

A Newton's cradle with several spheres. The central sphere is the largest and contains the text 'Interim Report 2013'. It is surrounded by other spheres of various colors (blue, red, yellow, green) and is set against a background of soft, out-of-focus light spots in shades of purple, blue, and yellow.

Interim Report  
2013

**JOLImark**

JOLIMARK HOLDINGS LIMITED  
映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 2028

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# Corporate Information

## Directors

### Executive Directors

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

### Non-Executive Director

Mr. Yeung Kwok Keung

### Independent Non-Executive Directors

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

## Registered Office

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

## Principal Place of Business in Hong Kong

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

## Company Secretary

Mr. Lai Sai Wo, Ricky

## Authorised Representatives

Mr. Au Kwok Lun  
Mr. Lai Sai Wo, Ricky

## Audit Committee

Mr. Lai Ming, Joseph (*Chairman*)  
Mr. Meng Yan  
Mr. Xu Guangmao

## Remuneration Committee

Mr. Lai Ming, Joseph (*Chairman*)  
Mr. Meng Yan  
Mr. Xu Guangmao  
Mr. Au Kwok Lun

## Nomination Committee

Mr. Lai Ming, Joseph (*Chairman*)  
Mr. Meng Yan  
Mr. Xu Guangmao

## Auditor

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

## Legal Adviser to the Company as to Hong Kong Law

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

## Hong Kong Branch Share Registrar and Transfer Office

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

## Principal Bankers

Postal Savings Bank of China  
China Construction Bank  
Agricultural Bank of China  
Xiamen International Bank  
Nanyang Commercial Bank  
China Everbright Bank

## Stock Code

2028

## Website

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

# Management's Discussion and Analysis

## Business Review

### Printer and Tax Control Equipment Business

The 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 approximately 80% of the revenue of the Group and 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.

### Other Electronic Products Manufacturing Business

For the six months ended 30 June 2013, the revenue of the other electronic products manufacturing business of the Group accounted for approximately 20% of the revenue of the Group, amounting to approximately RMB53,297,000, representing a decrease of approximately 9% as compared to that of the first half of 2012. The decrease in revenue was mainly due to the weak demand in the European and the US markets.

## Future Business Outlook

In spite of prevailing macroeconomic uncertainties in 2013, the Group expects that the demand in the invoice printer market will increase in 2013 from 2012 due to the promotion of online tax invoice and the "BT-VAT Reform" in the PRC.

In a meeting of the Standing Committee of the State Council held on 10 April 2013, it was decided that the "BT-VAT Reform" pilot will be further extended to the transportation industry and certain modern service industries country-wide 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. The implementation and promotion of the "BT-VAT Reform" and online tax invoice across the country are expected to be positive drivers in promoting the demand for the invoice project printers and tax control equipment.

In the first half of the year, "喜悦之星" ("Star of Delight"), the new 80-column flatbed invoice printer featuring an outstanding price/performance ratio, has successfully been launched into the market, and was well received. Our new invoice ink-jet printer, easy paper-loading mini/POS printer and bankbook/passbook printer will also be launched in the market in 2013. The invoice ink-jet printer is unique to the market. Its advanced design incorporates separable ink cartridge and fast-drying ink technologies, making the printer adaptable to a wide range of applications in taxation, medical and commercial transactions printing. The product line of the new document real-object projectors will be further expanded while its marketing will also be gradually strengthened, which may provide a growth driver for the Group's revenue in 2013. The Group is cautiously optimistic towards its development in 2013.

# Management's Discussion and Analysis (Continued)

## Financial Review

### Results Summary

The Group recorded a turnover of approximately RMB265,107,000 in the first half of 2013 which represented an increase of approximately 15% from the corresponding period of the previous year. The financial assets (equity securities traded in China A shares stock exchange) held by Group in the first half of the year suffered a loss of approximately RMB2,209,000, and there was an increase in the PRC dividend withholding tax expense of approximately RMB1,500,000 in the first half of the year from the same period of last year. However, with additional contribution from the sale of printers in the domestic market, profit attributable to shareholders of the Company enjoyed an increase of 32% over the corresponding period of the previous year and amounted to approximately RMB27,181,000 (first half of 2012: RMB20,591,000). The basic earnings per share were approximately RMB0.049 (first half of 2012: RMB0.037), representing an increase of approximately RMB0.012 or 32% over the corresponding period of last year.

### Analysis on Sales and Gross Profit

In the first half of 2013, the revenue of the printer and tax control equipment business amounted to approximately RMB211,810,000 and accounted for approximately 80% of the total revenue of the Group, which was the largest contributor to the revenue of the Group, whereas the revenue of other electronic products manufacturing amounted to approximately RMB53,297,000 and accounted for approximately 20% of the revenue of the Group. Comparing with the first half of 2012, the revenue from the printer and tax control equipment business increased by approximately 24%, whereas revenue from the other electronic products manufacturing business decreased by approximately 9%.

The Group's gross profit margin increased from approximately 26% of last year to approximately 27%. The slight increase in gross profit margin was mainly due to the change of our sales product portfolio.

### Capital Expenditure

As of 30 June 2013, the capital expenditure of the Group amounted to approximately RMB3,953,000, which was mainly used to acquire production equipment and new product moulds.

### Liquidity and Financial Position

As at 30 June 2013, the total assets of the Group amounted to approximately RMB542,233,000 (31 December 2012: RMB533,274,000), shareholders' fund amounted to approximately RMB345,014,000 (31 December 2012: RMB414,901,000) (the shareholders' fund decreased mainly due to the special dividend paid out of share premium account), non-controlling interests amounted to approximately RMB34,000 (31 December 2012: RMB31,000) and current liabilities amounted to approximately RMB109,868,000 (31 December 2012: RMB86,609,000). The current ratio (the ratio of current assets to current liabilities) of the Group was approximately 3.5 (31 December 2012: 5.0).

As at 30 June 2013, the cash and cash equivalents, restricted cash and the structured deposits of the Group amounted to approximately RMB262,506,000 (31 December 2012: RMB241,315,000) whereas bank borrowings of the Group amounted to approximately RMB84,416,000 (31 December 2012: RMB28,151,000). The Group was in a net cash position after setting off the loan amounts.

## Management's Discussion and Analysis (Continued)

As at 30 June 2013, the Group possessed financial assets at fair value through profit or loss (equity securities traded in China A shares stock exchange) of approximately RMB12,986,000 (31 December 2012: RMB15,313,000) and there has been no change in the share investment portfolio during the interim period. The outstanding bank acceptance bills received from customers amounted to approximately RMB9,053,000 (31 December 2012: RMB1,513,000).

### Acquisition

In the first half of 2013, the Company had no significant acquisitions.

### Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2013.

### Staff

As at 30 June 2013, the Group employed 1,298 staff in total. Most of them were based in the PRC while 14 employees 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 Interim Dividend and Closure of Register of Members

The Board recommended an interim dividend for 2013 of HK\$0.045 per share to shareholders whose names appear on the register of members on 19 September 2013. The interim dividend will be paid on or before Friday, 18 October 2013.

For determining entitlement to the interim dividend, the register of members of the Company will be closed from 17 September 2013 to 19 September 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 September 2013.

# Condensed Consolidated Interim Balance Sheet

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	As at 30 June 2013 Unaudited	31 December 2012 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	86,541	86,760
Land use right	7	9,600	9,744
Intangible assets	7	453	517
Investment in an associate		95	92
Available-for-sale financial assets		3,756	3,756
Restricted cash	11	60,000	—
<b>Total non-current assets</b>		<b>160,445</b>	100,869
<b>Current assets</b>			
Inventories		125,379	137,116
Trade and other receivables	8	40,917	38,661
Financial assets at fair value through profit or loss	9	12,986	15,313
Structured deposits in a bank	10	31,500	30,000
Restricted cash		243	683
Cash and cash equivalents		170,763	210,632
<b>Total current assets</b>		<b>381,788</b>	432,405
<b>Total assets</b>		<b>542,233</b>	533,274
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium		99,088	176,649
Other reserves		201,902	201,682
Retained earnings			
— Proposed dividend		20,036	19,911
— Unappropriated retained earnings		23,988	16,659
		345,014	414,901
<b>Non-controlling interests</b>		34	31
<b>Total equity</b>		<b>345,048</b>	414,932
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	84,416	28,151
Deferred income tax liabilities		2,901	3,582
		87,317	31,733
<b>Current liabilities</b>			
Trade and other payables	12	105,261	82,926
Current income tax liabilities		4,607	3,683
		109,868	86,609
<b>Total liabilities</b>		<b>197,185</b>	118,342
<b>Total equity and liabilities</b>		<b>542,233</b>	533,274
<b>Net current assets</b>		<b>271,920</b>	345,796
<b>Total assets less current liabilities</b>		<b>432,365</b>	446,665

The notes on pages 11 to 24 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Interim Income Statement

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2013 Unaudited	2012 Unaudited
Revenue	6	265,107	230,113
Cost of goods sold		(192,896)	(169,351)
<b>Gross profit</b>		<b>72,211</b>	60,762
Other income		4,364	3,945
Selling and marketing costs		(13,199)	(15,989)
Administrative expenses		(28,130)	(23,953)
Other (losses)/gains — net	13	(835)	978
<b>Operating profit</b>		<b>34,411</b>	25,743
Finance costs — net		(90)	(175)
Share of losses of an associate		(2)	(5)
<b>Profit before income tax</b>		<b>34,319</b>	25,563
Income tax expenses	14	(7,135)	(4,973)
<b>Profit for the period</b>		<b>27,184</b>	20,590
Profit attributable to:			
– Shareholders of the Company		27,181	20,591
– Non-controlling interests		3	(1)
		<b>27,184</b>	20,590
<b>Earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share)</b>			
– Basic	15	0.049	0.037
– Diluted	15	0.049	0.037

The notes on pages 11 to 24 form an integral part of this condensed consolidated interim financial information.

	Note	Six months ended 30 June	
		2013 Unaudited	2012 Unaudited
Dividends	16	20,036	20,616

# Condensed Consolidated Interim Statement of Comprehensive Income

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Six months ended 30 June	
	2013 Unaudited	2012 Unaudited
<b>Profit for the period</b>	<b>27,184</b>	20,590
Other comprehensive income for the period	—	—
<b>Total comprehensive income for the period</b>	<b>27,184</b>	20,590
<b>Total comprehensive income for the period attributable to:</b>		
– Shareholders of the Company	<b>27,181</b>	20,591
– Non-controlling interests	<b>3</b>	(1)
	<b>27,184</b>	20,590

The notes on pages 11 to 24 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Changes in Equity

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	Attributable to shareholders of the Company			Non- controlling interests	Total equity
	Share capital and premium	Other reserves	Retained earnings		
<b>Balance at 1 January 2012</b> (Audited)	176,649	197,066	49,231	24	422,970
<b>Comprehensive income</b>					
Profit for the six months ended 30 June 2012	—	—	20,591	(1)	20,590
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity:</b>					
Share options granted to employees	—	211	—	—	211
Dividends	—	—	(28,123)	—	(28,123)
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity</b>					
	—	211	(28,123)	—	(27,912)
<b>Balance at 30 June 2012</b> (Unaudited)	176,649	197,277	41,699	23	415,648
<b>Balance at 1 January 2013</b> (Audited)	<b>176,649</b>	<b>201,682</b>	<b>36,570</b>	<b>31</b>	<b>414,932</b>
<b>Comprehensive income</b>					
Profit for the six months ended 30 June 2013	—	—	27,181	3	27,184
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity:</b>					
Share options granted to employees	—	220	—	—	220
Dividends (note 16(b))	(77,561)	—	(19,727)	—	(97,288)
<b>Total contributions by and distributions to the shareholders of the Company recognised directly in equity</b>					
	(77,561)	220	(19,727)	—	(97,068)
<b>Balance at 30 June 2013</b> (Unaudited)	<b>99,088</b>	<b>201,902</b>	<b>44,024</b>	<b>34</b>	<b>345,048</b>

The notes on pages 11 to 24 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Cash Flows

(All amounts in Renminbi Yuan thousands unless otherwise stated)

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>Unaudited</b>	Unaudited
<b>Cash generated from operating activities — net</b>	<b>62,490</b>	54,397
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(3,953)</b>	(4,458)
Purchases of available-for-sale financial assets	—	(3,256)
Acquisition of interest in an associate	<b>(5)</b>	—
Structured deposits in a bank	<b>(1,500)</b>	(30,000)
Interests received	<b>4,009</b>	2,555
<b>Cash used in investing activities — net</b>	<b>(1,449)</b>	(35,159)
<b>Cash flows from financing activities</b>		
Bank deposits pledged for borrowings	<b>(60,000)</b>	—
Proceeds from borrowings	<b>56,736</b>	31,937
Dividends paid to the shareholders of the Company	<b>(97,288)</b>	(28,123)
<b>Cash (used in)/generated from financing activities — net</b>	<b>(100,552)</b>	3,814
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(39,511)</b>	23,052
Cash and cash equivalents at beginning of the period	<b>210,632</b>	170,116
Exchange (losses)/gain on cash and cash equivalents	<b>(358)</b>	46
<b>Cash and cash equivalents at end of the period</b>	<b>170,763</b>	193,214

The notes on pages 11 to 24 form an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 1. General information

- (a) Jolimark Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 22 July 2004 as an exempted company with limited liability under the Companies Law (2003 Revision) of the Cayman Islands. The address of its registered offices is Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands.
- (b) The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are manufacture and sale of printers, tax control equipment and other electronic products manufacturing in the People’s Republic of China (the “PRC”).
- (c) The Company had its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 29 June 2005.
- (d) The condensed consolidated interim financial information was approved for issue by the board of directors of the Company on 22 August 2013.
- (e) This condensed consolidated interim financial information has not been audited.

## 2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”).

## 3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

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

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 3. Accounting policies (Continued)

The following new and amended standards and interpretations are mandatory for the year commencing on 1 January 2013. The adoption of these new and amended standards and interpretations does not have significant impact to the results or financial position of the Group.

HKFRS 1 (Amendment)	First time adoption: on government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Transition guidance in HKFRS 10, 11 and 12
HKFRS 13	Fair value measurements
HKAS 1 (Amendment)	Presentation of items of other comprehensive income (OCI)
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Associate and joint ventures
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine
HKFRS (Amendments)	Annual improvements 2009–2011 cycle

### 4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the preparation of the consolidated financial statements for the year ended 31 December 2012.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

## 5. Financial risk management

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

There have been no significant changes in risk management policies during the six months ended 30 June 2013.

### 5.2 Fair value estimation

The table below analyses financial instruments carries at fair value, by valuation methods. The different levels have been defined as follows:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The financial assets at fair value through profit or loss of the Group are measured at fair value in level 1 as at 30 June 2013. The financial assets at fair value through profit or loss of the Group are traded in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets at fair value through profit or loss held by the Group is the current bid price.

Available-for-sale financial asset is equity investment in a private company in Taiwan, which is measured at fair value in level 3 at 30 June 2013.

As at 30 June 2013, the carrying amounts less impairment provision of trade and other receivable and the carrying amounts of trade and other payables approximate their fair values due to their short term nature.

During the six months ended 30 June 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 6. 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 (losses)/gains — net, finance costs — net and income tax expenses, which are centrally managed for the Group. Other information provided to the CODM is measured in a manner consistent with that in this condensed consolidated interim financial information.

The segment revenue and results and the reconciliation with profit for the six months ended 30 June 2013 are as follows:

	Printer and tax control equipment	Other electronic products manufacturing	Total
<b>Revenue (from external customers)</b> (note (a))	<b>211,810</b>	<b>53,297</b>	<b>265,107</b>
<b>Segment results</b>	<b>49,499</b>	<b>9,511</b>	<b>59,010</b>
Other income			4,364
Administrative expenses			(28,130)
Other losses — net			(835)
Finance costs — net			(90)
Income tax expenses			(7,135)
Profit for the period			<b>27,184</b>
<b>Segment results include:</b>			
Share of losses of an associate	(2)	—	(2)
Depreciation and amortisation	(2,775)	(845)	(3,620)

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 6. Segment information (Continued)

The segment revenue and results and the reconciliation with profit for the six months ended 30 June 2012 are as follows:

	Printer and tax control equipment	Other electronic products manufacturing	Total
<b>Revenue (from external customers)</b> (note (a))	171,382	58,731	230,113
<b>Segment results</b>	34,474	10,294	44,768
Other income			3,945
Administrative expenses			(23,953)
Other gains — net			978
Finance costs — net			(175)
Income tax expenses			(4,973)
Profit for the period			20,590
<b>Segment results include:</b>			
Share of losses of an associate	(5)	—	(5)
Depreciation and amortisation	(2,935)	(277)	(3,212)

(a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

(b) The Group is domiciled in the PRC. The analysis of geography of the customers of the Group is set out below:

	Six months ended 30 June	
	2013	2012
In the PRC	<b>198,084</b>	157,598
In other countries	<b>67,023</b>	72,515
	<b>265,107</b>	230,113

(c) For the six months ended 30 June 2013, approximately 19% of total revenue (six months ended 30 June 2012: approximately 24%) are derived from a single external customer, which is in the segment of other electronic products manufacturing.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 7. Property, plant and equipment, land use right and intangible assets

	Property, plant and equipment	Land use right	Intangible assets
<b>Six months ended 30 June 2012</b>			
Opening net book amount as at 1 January 2012	84,127	10,033	662
Addition	4,458	—	—
Depreciation and amortisation	(4,280)	(144)	(64)
Closing net book amount as at 30 June 2012	84,305	9,889	598
<b>Six months ended 30 June 2013</b>			
Opening net book amount as at 1 January 2013	<b>86,760</b>	<b>9,744</b>	<b>517</b>
Addition	<b>3,953</b>	—	—
Depreciation and amortisation	<b>(4,172)</b>	<b>(144)</b>	<b>(64)</b>
Closing net book amount as at 30 June 2013	<b>86,541</b>	<b>9,600</b>	<b>453</b>

### 8. Trade and other receivables

	As at	
	30 June 2013	31 December 2012
Trade receivables from third parties (note (a))	<b>21,212</b>	26,510
Less: provision for impairment of receivables	<b>(4,471)</b>	(4,471)
Trade receivables — net	<b>16,741</b>	22,039
Prepayments to third parties	<b>4,635</b>	3,633
Bills receivable (note (b))	<b>9,053</b>	1,513
Other receivables		
— Third parties	<b>8,705</b>	9,056
— Related parties (note 18)	<b>1,783</b>	2,420
	<b>40,917</b>	38,661

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 8. Trade and other receivables (Continued)

- (a) The Group's sales to corporate customers are generally granted with credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 30 June 2013, the ageing analysis of the trade receivables was as follows:

	As at	
	30 June 2013	31 December 2012
Less than 30 days	10,195	13,641
31–90 days	2,022	5,206
91–180 days	1,947	1,672
181–365 days	2,282	1,198
Over 365 days	4,766	4,793
	<b>21,212</b>	26,510

Management performs periodic assessments on the recoverability of trade receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the debtors.

As at 30 June 2013, trade receivables of RMB7,048,000 (31 December 2012: RMB5,991,000) were past due, out of which RMB4,471,000 (31 December 2012: RMB4,471,000) were impaired.

- (b) As at 30 June 2013 and 31 December 2012, bills receivables represent bank acceptance bills.

### 9. Financial assets at fair value through profit or loss

	As at	
	30 June 2013	31 December 2012
Listed equity securities in the PRC — stated at market value	12,986	15,313

Losses on financial assets at fair value through profit or loss of RMB2,209,000 (six months ended 30 June 2012: gain of RMB840,000) is included in the "other (losses)/gains — net" of the income statement.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 10. Structured deposits in a bank

As at 30 June 2013, the amount represented structured deposits in a commercial bank in the PRC with a guaranteed minimum return and maturity of not more than one year.

### 11. Borrowings

	As at	
	30 June 2013	31 December 2012
Non-current		
— Unsecured bank borrowings	27,658	28,151
— Secured borrowings (Note (a))	56,758	—
	84,416	28,151

(a) Amount represents a bank borrowing of HK\$71,250,000 (equivalent to RMB56,758,000), which bears an interest of 1.8% per annum over one-month HIBOR, matures in two years and is secured by the Group's bank deposit of RMB60,000,000.

Interest expenses of the borrowings for the six months ended 30 June 2013 amounted to RMB395,000 (six months ended 30 June 2012: RMB73,000), which have been recognised as finance costs in the income statements.

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2013	31 December 2012
Floating rate:		
— expiring within one year	31,864	27,372

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 12. Trade and other payables

	As at	
	30 June 2013	31 December 2012
Trade payables		
— Third parties	<b>65,618</b>	45,332
— An associate	<b>1,108</b>	1,108
— Related parties (note 18)	<b>3,182</b>	2,352
	<b>69,908</b>	48,792
Other payables to third parties	<b>26,738</b>	29,813
Dividends payable	<b>975</b>	975
Advances from customers	<b>7,640</b>	3,346
	<b>105,261</b>	82,926

At 30 June 2013, the ageing analysis of the trade payables, including amounts due to related parties of trading nature, are as follows:

	As at	
	30 June 2013	31 December 2012
Less than 30 days	<b>37,698</b>	25,300
31–90 days	<b>21,685</b>	11,049
91–180 days	<b>2,735</b>	2,163
181–365 days	<b>2,037</b>	4,429
Over 365 days	<b>5,753</b>	5,851
	<b>69,908</b>	48,792

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 13. Other (losses)/gains — net

	Six months ended 30 June	
	2013	2012
(Losses)/gain on financial assets at fair value through profit or loss — net	<b>(2,209)</b>	840
Foreign exchange gains — net	<b>1,374</b>	138
	<b>(835)</b>	978

### 14. Income tax expenses

	Six months ended 30 June	
	2013	2012
Current income tax		
— Hong Kong profits tax	<b>172</b>	503
— PRC corporate income tax	<b>5,644</b>	3,966
— PRC dividend withholding tax	<b>2,000</b>	500
	<b>7,816</b>	4,969
Deferred income tax (credit)/expenses	<b>(681)</b>	4
	<b>7,135</b>	4,973

#### Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 June 2013 (six months ended 30 June 2012: 16.5%).

#### PRC corporate income tax

The main business of the Group is conducted by Kong Yue Electronics & Information Industry (Xinhui) Limited (“Kongyue Information”), which is a foreign investment company based in Xinhui City, the PRC. The corporate income tax (the “CIT”) of Kongyue Information is provided for on the basis of its profit, adjusted for income and expenses items, which are not assessable or deductible for income tax purpose. The general CIT rate is 25% while Kongyue Information can enjoy a preferential CIT rate of 15% for the three years ending 31 December 2013 as it is designated as High and New Technology Enterprises. The effective CIT rate of other group entities in the PRC is 25% (six months ended 30 June 2012: 25%).

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 14. Income tax expenses (Continued)

#### PRC dividend withholding tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed out from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. Kongyue Information has obtained the approval of the 5% withholding tax rate. During the period, the Group has made provision for withholding income tax of RMB2,000,000 in respect of the profit distributed by Kongyue Information (six months ended 30 June 2012: RMB500,000). The Group has not made provision of deferred income tax of RMB1,944,000 (31 December 2012: RMB2,632,000) for the unremitted earnings of the PRC subsidiaries of RMB38,880,000 (31 December 2012: RMB52,633,000) as the Group does not have a plan to distribute these earnings out of the PRC.

#### Overseas income tax

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

### 15. Earning per share

	Six months ended 30 June	
	2013	2012
<b>— Basic</b>		
Profit attributable to the shareholders of the Company (RMB'000)	<b>27,181</b>	20,591
Weighted average number of ordinary shares in issue (shares in thousands)	<b>559,992</b>	559,992
Basic earnings per share (RMB per share)	<b>0.049</b>	0.037
<b>— Diluted</b>		
Profit attributable to the shareholders of the Company (RMB'000)	<b>27,181</b>	20,591
Weighted average number of ordinary shares in issue (shares in thousands)	<b>559,992</b>	559,992
Adjustments for share options (shares in thousands)	<b>53</b>	34
Diluted earnings per share (RMB per share)	<b>0.049</b>	0.037

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 16. Dividends

	Six months ended 30 June	
	2013	2012
Interim dividends (note (a))	20,036	20,616

- (a) Interim dividends in respect of six months ended 30 June 2013 of HK\$0.045 per ordinary share (six months ended 30 June 2012: HK\$0.045 per ordinary share) totaling approximately HK\$25,200,000 (equivalent to RMB20,036,000) have been declared out of retained earnings of the Company at the Board meeting on 22 August 2013 (six months ended 30 June 2012: RMB20,616,000).
- (b) A Final dividend in respect of 2012 of HK\$0.044 per ordinary share approximately HK\$24,640,000 (equivalent to RMB19,727,000) have been declared 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 RMB77,561,000) have been declared out of share premium of the Company, respectively, in the Company's Annual General Meeting on 6 May 2013, which have been paid during the six months ended 30 June 2013.

### 17. Commitments

#### (i) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30 June 2013	31 December 2012
No later than 1 year	2,076	1,894
Later than 1 year and not later than 5 years	753	450
	<b>2,829</b>	2,344

#### (ii) Other commitments

	As at	
	30 June 2013	31 December 2012
Contracted but not provided for — Loan facility to be provided to an associate	1,792	—

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 18. Significant related party transactions

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

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

#### (i) Purchases of goods from related parties controlled by the Au Family

	Six months ended 30 June	
	2013	2012
Purchases of goods from related parties (note (a))	14,100	14,586

#### (ii) Key management compensation

	Six months ended 30 June	
	2013	2012
Salary and other short-term employee benefits	3,052	2,747
Share options	44	42
Retirement scheme contribution	51	30
	3,147	2,819

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

(All amounts in Renminbi Yuan thousands unless otherwise stated)

### 18. Significant related party transactions (Continued)

#### (iii) Period-end balances with related parties controlled by the Au Family

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
Trade and other receivables (note (b))	<b>1,783</b>	2,420
Trade payables (note (b))	<b>3,182</b>	2,352

- (a) Purchase transactions are negotiated with related parties in the normal course of business.
- (b) All balances with related parties are unsecured, interest free and repayable on demand.

# Other Information

## Disclosure of Interests

### (a) Interests and Short Positions of the Directors and Chief Executive of the Company

As at 30 June 2013, 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 the Securities and Futures Ordinance ("SFO")) which are required to be notified 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 taken under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

<b>Name of Director</b>	<b>Company/Name of associated corporation</b>	<b>Capacity</b>	<b>Number of shares held</b> <sup>(Note 1)</sup>
Mr. Au Pak Yin ("Mr. Au")	Company	Interest in controlled corporation <sup>(Note 2)</sup>	394,285,533 shares (L)
Mr. Au	Kytronics Holdings Limited ("Kytronics")	Beneficial owner	2 ordinary shares (L)
Mr. Au Kwok Lun	Kytronics	Beneficial owner	1 ordinary share (L)
Mr. Ou Guo Liang	Kytronics	Beneficial owner	1 ordinary share (L)

Notes:

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

Save as disclosed above, as at 30 June 2013, 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 required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

## Other Information (Continued)

### (b) Substantial Shareholders and Other Person's Interest in the Shares

As at 30 June 2013, as far as is known to the directors and the chief executive of the Company, the following person (not being a director or chief executive of the Company) had an interest of short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Company/Name of associated corporation	Capacity	Number of shares held	Percentage of total issued share capital <sup>(Note 1)</sup>
Kytronics	Company	Beneficial Owner	394,285,533 <sup>(Note 2)</sup>	70.41%(L)
Tai Noi Kit	Kytronics	Interest in controlled corporation	394,285,533 <sup>(Note 2)</sup>	70.41%(L)
Kent C. McCarthy	Company	Interest in controlled corporation	44,960,000 <sup>(Note 3)</sup>	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. The issued share capital of Kytronics is owned as to 20% by each of Ms. Tai Noi Kit ("Ms. Tai") and her spouse Mr. Au. Ms. Tai is therefore deemed to be interested in these shares by virtue her interests in Kytronics pursuant to Part XV of the SFO.
3. The 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 30 June 2013, 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.

## Other Information (Continued)

### Share Option Scheme

Details of the share option scheme were set out in the published annual report of the Company for the year ended 31 December 2012.

The following table discloses movements in the Company's share options during the six months ended 30 June 2013:

Name	Date of grant	Exercise price HK\$	Outstanding at 1 January 2013	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2013	Exercise period
Employees — Type 1	3 July 2008	0.63	300,000	—	—	—	<b>300,000</b>	Six years from the date of grant <sup>(Note 1)</sup>
Employees — Type 3	22 July 2011	1.00	5,490,000	—	—	—	<b>5,490,000</b>	Six years from the date of grant <sup>(Note 2)</sup>
Total			5,790,000	—	—	—	<b>5,790,000</b>	

Notes:

1. The first 25% of the option can be exercised from the date of grant. The next 25% of the option will become exercisable at the end of nine months after the date of grant. The third 25% of the option will become exercisable at the end of 21 months after the date of grant. The remaining 25% of the option will become exercisable at the end of 33 months after the date of grant.
2. The first 25% of the option can be exercisable at any time on and after the first anniversary of the grant of the option. The next 25% of the option can be exercisable at any time commencing from the second anniversary of the grant of the option. The third 25% of the option can be exercisable at any time commencing from the third anniversary of the grant of the option. The remaining 25% of the option can be exercisable at any time commencing from the fourth anniversary of the grant of the option.

### Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### Compliance with the Corporate Governance Code

The Company has adopted and complied with all the code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2013, save as disclosed below.

Under code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors should attend the general meetings of the Company. In accordance with the requirements of code provision E.1.2 of the Corporate Governance Code, the chairman of the Board should attend the annual general meeting. However, due to other business commitment, the chairman of the Board, Mr. Au Pak Yin and the independent non-executive Directors, Mr. Meng Yan and Mr. Xu Guangmao did not attend the annual general meeting of the Company held on 6 May 2013.

## Other Information (Continued)

At the annual general meeting of the Company, there were executive Director and other independent non-executive Director and non-executive Director present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

### Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Code during the six months ended 30 June 2013 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the period.

### Review of Condensed Consolidated Interim Financial Information

The audit committee of the Company (the "Audit Committee") is composed of three independent non-executive Directors. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2013 had been reviewed by the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2013 had been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### Publication of the Interim Report

This interim report of the Company is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jolimark.com](http://www.jolimark.com)). The report for the Interim Period containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 22 August 2013