2009.

### **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 of Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guangmao who are all Independent Non-Executive Directors and Mr. Au Kwok Lun (Chairman) who is Executive Director. The Remuneration Committee has reviewed the remuneration policy and remuneration packages of the Executive Directors for the year ended 31 December 2009.

### **Compliance with the code on corporate governance practices**

Since the listing of its shares on the Stock Exchange, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

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

Hong Kong, 31 March 2010

*As at the date of this announcement, the Board comprises Mr. Au Pak Yin, Mr. Au Kwok Lun and Mr. Ou Guo Liang, as Executive Directors and Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guangmao, as Independent Non-Executive Directors.*