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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Jolimark Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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JOLIMARK HOLDINGS LIMITED

映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



China Everbright Capital Limited

A letter from the Board is set out on pages 4 to 12 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 13 to 14 of this circular.

A letter from China Everbright, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 27 of this circular.

A notice convening the EGM to be held at 11:00 a.m. on Thursday, 19 December 2013, at Unit 01, 23A Floor, K.Wah Centre, 191 Java Road, North Point, Hong Kong is set out on pages 33 to 35 of this circular. A form of proxy for the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

29 November 2013

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Au Family Shareholders”	Mr. Au Pak Yin, Ms. Tai Noi Kit (Mr. Au Pak Yin’s spouse), Mr. Au Kwok Lun, Ms. Ou Ri Ai and Mr. Ou Guo Liang, each of them is a shareholder in Kytronics Holdings; Mr. Au Pak Yin and Ms. Tai Noi Kit are the parents of Mr. Au Kwok Lun, Ms. Ou Ri Ai and Mr. Ou Guo Liang;
“Board”	the board of Directors;
“business day(s)”	a day (other than a Saturday, Sunday or public holidays) on which banks are open for general banking business in Hong Kong;
“China” or “PRC”	the People’s Republic of China;
“Company”	Jolimark Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, approve the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their annual caps;
“Existing CCT Agreements”	the agreements dated 17 December 2010 between Kongyue Information with Guangdong Precision, Jiangmen Yida and KY Import/Export, the details of which are disclosed in the circular of the Company dated 7 January 2011;
“Group”	the Company and its subsidiaries, and “member of the Group” shall be construed accordingly;
“Guangdong Precision”	廣東江裕精密工業製造有限公司 (Guangdong Kong Yue Precision Industry Ltd.), a limited liability company established in the PRC and is beneficially owned the by Au Family Shareholders;

DEFINITIONS

“Guangdong Precision Master Agreement”	the master supply agreement dated 8 November 2013 entered into between Guangdong Precision and Kongyue Information for the supply of plastic parts, components and molds;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising Mr. Lai Ming, Joseph, Mr. Meng Yan, Mr. Xu Guangmao and Mr. Yeung Kwok Keung, all of them being independent non-executive Directors, which has been established by the Board to advise the Independent Shareholders on the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement;
“Independent Financial Adviser” or “China Everbright”	China Everbright Capital Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, being appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their annual caps;
“Independent Shareholder(s)”	Shareholders other than the Au Family Shareholders and their associates;
“Jiangmen Yida”	江門江裕億達精工有限公司 (Guangdong Jotech Kong Yue Precision Industries Ltd.), a limited liability company established in the PRC and is beneficially owned as to 40% by the Au Family Shareholders and their associates;
“Jiangmen Yida Master Agreement”	the master supply agreement dated 8 November 2013 entered into between Jiangmen Yida and Kongyue Information for the supply of metal stamped parts and molds;
“Kongyue Information”	新會江裕信息產業有限公司 (Kong Yue Electronics & Information Industry (Xin Hui) Ltd.), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company;

DEFINITIONS

“Kytronics Holdings”	Kytronics Holdings Limited, the holding company of the Company and is wholly owned by Au Family Shareholders;
“Latest Practicable Date”	27 November 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratios”	refers to the percentage ratios under rule 14.07 of the Listing Rules;
“PRC” or “China”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

English names of the PRC established companies in this circular are only translations of their official Chinese names. In case of inconsistency, the Chinese names shall prevail.



JOLIMARK HOLDINGS LIMITED

映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

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

Mr. Yeung Kwok Keung

Registered office:

Clifton House

75 Fort Street

PO Box 1350 GT

George Town, Grand Cayman

Cayman Islands

Principal place of business

in Hong Kong:

Unit 01, 23A Floor

K. Wah Centre

191 Java Road

North Point

Hong Kong

29 November 2013

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 8 November 2013 in relation to the continuing connected transactions contemplated under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement.

The purpose of this circular is to provide you with, among others, (i) details of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their respective annual caps; (ii) the letter of advice from China Everbright, containing its advice on

LETTER FROM THE BOARD

the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement; (iii) the letter of recommendation of the Independent Board Committee; (iv) a notice of the EGM; and (v) other information as required under the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Background

The Group is principally engaged in the provision of printers, business equipment and tax control equipment in the PRC.

The Group entered into the Existing CCT Agreements pursuant to which the Group agreed to, among others, (i) purchase plastic parts, components and molds from Guangdong Precision; and (ii) purchase metal stamped parts and molds from Jiangmen Yida, in the ordinary and usual course of business of the Group and on normal commercial terms. The transactions under the Existing CCT Agreements were disclosed in the circular of the Company dated 7 January 2011. Each of the Existing CCT Agreements is due to expire on 31 December 2013.

In order to continue the transactions under the Existing CCT Agreements after 31 December 2013, the Group entered into, among others, the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement on 8 November 2013.

Details of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement are set out below:

1. *Guangdong Precision Master Agreement*

Date: 8 November 2013

Parties: Kongyue Information, which is a wholly owned subsidiary of the Company; and

Guangdong Precision.

Guangdong Precision is a limited liability company established in the PRC and is principally engaged in the manufacture of precision plastic parts, components and molds. It is held as to 100% by members of the Au Family Shareholders. As the Au Family Shareholders, through Kytronics Holdings, are substantial shareholders controlling approximately 70.41% of the issued share capital of the Company as at the Latest Practicable Date, Guangdong Precision is an associate of a connected person of the Company and the entering into of the Guangdong Precision Master Agreement constitutes continuing connected transactions for the Company.

LETTER FROM THE BOARD

Subject: Pursuant to the Guangdong Precision Master Agreement, Guangdong Precision agreed to supply plastic parts, components and molds to Kongyue Information from time to time.

Term: The Guangdong Precision Master Agreement has a fixed term for the three financial years ending 31 December 2016.

Price: The purchase prices for the plastic parts, components and molds supplied by Guangdong Precision will be determined after arm's length negotiations with reference to (a) the prevailing market prices of similar or comparable products offered by Guangdong Precision to independent third parties, and available from independent third parties; (b) product quality and quantity involved; and (c) delivery lead time and payment terms.

To ensure competitiveness of the quality and pricing of materials supplied by Guangdong Precision, the Company maintains a periodic checking process of comparable product offerings in the open market. The purchase prices will be settled by the Group on a monthly account basis.

Cap Amount:

The transaction amount under the Guangdong Precision Master Agreement for each of the three financial years ended 31 December 2016 will not exceed the following annual cap:

	Financial year ending 31 December		
	2014	2015	2016
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Annual cap	25.859	38.788	58.182

The annual caps are based on (i) the expected business growth of the Group and its increased demand for plastic parts, components and molds arising from the business opportunities due to favourable government policies in promoting online tax invoice and the "BT-VAT Reform" (business tax to value-added tax reform) in the PRC and the Group's launch of at least six new models of printers and tax control equipment in 2014 and (ii) the expected increase in the prices of such parts, components and molds during the period due to inflation. With respect to the proposed cap for the year 2014, the Company made a downward adjustment to the

LETTER FROM THE BOARD

cap amount with reference to the above reasons together with its estimated annual procurement amount of approximately RMB17.2 million under the Guangdong Precision Master Agreement for the year 2013.

The historical transaction amount of purchases by Kongyue Information from Guangdong Precision for the three financial years ended 31 December 2012 and the nine months ended 30 September 2013 are as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2010	2011	2012	2013
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million*</i>
Annual cap	22.138	21.884	28.449	36.984 [#]
Actual purchase	19.989	19.975	11.730	12.094

* un-audited figures

for the entire year

2. *Jiangmen Yida Master Agreement*

Date: 8 November 2013

Parties: Kongyue Information; and

Jiangmen Yida.

Jiangmen Yida is a limited liability company established in the PRC and is principally engaged in the manufacture of stamped metal parts. It is held as to 40% by members of the Au Family Shareholders, substantial shareholders of the Company. Accordingly, Jiangmen Yida is an associate of a connected person of the Company and the entering into of the Jiangmen Yida Master Agreement constitutes continuing connected transactions for the Company.

Subject: Pursuant to the Jiangmen Yida Master Agreement, Jiangmen Yida agreed to supply metal stamped parts and molds to Kongyue Information from time to time.

Term: The Jiangmen Yida Master Agreement has a fixed term for the three financial years ending 31 December 2016.

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Price: The purchase prices for the stamped metal parts and molds supplied by Jiangmen Yida will be determined after arm's length negotiations with reference to (a) the prevailing market prices of similar or comparable products offered by Jiangmen Yida to independent third parties and available from independent third parties; (b) product quality and quantity involved; and (c) delivery lead time and payment terms.

To ensure competitiveness of the quality and pricing of materials supplied by Jiangmen Yida, the Company maintains a periodic checking process of comparable product offerings in the open market. The purchase prices will be settled by the Group on a monthly account basis.

Cap Amount:

The transaction amount under the Jiangmen Yida Master Agreement for each of the three financial years ended 31 December 2016 will not exceed the following annual cap:

	Financial year ending 31 December		
	2014	2015	2016
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Annual cap	11.202	16.803	25.205

The annual caps are based on (i) the expected business volume of the Group and its demand for stamped metal parts and molds arising from the business opportunities due to favourable government policies in promoting online tax invoice and the "BT-VAT Reform" (business tax to value-added tax reform) in the PRC and the Group's launch of at least six new models of printers and tax control equipment in 2014, and (ii) the expected increase in volume and prices of such parts and molds during the period due to the inflation and business demand. With respect to the proposed cap for the year 2014, the Company made a downward adjustment to the cap amount with reference to the above reasons together with its estimated annual procurement amount of approximately RMB7.5 million under the Jiangmen Yida Master Agreement for the year 2013.

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The historical transaction amount of purchases by Kongyue Information from Jiangmen Yida for the three financial years ended 31 December 2012 and the nine months ended 30 September 2013 are as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2010	2011	2012	2013
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million*</i>
Annual cap	13.441	19.823	25.769	33.5 [#]
Actual purchase	13.434	19.356	10.376	5.629

* un-audited figures

for the entire year

As previously disclosed in the annual report of the Company for the year ended 31 December 2012, the Group experienced a significant decline in the sales of the Group's printers and tax control equipment in the PRC market in 2012 due to weak domestic demand caused by (a) China's domestic economic growth continued to slow down coupled with the European debt crisis and unstable global economic environment; and (b) China slackened the pace of implementing tax control measures. As such, the actual purchase by Kongyue Information from Guangdong Precision and Jiangmen Yida was significantly lower in 2012.

Reasons for the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement

The Group needs to source various materials including plastic parts, components, metal stamped parts and molds for use in its production process. Guangdong Precision and Jiangmen Yida have established themselves as reliable suppliers that can supply competitively priced products to the Group. They are also able to meet the Group's stringent quality requirements and delivery schedules. In addition, the close proximity of Guangdong Precision and Jiangmen Yida to the Group's production base would enable the Group to streamline and centralise its direct materials procurement process, which helped reduce overall production cost of the Group.

The Group will obtain quotations from suppliers in a pre-approved list of suppliers, including Guangdong Precision, Jiangmen Yida and other suppliers who are independent third parties, in relation to the procurement of plastic parts, components, stamped metal parts and/or molds. The purchasing department of the Company will review and compare quotations from Guangdong Precision and Jiangmen Yida against those available from

LETTER FROM THE BOARD

independent third parties. In addition, functional departments of the Company, including its manufacturing management department and the finance and commerce department, shall review those quotations to ensure that they will be on terms no less favourable than those available from independent third parties. As the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement were entered into in the usual and ordinary course of business of the Group and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rule Implications

As the relevant applicable percentage ratios set out in the Listing Rules in respect of the aggregated annual caps under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement are on an annual basis more than 5%, the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

Compliance with the Listing Rules

Further, each of the continuing connected transactions under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement are subject to annual review by the independent non-executive Directors and the auditors of the Company to ensure that the transactions are conducted in accordance with the pricing policy of the Group and the terms as set out in each of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement.

The Company will comply with its continuing obligations under Rules 14A.37 to 14A.40 of the Listing Rules and will re-comply with the relevant Listing Rules when there is a material change to the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement.

LETTER FROM THE BOARD

GENERAL

The aggregate annual caps of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement are over 5% of the applicable ratios. Accordingly, the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.35 of the Listing Rules. Kytronics Holdings, which is beneficially owned by the Au Family Shareholders, is interested in 394,285,533 Shares, which represent approximately 70.41% of the issued share capital of the Company. Accordingly, Kytronics Holdings and its associates are considered to be interested in the transactions contemplated under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and will abstain from voting at the EGM to be convened to approve the Guangdong Precision Master Agreement, the Jiangmen Yida Master Agreement and their respective annual caps.

Since Mr. Au Pak Yin, Mr. Au Kwok Lun and Mr. Ou Guo Liang, being the executive Directors of the Company, are beneficially interested in the equity interests in Guangdong Precision and Jiangmen Yida, they are considered to have a material interest in the continuing connected transactions under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement. Accordingly, they have abstained from voting on the Board resolutions proposed at the meeting of the Board held to approve these transactions.

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders on the continuing connected transactions contemplated under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their respective annual caps.

China Everbright has been appointed as Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EGM

Set out on pages 33 to 35 of this circular is the notice convening the EGM at which ordinary resolutions will be proposed to approve the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their annual caps.

Au Family Shareholders, being the substantial Shareholder, have material interest in the continuing connected transactions contemplated under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and thus Au Family Shareholders and their associates will be required to abstain from voting on the resolutions proposed at the EGM to approve the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their respective annual caps.

LETTER FROM THE BOARD

A proxy form for use at the EGM is enclosed herein. Whether or not you intend to attend the EGM, you are requested to complete the proxy form and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the EGM. Delivery of a proxy form will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders. Further, your attention is also drawn to the letter from China Everbright set out on pages 15 to 27 of this circular.

The Independent Board Committee, having taken into account the advice of China Everbright, considers that the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their annual caps are on normal commercial terms in the ordinary and usual course of business of the Group are in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions as set out in the notice of EGM.

Your attention is also drawn to the additional information set out in the appendix to this circular.

By Order of the Board
Jolimark Holdings Limited
Au Kwok Lun
Director



JOLIMARK HOLDINGS LIMITED

映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

29 November 2013

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 29 November 2013 (the “**Circular**”), in which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their annual caps thereunder are fair and reasonable so far as the Independent Shareholders are concerned and whether such transactions are in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from China Everbright, the Independent Financial Adviser, appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their annual caps thereunder as set out from pages 15 to 27 of the Circular and the letter from the Board set out on pages 4 to 12 of the Circular.

Having considered the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and the factors and reasons considered by, and the opinion of China Everbright as stated in its letter of advice, we consider that the terms of the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

respective annual caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement and their respective annual caps to be proposed at the EGM.

Yours faithfully,

The Independent Board Committee

Lai Ming, Joseph

Meng Yan

Xu Guangmao

Yeung Kwok Keung

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from China Everbright Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement prepared for the purpose of inclusion in this circular.



29 November 2013

*To the Independent Board Committee and
the Independent Shareholders of Jolimark Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement (collectively, “**New Master Agreements**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular (the “**Circular**”) dated 29 November 2013 issued by the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Guangdong Precision and Jiangmen Yida are associates of Au Family Shareholders under the Listing Rules. As Au Family Shareholders, through Kytronics Holdings, in aggregate control approximately 70.41% of the issued shares of the Company as at the Latest Practicable Date and are substantial shareholders of the Company, Guangdong Precision and Jiangmen Yida are connected persons of the Company under the Listing Rules. As the relevant applicable percentage ratios set out in the Listing Rules in respect of the aggregated annual caps under the New Master Agreements are on an annual basis more than 5%, the New Master Agreements are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Rule 14A.35 of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to consider whether (i) the terms of the New Master Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the transactions under the New Master Agreements (the “**Continuing Connected Transactions**”), including the relevant annual caps (the “**Annual Caps**”), are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole, and to make recommendations to the Independent

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders in respect thereof. We, China Everbright Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees and benefits from the Group, Guangdong Precision, Jiangmen Yida or any of their respective associates. We are independent from and not connected with the Group, Guangdong Precision, Jiangmen Yida or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and are accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the management (“**Management**”) of the Company and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. However, we have not conducted any independent investigation into the business, operations or financial condition of the Group. We have assumed that all statements and representations made or referred to in the Circular were accurate at the time when they were made and are true at the date of the Circular.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our view on the transactions contemplated under the New Master Agreements, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

(A) Background of and reasons for the Continuing Connected Transactions

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the existing master agreements (the “**Existing Master Agreements**”) dated 17 December 2010 with each of Guangdong Precision and Jiangmen Yida, the Group agreed to (i) purchase plastic parts, components and molds from Guangdong Precision from time to time; and (ii) purchase metal stamped parts and molds from Jiangmen Yida from time to time, during the three years ending 31 December 2013 respectively. The Existing Master Agreements were approved by the then Independent Shareholders on 24 January 2011.

In view of the expiry of the Existing Master Agreements on 31 December 2013, the New Master Agreements for a further term expiring on 31 December 2016, which will be put forward for approval by the Independent Shareholders at the EGM, were signed on 8 November 2013 in order to govern the conduct of the connected transactions contemplated under the New Master Agreements for the three years ending 31 December 2016.

Pursuant to New Master Agreements, the Group will continue to carry out the following transactions from 1 January 2014 to 31 December 2016, subject to the Annual Caps:

1. the procurement of plastic parts, components and molds from Guangdong Precision (“**Procurement of precision plastic parts**”); and
2. the procurement of metal stamped parts and molds from Jiangmen Yida (“**Procurement of metal stamp parts**”).

As stated in the Letter from the Board, the Management considers that the entering into of the New Master Agreements can allow the Group enjoying the following benefits:

1. Guangdong Precision and Jiangmen Yida have established themselves as competitively priced and reliable suppliers to the Group which meet the Group’s stringent quality requirements and delivery schedules; and
2. vicinity of Guangdong Precision and Jiangmen Yida enables the Group to streamline and centralise its direct materials procurement process, which can reduce overall production cost of the Group.

In light of the above and (i) each of Guangdong Precision and Jiangmen Yida has been engaged to carry out similar transactions with the Group in accordance with the Existing Master Agreements; (ii) the Continuing Connected Transactions are of the type that are entered into in the ordinary and usual course of business of the Group and are expected to be on a frequent and regular basis, if necessary; and (iii) the New Master Agreements are renewal of the Existing Master Agreements with the intention to ensure continuation of the existing business transactions between the Group and each of Guangdong Precision and Jiangmen Yida, we are of the view that the Continuing Connected Transactions are in line with the existing business of the Group, and are fair and reasonable and in the interests of the Shareholder and the Company as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(B) The Major Terms of the New Master Agreements

On 8 November 2013, the Group entered into the New Master Agreements with each of Guangdong Precision and Jiangmen Yida for a term of three years commencing from 1 January 2014 to regulate the future business transactions between the Group and each of Guangdong Precision and Jiangmen Yida. We noted that, save for the Annual Caps, there are no changes to the major terms of the New Master Agreements, compared with the Existing Master Agreements.

Shareholders should note that there is no provision in New Master Agreements requiring the Group to exclusively transact with each of Guangdong Precision and Jiangmen Yida. Therefore, we consider the New Master Agreements provide commercial flexibility to the Group to transact with other potential suppliers in the event that the Group might not be able to agree with any terms or pricing with each of Guangdong Precision or Jiangmen Yida. As such, we are of the view that such price determination process of the Group demonstrates a normal commercial approach and should result in market prices or fair and reasonable prices for the relevant transactions.

Pursuant to Guangdong Precision Master Agreements, Guangdong Precision, which is principally engaged in the manufacture of precision plastic parts, agreed to supply plastic parts, components and molds to Kongyue Information and Kongyue Jolimark from time to time as requested by Kongyue Information and Kongyue Jolimark for the three years commencing from 1 January 2014.

Pursuant to Jiangmen Yida Master Agreement, Jiangmen Yida, which is principally engaged in the manufacture of metal stamped parts, agreed to supply metal stamped parts and molds to Kongyue Information from time to time as requested by Kongyue Information for the three years commencing from 1 January 2014.

It should be noted that the purpose of the Guangdong Precision Master Agreement and Jiangmen Yida Master Agreement is to provide a framework of the agreed general terms and conditions governing the purchase of relevant direct materials by the Group from each of Guangdong Precision and Jiangmen Yida, and each of such transactions to be undertaken by the Group will be subject to specific terms and conditions (including the purchase volume, product specifications, and payment terms) under the applicable purchase orders to be entered into between the relevant members of the Group and each of Guangdong Precision and Jiangmen Yida (collectively, the “**Formal Documents**”). Notwithstanding the fact that the actual purchase price of direct materials payable by the Group is subject to the terms of the Formal Documents, such purchase price shall be determined based on the pricing policy stipulated under the Guangdong Precision Master Agreement and Jiangmen Yida Master Agreement whereby the purchase prices for the direct materials payable by the Group shall be negotiated on an arm’s length basis and will be provided on normal commercial terms or on terms to the Group no less favourable than those available from independent third parties, in

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particular the prices of the products under the Guangdong Precision Master Agreement and Jiangmen Yida Master Agreement will be determined with reference to the market prices of similar products, and the payment terms will be on market terms which are no less favourable than those available from independent third parties to the Group.

As advised by the Management, according to the procurement policy of the Group's purchasing department, the Group has established a list of pre-approved suppliers, comprising of independent suppliers and suppliers which are connected persons to the Group. To maintain commercial flexibility and strengthen bargaining power, it is the Group's policy to select 2–3 qualified suppliers for each type of direct material procured by the Group from time to time. In order to optimize the portfolio of the Group's suppliers and reduce the Group's procurement cost, the Group will review and update its list of pre-approved suppliers annually in accordance with the past performance of such suppliers, including but not limited to, price competitiveness of their fee quotations and product quality supplied to the Group.

We were advised by the Management that the Group will normally invite at least two fee quotations from a pre-approved list of suppliers, which may include Guangdong Precision or Jiangmen Yida, in relation to the procurement of precision plastic parts and/or metal stamp parts. Depending on the number of available pre-approved suppliers on specific direct materials procured by the Group, the Group will invite around 2–3 pre-approved suppliers to provide fee quotations to the Group for review and selection.

The purchasing department will review and compare all quotations obtained. As advised by the Management, pricing term is the most important criteria for the Group's purchasing department in selecting suppliers. In addition, the Group's purchasing department also reviews and compares other terms offered by the relevant suppliers, including the quality of direct material supplied, delivery time schedule and payment terms offered by the relevant suppliers. After discussion with the Management, we were advised that the Group usually procure direct materials from supplier(s) with the lowest fee quotation if the quality of direct material supplied, delivery time schedule and payment terms offered by different suppliers are similar. Under certain circumstances where supplier(s) with the lowest fee quotation offer very long delivery time schedule, the Group's purchasing department may consider other non monetary factors, including quality of direct material supplied, delivery time schedule and payment terms of different suppliers in determining its purchase decisions.

Furthermore, the senior management of several departments of the Group also review all quotations obtained to ensure that whenever Guangdong Precision/Jiangmen Yida is awarded a contract, purchase prices for the direct materials payable by the Group to Guangdong Precision/Jiangmen Yida will be on market terms which are no less favourable than those available from independent third parties to the Group.

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As such, we consider that the Group has devoted reasonable human resources to ensure the pricing policy of the Group could be implemented, and we are of the view that the above-mentioned price determination basis is justifiable and acceptable.

We have reviewed ten sets of price quotations during the period between 1 January 2012 to 30 September 2013 for the Group's direct materials prepared by (i) each of Guangdong Precision and Jiangmen Yida; and (ii) other independent suppliers, which were gathered randomly. After comparison of such price quotations, we noted that the terms, including the selling prices, offered by the Guangdong Precision and Jiangmen Yida to the Group were not less favourable than those offered by other independent third parties to the Group. Having considered the above, we consider that the terms (including the pricing basis) of New Master Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

The Group has been conducting the similar transactions described under the Existing Master Agreements. As such, we have reviewed the 2012 annual report (the “**2012 Annual Report**”) of the Company, where we note that the aforesaid continuing connected transactions have been reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; (d) have not exceeded the relevant annual maximum amount stipulated in the relevant agreement.

In addition, as stated in the 2012 Annual Report, the auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued a letter to board of directors which confirms that the aforesaid continuing connected transactions complied with the relevant requirements under Rule 14A.38 of the Listing Rule. Accordingly, we consider that the Group has established a good track record on compliance matters in relation to the transactions described under the New Master Agreements.

Given the above and (i) the independent non-executive Directors will continue to, pursuant to Rule 14A.37 of the Listing Rules, review, among other things, whether the transactions contemplated under the New Master Agreements are conducted on normal and commercial terms; and (ii) the auditor of the Company will continue to, review transactions contemplated under the New Master Agreements in accordance with Rule 14A.38 of the Listing Rule, we are of the view that adequate measures have been put in place, as required under the

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Listing Rules mentioned above, to monitor the transactions contemplated under the New Master Agreements in order to protect the interests of the Company and the Independent Shareholders.

(C) The Annual Caps

The Continuing Connected Transactions are subject to the Listing Rules' requirements and conditions as discussed in detail under the section headed "Reporting requirements and conditions of the Continuing Connected Transactions" below. In particular, the Continuing Connected Transactions are subject to the Annual Caps.

Review of historical figures

The table below sets out (i) the historical transaction amounts of the Existing Master Agreements for each of the two years ended 31 December 2012 and the nine months ended 30 September 2013 ("**Track Record Period**") and (ii) the annual caps under the Existing Master Agreements:

Historical transaction amounts during the Track Record Period

	Year ended 31 December			Nine months ended
	2010	2011	2012	30 September 2013
	<i>RMB (Million)</i>			
The Guangdong Precision Master Agreement	19.989	19.975	11.73	12.094
The Jiangmen Yida Master Agreement	13.434	19.356	10.376	5.629

The annual caps under the Existing Master Agreements

	Year ending 31 December		
	2011	2012	2013
	<i>RMB (Million)</i>		
The Guangdong Precision Master Agreement	21.884	28.449	36.984
The Jiangmen Yida Master Agreement	19.823	25.769	33.50

We noted that the actual transaction amounts under the Existing Master Agreements were substantially lower than the approved existing annual caps in 2012. After discussion with the Management, we were informed that such decrease was mainly attributable to (i) weak domestic demand and the significant decline in the sales of own-brand products; and

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(ii) the PRC government slackened the pace of implementing tax control measures in 2012, which in turn, negatively affected the Group's procurement of precision plastic parts and metal stamp parts under the Existing Master Agreements in 2012.

As stated in the 2013 interim report (the "2013 Interim Report") of the Company, the revenue of the printer and tax control equipment business of the Group for the six months ended 30 June 2013 amounted to approximately RMB211,810,000, representing an increase of approximately 24% from the first half of 2012. The increase in revenue was mainly attributable to the relatively significant rise in the sales generated from the PRC market due to the further improvement in the price/performance ratio of the Company's products, the continuous increase in the scope of implementation of the "BT-VAT Reform" (business tax to value-added tax) and the promotion of online tax invoice (issuing tax invoices via internet) in some provinces and cities. As advised by the Management, the continuous growth of the printer and tax control equipment business in the PRC market will increase the demand for the Group's products, which will in turn stimulate the Group's procurement of precision plastic parts and metal stamp parts under the New Master Agreements.

Based on the actual procurement amounts under the Existing Master Agreements during the nine months ended 30 September 2013, the Management estimates that the annual procurement amounts (the "Estimated 2013 Procurement Amounts") under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement will be approximately RMB17.2 million and RMB7.5 million respectively, which represent 46.6% and 22.3% of the relevant annual caps in 2013, respectively. Given the low utilization rate of annual caps in 2013, the Management reduces the relevant annual caps under the Guangdong Precision Master Agreement and the Jiangmen Yida Master Agreement in 2014 to approximately RMB25.9 million and approximately RMB11.2 million, respectively.

The Annual Caps

	Year ending 31 December		
	2014	2015	2016
	<i>RMB (Million)</i>		
The Guangdong Precision Master Agreement	25.859	37.788	58.182
The Jiangmen Yida Master Agreement	11.202	16.803	25.205

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Assessment of the Annual Caps

As stated in the Letter from the Board, the Annual Caps were determined with reference to the historical transaction figures as listed above and after considering (i) the expected business growth of the Group and its increased demand for plastic products and components (in the case of the Guangdong Precision Master Agreement) and stamped metal parts and molds (in the case of the Jiangmen Yida Master Agreement), and (ii) the expected increases in the prices of such parts and components during the period due to inflation.

In our assessment of the Management's rationale in determining the Annual Caps, we also have taken into consideration of the following factors:

The favorable government's policy in promoting online tax invoice and the "BT-VAT Reform" in the PRC

On 27 May 2013, the PRC Ministry of Finance ("MoF") and the State Administration of Taxation ("SAT") issued the Tax Circular Caishui [2013] No. 37 ("Circular 37") to extend the BT/VAT reform (business tax to value-added tax reform) to all over the country starting from 1 August 2013.

In addition, it was decided that the "BT-VAT Reform" pilot will be further extended to the transportation industry and certain modern service industries countrywide from 1 August 2013. The transportation industry includes road transport, marine transport, air transport and pipeline, etc. The modern service industries referred to in the policy include the 6 major service industries of research and development, information technology, culture innovation, logistics related services, leasing of movable tangible assets and certification and consulting services. Services for the production, screening and distribution of broadcasting and media products have also been selected for incorporation in this policy. Other industries such as rail transport and posts and telecommunications will also be included in the pilot at an opportune time.

Meanwhile, the "Administrative Measures of Online Invoices" formally promulgated by the State Administration of Taxation has taken effect from 1 April 2013, and online tax invoice will be promoted throughout the country.

Value-added tax is a kind of turnover tax levied on the value added in the course of the import and sales of goods in the PRC. VAT invoices are issued by the seller to the buyer upon the sale of goods for the purpose of calculating the output VAT payable/input VAT creditable for the seller/buyer. In order to prevent and combat theft, fraud and other criminal activities related to VAT, the PRC government started to implement the "Golden Tax Project" in 1994, pursuant to which, a nationwide computer network is to be developed to match input tax claims made by

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taxpayers against the corresponding output tax filed by the issuer of the VAT invoice to which the input tax claim relates. VAT payers are required to issue computerised VAT invoices through the “anti-VAT-fraud monitoring system” rather than use handwritten invoices. As more VAT payers need to print computerised VAT invoices, instead of issuing handwritten invoices, it has stimulated the demand for the Group’s invoice project printers and tax control equipment.

Due to its handling capacity for multi-part forms and the regulatory requirement for selecting serial dot matrix printers for printing invoices, serial dot matrix printers are commonly used as anti-fraud invoice printers (VAT invoice) for issuing computerised VAT invoices under the “anti-VAT-fraud monitoring system”.

Therefore, the implementation and promotion of the “BT-VAT Reform” and online tax invoice (issuing tax invoices via internet) across the country are expected to be positive drivers in promoting the demand for the invoice project printers and tax control equipment. As a result, the Management expects that the production volume of the Group’s products will increase over the next few years, which will in turn stimulate the Group’s procurement of precision plastic parts and metal stamp parts under the New Master Agreements.

As stated in the 2013 Interim Report, the revenue of the printer and tax control equipment business of the Group for the six months ended 30 June 2013 amounted to approximately RMB211,810,000, representing an increase of approximately 24% from the first half of 2012. The increase in revenue was mainly attributable to the relatively significant rise in the sales generated from the PRC market due to the further improvement in the price/performance ratio of the Company’s products, the continuous increase in the scope of implementation of the “BT-VAT Reform” (business tax to value-added tax) and the promotion of online tax invoice (issuing tax invoices via internet) in certain provinces and cities.

As benefited from the above favorable government’s policy in promoting online tax invoice and the “BT-VAT Reform” in the PRC, the Management estimates that the total shipments of the Group’s tax control equipment and printers will increase at around 30%–50% annually during the three years endings 31 December 2016.

The expected price trend of precision plastic parts and metal stamp parts

As a result of the continuous increase in staff salaries in the PRC, the Management estimates that the average procurement cost of precision plastic parts and metal stamp parts will increase by approximately 10% and 8% annually during the three years ending 31 December 2016, respectively. According to the data published by Bureau of Statistics of China, the annual growth of average staff salaries (private sectors) in the PRC was 17.1% and 18.3% during the two years ended 31 December 2012, respectively. Based on the historical growth trend of the

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average staff salaries (private sectors) in the PRC, we concur with the Management's view that due to the continuous rising production cost, the prices of raw material of precision plastic parts and metal stamp parts were on uptrend during the next few years as well.

We noted that the relevant annual caps under the New Master Agreements in 2014 represent an annual growth of 50% from the Estimated 2013 Procurement Amounts. Upon our further enquiries, the Management advised us that in order to capture business opportunities arising from favorable government's policy in promoting online tax invoice and the "BT-VAT Reform" in the PRC, the Group will launch not less than six new models of tax control equipment and printers in 2014, and as a result, the Management estimates that the total shipments of the Group's tax control equipment and printers will increase at around 30%–50% annually during the three years endings 31 December 2016.

Given that above and a moderate buffer is created to cater for any unforeseeable circumstances, in particular, for any unexpected market fluctuations, change in government policies in promoting online tax invoice and the "BT-VAT Reform", unexpected fluctuation in raw material costs and unexpected increase in labour cost, for the three years ending 31 December 2016, we are of the view that the basis adopted by the Management in determining the Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned. However, Shareholders should note that the Annual Caps relate to future events and they do not represent a forecast of turnover to be generated from the Continuing Connected Transactions.

(D) Reporting requirements and conditions of the Continuing Connected Transactions

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive directors must review the continuing connected transactions and confirm in the annual report and accounts that the continuing connected transactions have been entered into:
 - in the ordinary and usual course of business of the group;
 - either on normal commercial terms or, if there are not sufficient comparable continuing connected transaction to judge whether they are on normal commercial terms, on terms no less favourable to the group than terms available to or from (as appropriate) independent third parties; and
 - in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole;

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- (b) each year the auditors of the company must provide a letter to the board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the company's annual report) confirming that the continuing connected transactions:
- have received the approval of the board;
 - are in accordance with the pricing policies of the group;
 - have been entered into in accordance with the terms of the relevant agreements governing the continuing connected transactions; and
 - have not exceeded the annual caps;
- (c) the company shall allow, and shall procure the relevant counterparties to the continuing connected transactions to allow, the company's auditors sufficient access to their records for the purpose of reporting on the continuing connected transactions as set out in paragraph (b); and
- (d) the company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive directors and/or auditors of the company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the maximum value of the Continuing Connected Transactions by way of the Annual Caps; (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Continuing Connected Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

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RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of transactions contemplated under the New Master Agreements, including the Annual Caps, are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the New Master Agreements, including Annual Caps, as detailed in the notice of EGM as set out at the end of the Circular.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Alvin Kam
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company 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 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 Executive Director	Company/name of associated corporation	Capacity	No. of shares held (Note 1)	Percentage in the relevant class of share capital (approx.)
Mr. Au Pak Yin ("Mr. Au")	Company	Interest in controlled corporation (Note 2)	394,285,533 Shares (L)	70.41%
Mr. Au	Kytronics Holdings	Beneficial owner	2 ordinary shares (L)	40%
Mr. Au Kwok Lun	Kytronics Holdings	Beneficial owner	1 ordinary share (L)	20%
Mr. Ou Guo Liang	Kytronics Holdings	Beneficial owner	1 ordinary share (L)	20%

Notes:

1. The letter “L” denotes the Director’s long position in such securities.
2. 394,285,533 Shares were owned by Kytronics Holdings. The issued share capital of Kytronics Holdings is owned as to 20% by each of Mr. Au and his spouse Ms. Tai Noi Kit (“**Ms. Tai**”). Mr. Au is therefore deemed to be interested in these shares by virtue of his interests in Kytronics Holdings pursuant to Part XV of the SFO.
3. Each of Mr. Au and Ms Tai is the beneficial owner of an ordinary share in Kytronics Holdings.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive 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 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.

Interest of Substantial Shareholders

As at the Latest Practicable Date, as far as is known to the Directors and the chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or 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:

Shareholders	Company/name of associated corporation	Capacity	No. of shares held	Percentage in the relevant class of share capital (approx.) <i>(Note 1)</i>
Kytronics Holdings	Company	Beneficial owner	394,285,533 Shares <i>(Note 2)</i>	70.41% (L)
Ms. Tai Noi Kit	Kytronics Holdings	Interest in controlled corporation	394,285,533 Shares <i>(Note 2)</i>	70.41% (L)
Kent C. McCarthy	Company	Interest in controlled corporation	44,960,000 Shares <i>(Note 3)</i>	8.03% (L)

Notes:

1. The letter “L” denotes the person’s long position in such securities.
2. 394,285,533 Shares were owned by Kytronics Holdings. The issued share capital of Kytronics Holdings is owned as to 20% by each of Ms. Tai and her spouse Mr. Au. Ms. Tai is therefore deemed to be interested in these shares by virtue her interests in Kytronics Holdings pursuant to Part XV of the SFO.
3. The 44,960,000 Shares were held by Jayhawk Private Equity Fund II. L.P., which is 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 the Latest Practicable Date, 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.

- (b) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation other than statutory compensation.
- (c) As at the Latest Practicable Date, save for the continuing connected transactions contemplated under the Guangdong Precision Master Agreement, the Jiangmen Yida Master Agreement, the Import and Export Agency Service Agreement and the Palace Hotel Master Services Agreement and the Existing CCT Agreements, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group taken as a whole.
- (d) As at the Latest Practicable Date, none of the Directors has any direct and indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up.

3. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company and any of its subsidiaries.

4. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinions or advice which is contained in this circular:

Name	Qualification
China Everbright Capital Limited	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, China Everbright Capital Limited (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2012 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

7. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their associates has any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group.

8. GENERAL

- The registered office of the Company is situated at Clifton House, 75 Fort Street, PO Box 1350 GT George Town, Grand Cayman, Cayman Islands.
- The principal place of business of the Company in Hong Kong is situated at Unit 01, 23A Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.
- The branch share registrar and the transfer office of the Company is at Computershare Hong Kong Investor Services Limited, Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- The company secretary of the Company is Mr. Lai Sai Wo, Ricky. Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- The English text of this document shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Unit 01, 23A Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong from the date of this circular up to and including the date of the EGM:

- the Guangdong Precision Master Agreement;
- the Jiangmen Yida Master Agreement;
- the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- the letter of advice from China Everbright, the text of which is set out on pages 15 to 27 of this circular; and
- the written consent of China Everbright, referred to in paragraph 4 in this appendix.



JOLIMARK HOLDINGS LIMITED

映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“the **EGM**”) of Jolimark Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Thursday, 19 December 2013 at Unit 01, 23A Floor, K.Wah Centre, 191 Java Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (i) the master supply agreement dated 8 November 2013 entered into between 廣東江裕精密工業製造有限公司 (Guangdong Kong Yue Precision Industry Ltd.) and 新會江裕信息產業有限公司 (Kong Yue Electronics & Information Industry (Xin Hui) Ltd.) (“**Kongyue Information**”), a wholly owned subsidiary of the Company, (the “**Guangdong Precision Master Agreement**”) (a copy of which has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) in relation to, among other matters, the supply of plastic parts, components and molds and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the Guangdong Precision Master Agreement for the period commencing from 1 January 2014 until 31 December 2016 and each of the financial years ended 31 December 2014, 2015 and 2016 will not exceed RMB25.859 million, RMB38.788 million and RMB58.182 million respectively be and are hereby approved; and
- (iii) the Directors be and are hereby authorised to execute such other documents, do all other acts and things and take such action as they may consider necessary, desirable or expedient to implement and/or give effect to or otherwise in connection with the Guangdong Precision Master Agreement and any or all the matters contemplated in the Guangdong Precision Master Agreement and this

NOTICE OF EGM

resolution. For the avoidance of doubt, all such further acts, things, actions and documents to be done, taken or executed are limited to acts, things, actions and documents which are ancillary to, or incidental to, the continuing connected transactions contemplated under the Guangdong Precision Master Agreement (as defined in the circular dated 29 November 2013 of the Company (the “**Circular**”)) and the proposed annual caps.”

2. “**THAT**

- (i) the master supply agreement dated 8 November 2013 entered into between 江門江裕億達精工有限公司 (Guangdong Jotech Kong Yue Precision Industries Ltd.) and Kongyue Information (the “**Jiangmen Yida Master Agreement**”) (a copy of which has been produced to the meeting and marked “B” and initialed by the chairman of the meeting for the purpose of identification) in relation to, among other matters, the supply of stamped metal parts and molds and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps in relation to the transactions contemplated under the Jiangmen Yida Master Agreement for the period commencing from 1 January 2014 until 31 December 2016 and each of the financial years ended 31 December 2014, 2015 and 2016 will not exceed RMB11.202 million, RMB16.803 million and RMB25.205 million respectively be and are hereby approved; and
- (iii) the Directors be and are hereby authorised to execute such other documents, do all other acts and things and take such action as they may consider necessary, desirable or expedient to implement and/or give effect to or otherwise in connection with the Jiangmen Yida Master Agreement and any or all the matters contemplated in the Jiangmen Yida Master Agreement and this resolution. For the avoidance of doubt, all such further acts, things, actions and documents to be done, taken or executed are limited to acts, things, actions and documents which are ancillary to, or incidental to, the continuing connected transactions contemplated under the Jiangmen Yida Master Agreement (as defined in the Circular)) and the proposed annual caps.”

By Order of the Board
Jolimark Holdings Limited
Lai Sai Wo, Ricky
Company Secretary

Hong Kong, 29 November 2013

NOTICE OF EGM

Registered Office:

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

Principal place of business in Hong Kong:

Unit 01, 23A Floor
K. Wah Centre
191 Java Road
North Point, Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. The register of members will be closed from Tuesday, 17 December 2013 to Thursday, 19 December 2013 (both days inclusive) during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 16 December 2013.
3. Where there are joint registered holders of any share in the issued share capital of the Company ("**Share**"), any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether personally or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.
4. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting as the case may be or, in the case of poll taken subsequent to the date of the Meeting or adjourned meeting, not less than 24 hours before the time appointed for taking the poll.
5. The ordinary resolutions as set out above will be determined by way of a poll.

As at the date of this notice, 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.