JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

2012 Annual Results Announcement

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
Revenue	2	**456,875**	559,600
Cost of goods sold		**(342,159)**	(421,066)
Gross profit		**114,716**	138,534
Other income		**8,973**	7,704
Selling and marketing costs		**(30,370)**	(30,816)
Administrative expenses		**(50,700)**	(51,179)
Other gains — net		**8,719**	502
Operating profit		**51,338**	64,745
Finance (costs)/income — net	4	**(498)**	985
Share of loss of an associate		**(5)**	(64)
Profit before income tax		**50,835**	65,666
Income tax expenses	5	**(10,568)**	(10,102)
Profit for the year	3	**40,267**	55,564
Profit attributable to:			
— Shareholders of the Company		**40,260**	55,042
— Non-controlling interests		**7**	522
		40,267	55,564
Earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)			
— Basic	6	**0.072**	0.098
— Diluted	6	**0.072**	0.098

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
Profit for the year	**40,267**	55,564
Other comprehensive income for the year	**—**	—
Total comprehensive income for the year	**40,267**	55,564
Total comprehensive income for the year attributable to:		
— Shareholders of the Company	**40,260**	55,042
— Non-controlling interests	**7**	522
	40,267	55,564

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**86,760**	84,127
Land use rights		**9,744**	10,033
Intangible assets		**517**	662
Investment in an associate		**92**	97
Available-for-sale financial assets		**3,756**	500
		100,869	95,419
Current assets			
Inventories		**137,116**	180,014
Trade and other receivables	*8*	**38,661**	66,972
Financial assets at fair value through profit or loss		**15,313**	11,883
Deposits in a financial institution		**30,000**	—
Restricted cash		**683**	586
Cash and cash equivalents		**210,632**	170,116
		432,405	429,571
Total assets		**533,274**	524,990
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		**176,649**	176,649
Other reserves		**201,682**	197,066
Retained earnings			
— proposed final dividend	*7*	**19,911**	28,123
— unappropriated retained earnings		**16,659**	21,108
		414,901	422,946
Non-controlling interests		**31**	24
Total equity		**414,932**	422,970

	Note	2012 RMB'000	2011 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**28,151**	—
Deferred income tax liabilities		**3,582**	3,786
		31,733	3,786
Current liabilities			
Trade and other payables	*9*	**82,926**	96,948
Current income tax liabilities		**3,683**	1,286
		86,609	98,234
Total liabilities		**118,342**	102,020
Total equity and liabilities		**533,274**	524,990
Net current assets		**345,796**	331,337
Total assets less current liabilities		**446,665**	426,756

1 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets.

Changes in accounting policy and disclosures

(a) *Effect of adopting amendments to standards*

The following amendments to standards are mandatory for the Group's financial year beginning 1 January 2012. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

- HKFRS 1 (Amendment), "Severe hyperinflation and removal of fixed dates for first-time adopters".
- HKAS 12 (Amendment), "Deferred tax: Recovery of underlying assets".
- HKFRS 7 (Amendment), "Disclosures — Transfers of financial assets".

(b) *New and amended standards and interpretations issued but are not effective for financial year commencing on 1 January 2012 and have not been early adopted by the Group*

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	First time adoption: on government loans	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Transition guidance in HKFRS 10, 11 and 12	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Associate and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities	1 January 2014
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKFRS (Amendments)	Annual Improvements 2009–2011 Cycle	1 January 2013

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

2. SEGMENT INFORMATION

The directors and chief executive officer of the Group are the chief operating decision makers (the "CODM") of the Group. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM manages the Group's business from the perspective of different product lines of the Group, i.e. printers and tax control equipment and other electronic products manufacturing.

The CODM assesses the performances of the operating segments based on a measure of segment revenue and segment results. Segment results exclude other income, administrative expenses, other gains — net, finance income — net and income tax expenses, which are centrally managed for the Group.

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2012 are as follows:

	Printer and tax control equipment *RMB'000*	**Other electronic products manufacturing** *RMB'000*	**Total** *RMB'000*
Revenue (from external customers) *(note (a))*	**342,099**	**114,776**	**456,875**
Segment results	**64,351**	**19,990**	**84,341**
Other income			**8,973**
Administrative expenses			**(50,700)**
Other gains — net			**8,719**
Finance costs — net			**(498)**
Income tax expenses			**(10,568)**
Profit for the year			**40,267**
Segment results include:			
Share of loss of an associate	**(5)**	**—**	**(5)**
Depreciation and amortisation	**(4,505)**	**(2,180)**	**(6,685)**

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2011 are as follows:

	Printer and tax control equipment *RMB'000*	Other electronic products manufacturing *RMB'000*	Total *RMB'000*
Revenue (from external customers) *(note (a))*	456,610	102,990	559,600
Segment results	91,584	16,070	107,654
Other income			7,704
Administrative expenses			(51,179)
Other gains — net			502
Finance income — net			985
Income tax expenses			(10,102)
Profit for the year			55,564
Segment results include:			
Share of loss of an associate	(64)	—	(64)
Depreciation and amortisation	(4,763)	(3,185)	(7,948)

(a) Revenues from external customers are for sales of goods. There is no inter-segment sales for the year ended 31 December 2012 (2011: nil).

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

	2012 ***RMB'000***	2011 *RMB'000*
In the PRC	**311,261**	414,788
In other countries	**145,614**	144,812
	456,875	559,600

(c) In 2012, approximately 24% of total revenue (2011: approximately 17%) are derived from a single external customer, which is in the segment of other electronic products manufacturing.

(d) As at 31 December 2012, the Group's non-current assets are mainly located in the PRC.

3. PROFIT FOR THE YEAR

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

	2012	2011
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment, amortisation of land use rights and intangible assets	**8,765**	10,595

4. FINANCE (COSTS)/INCOME — NET

	2012	2011
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**(596)**	(435)
Exchange gains on bank borrowings	**98**	1,420
	(498)	985

5. INCOME TAX EXPENSES

	2012	2011
	RMB'000	*RMB'000*
Current income tax expenses		
— Hong Kong profits tax	**(837)**	—
— PRC corporate income tax	**(7,435)**	(6,005)
— PRC withholding income tax	**(2,500)**	(250)
	(10,772)	(6,255)
Deferred income tax expenses	**204**	(3,847)
	(10,568)	(10,102)

The Group's applicable tax rates of Hong Kong profits tax, PRC corporate income tax and PRC withholding income tax for the year ended 31 December 2012 are 16.5%, 15% and 5%, respectively (2011: 16.5%, 15% and 5%).

6. EARNINGS PER SHARE

— Basic

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

	2012	2011
Profit attributable to the shareholders of the Company	**RMB40,260,000**	RMB55,042,000
Weighted average number of ordinary shares in issue	**559,992,000**	559,909,000
Basic earnings per share	**RMB0.072**	RMB0.098

— Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding on an assumption of conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2012	2011
Profit attributable to the shareholders of the Company	**RMB40,260,000**	RMB55,042,000
Weighted average number of ordinary shares in issue	**559,992,000**	559,909,000
Adjustments for share options	**11,000**	69,000
Weighted average number of ordinary shares for diluted earnings per share	**560,003,000**	559,978,000
Diluted earnings per share	**RMB0.072**	RMB0.098

7. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Interim dividend *(note (a))*	**20,616**	28,024
Proposed final dividend *(note (b))*	**19,911**	28,123
Proposed special dividend *(note (b))*	**78,288**	—
	118,815	56,147

(a) At a meeting held on 28 August 2012, the directors of the Company declared an interim dividend for the six months ended 30 June of HK$0.045 (2011: HK$0.061) per ordinary share, approximately HK$25,200,000 (equivalent to RMB20,616,000) (2011: HK$34,159,000, equivalent to RMB28,024,000) out of retained earnings of the Company.

(b) At a meeting held on 21 March 2013, the directors of the Company proposed a final dividend for the year ended 31 December 2012 of HK$0.044 per ordinary share approximately HK$24,640,000 (equivalent to RMB19,911,000) out of retained earnings of the Company and a special dividend of HK$0.173 per ordinary share approximately HK$96,879,000 (equivalent to RMB78,288,000) out of share premium of the Company. These proposed dividends are not reflected as dividends payable in the consolidated financial statements for the year ended 31 December 2012, but will be reflected as dividends distribution for the year ending 31 December 2013.

A final dividend in respect of 2011 of HK$0.062 per ordinary share, approximately HK$34,720,000 (equivalent to RMB28,123,000 translated at the exchange rate prevailing at the date of payments) have been declared out of retained earnings of the Company in the Company's Annual General Meeting on 8 May 2012 and paid during the year ended 31 December 2012.

8. TRADE AND OTHER RECEIVABLES

The Group's sales to corporate customers are generally granted with credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 31 December 2012, the ageing analysis of the trade receivables, including amounts due from related parties, were as follows:

	2012	2011
	RMB'000	*RMB'000*
Less than 30 days	**13,641**	26,962
31–90 days	**5,206**	4,199
91–180 days	**1,672**	2,660
181–365 days	**1,198**	61
Over 365 days	**4,793**	4,774
	26,510	38,656

9. TRADE AND OTHER PAYABLES

At 31 December 2012, the ageing analysis of the trade payables, including amounts due to related parties, were as follows:

	2012	2011
	RMB'000	*RMB'000*
Less than 30 days	**25,300**	23,346
31–90 days	**11,049**	14,736
91–180 days	**2,163**	3,588
181–365 days	**4,429**	3,360
Over 365 days	**5,851**	2,664
	48,792	47,694

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Printer and Tax Control Equipment Business

The revenue of the printer and tax control equipment business of the Group for the year ended 31 December 2012 decreased by approximately 25% from the previous year to approximately RMB342,099,000, representing approximately 75% of the revenue of the Group. The decrease in revenue was mainly attributable to the relatively significant decline in the sales generated from the PRC market as compared with that of the previous year due to the anaemic domestic demand.

Other Electronic Products Manufacturing Business

The revenue of the other electronic products manufacturing business of the Group increased by approximately 11% from the previous year to approximately RMB114,776,000, representing approximately 25% of the revenue of the Group.

Future Business Outlook

In 2012, China's domestic economic growth continued to slow down, which coupled with the European debt crisis and the unstable global economy, resulted in the pessimistic market expectation towards future economic growth. China has also slackened the pace of implementing tax control measures, which reduced the demand of the Group's tax control printer products in the PRC market and led to a decline in sales. The Central Committee and the State Council of the PRC have made timely pre-adjustments and micro-adjustments, as well as launched loose monetary and fiscal policies successively according to the economic environment. Such measures have already had a positive effect in stabilizing economic growth. Currently, the economy has shown initial signs of stabilization. The Group expects the printer market to gradually regain its strength in 2013. Nevertheless, the Group still expects to encounter numerous challenges in 2013.

On 13 July 2012, the State Administration of Taxation of the PRC promulgated the "Administrative Measures of Online Invoices" (Consultation Draft) (《網絡發票管理辦法》(徵求意見稿)), explicitly stating the intention of the State to further promote online invoices.

In the same month, in accordance with the instruction of the Cai Shui Circular [2012] No. 71 (財稅[2012] 71號文), the pilot reform on value-added tax was extended to 8 provinces and cities, including Beijing. Such pilot reform program on value-added tax is expected to be extended to other industries and regions in China in 2013. The promotion of online invoice and the acceleration of reform on value-added tax may become the driving forces for the recovery in demand of printers and tax control equipment.

Looking forward to 2013, the Group will launch our newly developed product, "喜悅之星". The product was developed based on years of research and development and market experiences in matrix printers, and is characterized as a functional and high-quality product with outstanding price/

performance ratio. It is expected that "喜悅之星" will substantially enhance the market competitiveness of our products. Invoice ink-jet printers will also be introduced in 2013. It will be unique to the market, which can be used for various applications, such as invoice and hospitals. The separable ink cartridges and inkjet printer heads and advanced technologies, such as fast-drying inks, also render "喜悅之星" best of its kind. We continue to improve our mini printers product line which starts to gather competitive strength. For real-object projectors, the marketing and promotion system will be further improved, and the unique functions of the products are gaining recognition from the users gradually. It is expected that real-object projectors will contribute revenue to the Group in 2013. Besides, the Group will continue to strive to improve operating efficiency, strengthen internal management, and trim inventory and receivables. At the same time, we will pay closer attention to the introduction of the State's tax control and tax reform policies, in order to cater for the latest market development. We will continue to conduct research and development on printers and tax control equipment which are more cost competitive and more in line with the demand in the PRC market while improving the quality of our existing products. In respect of other electronic products manufacturing business (EMS), the Group will continue to focus on the small and medium overseas customers specializing in optical, mechanical and electrical integration products, in order to expand to and develop new businesses with higher gross profit margin.

Financial review

Results Summary

In 2012, the Group recorded a turnover of approximately RMB456,875,000 for the whole year, representing a decrease of approximately 18% from the previous year, whereas gross profit margin increased to approximately 25.1% from approximately 24.8% of last year.

During the year, the profit attributable to the shareholders of the Company was approximately RMB40,260,000 (2011: RMB55,042,000), representing a decrease of approximately 27% over last year. The basic earnings per share was approximately RMB0.072 (2011: RMB0.098), representing a decrease of approximately RMB0.026 over last year. The change in results was mainly attributed to the relatively significant decline in the sales generated from the PRC market as compared with that of the previous year due to the weak domestic demand.

Analysis on sales and gross profit

During the year, the revenue of the printer and tax control equipment business was the largest contributor to the revenue of the Group, which amounted to approximately RMB342,099,000 and accounted for approximately 75% of the total revenue of the Group, whereas the revenue of other electronic products manufacturing amounted to approximately RMB114,776,000 and accounted for approximately 25% of the revenue of the Group.

Comparing with 2011, the revenue from the printer and tax control equipment business reduced by approximately 25%, whereas revenue from the other electronic products manufacturing business increased by approximately 11%. The Group's gross profit margin increased from approximately 24.8% of last year to approximately 25.1% of this year. The slight increase in gross profit margin was mainly due to the change of our sales product portfolio.

Liquidity and financial resources

As at 31 December 2012, the total assets of the Group amounted to approximately RMB533,274,000 (2011: RMB524,990,000), shareholders' fund amounted to approximately RMB414,901,000 (2011: RMB422,946,000), non-controlling interests amounted to approximately RMB31,000 (2011: RMB24,000) and current liabilities amounted to approximately RMB86,609,000 (2011: RMB98,234,000). The current ratio of the Group was approximately 5.0 (2011: 4.4).

As at 31 December 2012, the cash and cash equivalents, deposits in a financial institution and restricted cash amounted to approximately RMB241,315,000 (2011: RMB170,702,000), whereas the bank loan of the Group amounted to approximately RMB28,151,000 (2011: nil). The Group was in a net cash position after setting off the loan amounts. The gearing ratio* of the Group was approximately 5.3% as at 31 December 2012 (2011: nil).

As at 31 December 2012, the Group possessed financial assets at fair value through profit and loss (China A shares) of approximately RMB15,313,000 (2011: RMB11,883,000) and bills receivable (bank acceptance bills) of approximately RMB1,513,000 (2011: RMB16,617,000).

* Gearing ratio = Borrowings/Total Assets

Acquisition

During the year, Jolimark Technology Limited ("Jolimark Technology"), a subsidiary of the Company, acquired 7.5% of the equity interests in International United Technology Co., Ltd. ("International United") at a consideration of 15,419,486 New Taiwan dollars. International United mainly engages in the research, development and manufacturing business of inkjet print heads in Taiwan.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2012.

Staff

As at 31 December 2012, the Group employed 1,160 staff in total, most of them were based in the PRC except for 13 employees who were employed in Hong Kong and overseas. The Group implemented its remuneration policy and bonus and share option scheme based on the business results and individual performance of the 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 2012 of HK4.4 cents per share and special dividend for 2012 of HK17.3 cents per share to shareholders whose names appear on the register of members on Wednesday, 22 May 2013. The final dividend will be paid on Friday, 21 June 2013.

The annual general meeting of the Company will be held on Monday, 6 May 2013. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 2 May 2013 to 6 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 30 April 2013.

For determining entitlement to the proposed final and special dividend, the register of members of the Company will be closed from 20 May 2013 to 22 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final and special dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 16 May 2013.

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, all are Independent Non-Executive Directors. For the year ended 31 December 2012, the audit committee held two meetings to review the accounting standards and practices adopted by the Group and to discuss on matters regarding the internal control and financial reporting (including the interim and annual results before proposing them to the Board for approval) with the management and external auditor. The audit committee has reviewed the results of the Company for the year ended 31 December 2012.

Compliance with the corporate governance code

For the year ended 31 December 2012, except for the chairman of the board who has not attended the annual general meeting of the Company in accordance with the requirements of code provision E.1.2 of the Corporate Governance Code due to business reason, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Purchase, sale or redemption of the Company's listed securities

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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. The Company has made specific enquiry of all Directors regarding any non-compliance with the Code during the year ended 31 December 2012 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the year.

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jolimark.com). The annual report of the Company for the year ended 31 December 2012 will be despatched to the shareholders of the Company and posted on the above websites in due course.

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

Hong Kong, 21 March 2013

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, Mr. Yeung Kwok Keung as Non-Executive Director and Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guangmao, as Independent Non-Executive Directors.