

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



JOLIMARK HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2028)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

UNAUDITED CONSOLIDATED RESULTS

The board (the “Board”) of directors (the “Directors”) of Jolimark Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016, together with the comparative figures for the corresponding period of last year as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

| | | Six months ended 30 June | |
|-----------------------------------|-------------|---------------------------------|------------------|
| | <i>Note</i> | 2016 | 2015 |
| | | Unaudited | Unaudited |
| | | RMB'000 | RMB'000 |
| Revenue | 4 | 233,275 | 209,509 |
| Cost of goods sold | | (144,685) | (126,752) |
| Gross profit | | 88,590 | 82,757 |
| Other income | | 4,647 | 6,659 |
| Selling and marketing costs | | (17,400) | (14,106) |
| Administrative expenses | | (20,385) | (23,723) |
| Research and development expenses | | (13,843) | (12,020) |
| Other gains – net | | 1,123 | 24,947 |

| | | Six months ended 30 June | |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------------------|------------------|
| | <i>Note</i> | 2016 | 2015 |
| | | Unaudited | Unaudited |
| | | RMB'000 | RMB'000 |
| Operating profit | | 42,732 | 64,514 |
| Finance costs – net | | (1,254) | (1,245) |
| Share of losses of associates | | (638) | (2) |
| | | <hr/> | <hr/> |
| Profit before income tax | | 40,840 | 63,267 |
| Income tax expenses | 5 | (9,477) | (13,358) |
| | | <hr/> | <hr/> |
| Profit for the period | | 31,363 | 49,909 |
| | | <hr/> | <hr/> |
| Profit attributable to: | | | |
| – Shareholders of the Company | | 31,389 | 49,906 |
| – Non-controlling interests | | (26) | 3 |
| | | <hr/> | <hr/> |
| | | 31,363 | 49,909 |
| | | <hr/> | <hr/> |
| Earnings per share for profit attributable to the shareholders of the Company during the period (expressed in RMB per share) | | | |
| – Basic | 6 | 0.050 | 0.084 |
| | | <hr/> | <hr/> |
| – Diluted | 6 | 0.050 | 0.083 |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|-------------------------------------------------------------------|-----------------------------|-----------------------------|
| | 2016 | 2015 |
| | Unaudited <i>RMB'000</i> | Unaudited <i>RMB'000</i> |
| Profit for the period | 31,363 | 49,909 |
| Other comprehensive income for the period | <u>—</u> | <u>—</u> |
| Total comprehensive income for the period | <u>31,363</u> | <u>49,909</u> |
| Total comprehensive income for the period attributable to: | | |
| – Shareholders of the Company | 31,389 | 49,906 |
| – Non-controlling interests | <u>(26)</u> | <u>3</u> |
| | <u>31,363</u> | <u>49,909</u> |

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

| | | As at | |
|-------------------------------------------------------------------------|------|----------------|----------------|
| | | 30 June | 31 December |
| | Note | 2016 | 2015 |
| | | Unaudited | Audited |
| | | RMB'000 | RMB'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 86,637 | 88,642 |
| Land use rights | | 8,735 | 8,877 |
| Intangible assets | | 9,188 | 9,463 |
| Investments accounted for using the equity method | | 9,538 | 10,176 |
| Available-for-sale financial assets | | 3,349 | 3,349 |
| Deferred income tax assets | | 2,186 | – |
| Restricted cash | | 100 | 160 |
| Total non-current assets | | 119,733 | 120,667 |
| Current assets | | | |
| Inventories | | 107,698 | 102,367 |
| Trade and other receivables | 8 | 27,777 | 28,666 |
| Financial assets at fair value through profit or loss | | 4,864 | 5,426 |
| Restricted cash | | 30,273 | 30,289 |
| Cash and cash equivalents | | 293,460 | 308,739 |
| Total current assets | | 464,072 | 475,487 |
| Total assets | | 583,805 | 596,154 |
| EQUITY | | | |
| Capital and reserves attributable to shareholders of the Company | | | |
| Share capital and premium | | 148,569 | 147,449 |
| Other reserves | | 235,037 | 232,769 |
| Retained earnings | | 66,784 | 68,395 |
| | | 450,390 | 448,613 |
| Non-controlling interests | | 34 | 60 |
| Total equity | | 450,424 | 448,673 |

| | | As at | |
|----------------------------------------------|-------------|---------------------------------------------------|-------------------------------------------|
| | <i>Note</i> | 30 June 2016 Unaudited RMB'000 | 31 December 2015 Audited RMB'000 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred income tax liabilities | | <u>1,068</u> | <u>799</u> |
| Current liabilities | | | |
| Trade and other payables | 9 | 93,312 | 112,814 |
| Current income tax liabilities | | 8,779 | 4,243 |
| Borrowings | | <u>30,222</u> | <u>29,625</u> |
| | | <u>132,313</u> | <u>146,682</u> |
| Total liabilities | | <u>133,381</u> | <u>147,481</u> |
| Total equity and liabilities | | <u><u>583,805</u></u> | <u><u>596,154</u></u> |
| Net current assets | | <u><u>331,759</u></u> | <u><u>328,805</u></u> |
| Total assets less current liabilities | | <u><u>451,492</u></u> | <u><u>449,472</u></u> |

NOTES

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 manufacturing and selling 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 24 August 2016.
- (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 2016 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 2015, 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 2015, as described in those annual financial statements.

(a) Effect of adopting new standards and amendments to standards

The following standards have been adopted by the Group for the first time for the year begin on or after 1 January 2016. The adoption of these new and amended standards and interpretations does not have significant impact to the results or financial position of the Group.

| | |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Annual Improvements Project | Annual improvements 2012-2014 cycle |
| HKFRS 14 | Regulatory Deferral Accounts |
| HKFRS 11 (Amendment) | Accounting for acquisitions of interests in joint operation |
| HKAS 16 (Amendment) and HKAS 38 (Amendment) | Clarification of acceptable methods of depreciation and amortisation |
| HKAS 16 (Amendment) and HKAS 41 (Amendment) | Agriculture: bearer plants |
| HKAS 27 (Amendment) | Equity method in separate financial statements |
| HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 28 (Amendment) | Investment entities: applying the consolidation exception |
| HKAS 1 (Amendment) | Disclosure initiative |

(b) New and amended standards and interpretations issued but are not effective for six months ended 30 June 2016 and have not been early adopted by the Group.

| | | Effective for annual periods <u>beginning on or after</u> |
|-------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| HKAS 12 (Amendment) | Income taxes | 1 January 2017 |
| HKAS 7 (Amendment) | Statement of cash flows | 1 January 2017 |
| HKFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| HKFRS 9 | Financial instruments | 1 January 2018 |
| HKFRS 16 | Leases | 1 January 2019 |
| HKFRS 10 and HKAS 28 (Amendment) | Sale or contribution of assets between an investor and its associate or joint venture | A date to be determined by the IASB |

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.

4. 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. During the period, “Kamo” mobile payment and Yingmei.me O2O cloud printing business were in trial run stage which is not material to the Group’s consolidated financial statements. Accordingly, it has not been disclosed as a separate segment.

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, research and development expenses, other gains – net, income tax expenses, finance costs – net, 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 2016 are as follows:

| | Printer and tax control equipment <i>RMB’000</i> | Other electronic products manufacturing <i>RMB’000</i> | Total <i>RMB’000</i> |
|-----------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------|
| Revenue (from external customers) (note (a)) | 207,661 | 25,614 | 233,275 |
| Segment results | 64,883 | 5,669 | 70,552 |
| Other income | | | 4,647 |
| Administrative expenses | | | (20,385) |
| Research and development expenses | | | (13,843) |
| Other gains – net | | | 1,123 |
| Finance costs – net | | | (1,254) |
| Income tax expenses | | | (9,477) |
| Profit for the period | | | <u>31,363</u> |
| Segment results include: | | | |
| Share of losses of associates | (638) | – | (638) |
| Depreciation and amortisation | <u>(2,290)</u> | <u>(642)</u> | <u>(2,932)</u> |

The segment revenue and results and the reconciliation with profit for the six months ended 30 June 2015 are as follows:

| | Printer and tax control equipment <i>RMB'000</i> | Other electronic products manufacturing <i>RMB'000</i> | Total <i>RMB'000</i> |
|-----------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------|
| Revenue (from external customers) (note (a)) | <u>174,778</u> | <u>34,731</u> | <u>209,509</u> |
| Segment results | <u>61,213</u> | <u>7,436</u> | 68,649 |
| Other income | | | 6,659 |
| Administrative expenses | | | (23,723) |
| Research and development expenses | | | (12,020) |
| Other gains – net | | | 24,947 |
| Finance costs – net | | | (1,245) |
| Income tax expenses | | | <u>(13,358)</u> |
| Profit for the period | | | <u><u>49,909</u></u> |
| Segment results include: | | | |
| Share of losses of an associate | (2) | – | (2) |
| Depreciation and amortisation | <u>(3,331)</u> | <u>(531)</u> | <u>(3,862)</u> |

(a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

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

| | <u>Six months ended 30 June</u> | |
|--------------------|---------------------------------|------------------------|
| | 2016 <i>RMB'000</i> | 2015 <i>RMB'000</i> |
| In the PRC | 192,894 | 168,873 |
| In other countries | <u>40,381</u> | <u>40,636</u> |
| | <u>233,275</u> | <u>209,509</u> |

(c) For the six months ended 30 June 2016, approximately 10% of total revenue (six months ended 30 June 2015: approximately 15%) is derived from a single external customer, which is in the segment of other electronic products manufacturing.

5. INCOME TAX EXPENSES

| | <u>Six months ended 30 June</u> | |
|--------------------------------|---------------------------------|------------------------|
| | 2016 <i>RMB'000</i> | 2015 <i>RMB'000</i> |
| Current income tax | | |
| – Hong Kong profits tax | 365 | – |
| – PRC corporate income tax | 7,929 | 10,823 |
| – PRC dividend withholding tax | 3,100 | 2,474 |
| | <u>11,394</u> | <u>13,297</u> |
| Deferred income tax | (1,917) | 61 |
| | <u><u>9,477</u></u> | <u><u>13,358</u></u> |

The Group's applicable tax rates of Hong Kong profits tax, PRC corporate income tax and PRC withholding income tax for the six months ended 30 June 2016 are 16.5%, 15% and 5%, respectively (six months ended 30 June 2015: 16.5%, 15% and 5%).

6. EARNINGS PER SHARE

| | <u>Six months ended 30 June</u> | |
|---------------------------------------------------------------------------------------------------|---------------------------------|---------------------|
| | 2016 | 2015 |
| – Basic | | |
| Profit attributable to the shareholders of the Company (<i>RMB'000</i>) | 31,389 | 49,906 |
| Weighted average number of ordinary shares in issue (<i>shares in thousands</i>) | 624,480 | 597,396 |
| Basic earnings per share (<i>RMB per share</i>) | <u><u>0.050</u></u> | <u><u>0.084</u></u> |
| – Diluted | | |
| Profit attributable to the shareholders of the Company (<i>RMB'000</i>) | 31,389 | 49,906 |
| Weighted average number of ordinary shares in issue (<i>shares in thousands</i>) | 624,480 | 597,396 |
| Adjustments for share options (<i>shares in thousands</i>) | 972 | 6,373 |
| Weighted average number of ordinary shares for diluted earnings (<i>shares in thousands</i>) | 625,452 | 603,769 |
| Diluted earnings per share (<i>RMB per share</i>) | <u><u>0.050</u></u> | <u><u>0.083</u></u> |

7. DIVIDENDS

| | <u>Six months ended 30 June</u> | |
|-----------------------------------------------|---------------------------------|------------------------|
| | 2016 <i>RMB'000</i> | 2015 <i>RMB'000</i> |
| Proposed interim dividend (<i>note (a)</i>) | 28,000 | 47,000 |
| Proposed special dividend (<i>note (b)</i>) | 150,026 | – |
| | 178,026 | 47,000 |

- (a) At the meeting of board of directors held on 24 August 2016, the directors of the Company proposed an interim dividend for the six months ended 30 June 2016 of RMB0.0448 per ordinary share totaling RMB28,000,000 (based on the number of ordinary share in issue as at 30 June 2016) out of the retained earnings of the Company.
- (b) A special dividend of RMB0.2400 per ordinary share totaling RMB150,026,000 (based on the number of ordinary share in issue as at 30 June 2016) was proposed by the directors of the Company at the same meeting of board of directors held on 24 August 2016, which will be distributed out of the retained earnings and share premium of the Company.

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 30 June 2016, the ageing analysis of the trade receivables is as follows:

| | <u>As at</u> | |
|-------------------|----------------------------------|---------------------------------------|
| | 30 June <i>RMB'000</i> | 31 December 2015 <i>RMB'000</i> |
| Less than 30 days | 7,509 | 10,819 |
| 31-90 days | 2,316 | 1,254 |
| 91-180 days | 1,103 | 676 |
| 181-365 days | 1,139 | 238 |
| Over 365 days | 389 | 1,241 |
| | 12,456 | 14,228 |

9. TRADE AND OTHER PAYABLES

At 30 June 2016, the ageing analysis of the trade payables, including amounts due to related parties in trading nature, is as follows:

| | <u>As at</u> | |
|-------------------|-------------------------|---------------------|
| | 30 June 2016 | 31 December 2015 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Less than 30 days | 44,659 | 20,966 |
| 31-90 days | 5,893 | 11,813 |
| 91-180 days | 1,181 | 249 |
| 181-365 days | 94 | 355 |
| Over 365 days | 1,444 | 2,213 |
| | <u>53,271</u> | <u>35,596</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

For the first half of 2016, the Group's turnover amounted to approximately RMB233,275,000, representing an increase of approximately 11% as compared to the first half of last year. The after-tax profit amounted to approximately RMB31,363,000, representing a decrease of approximately 37% as compared to the same period of last year. The after-tax profit after deducting non-operating gains amounted to approximately RMB28,073,000, representing an increase of approximately 18% as compared to the first half of last year (30 June 2015: approximately RMB23,871,000). Revenue from the printer and tax control equipment business increased by approximately 19% as a result of the full implementation of the "BT to VAT" policy (replacing business tax with value-added tax) in China, while the revenue from other electronic products manufacturing decreased by approximately 26%, primarily attributable to the declining demand overseas.

Future Business Outlook

"BT to VAT"

From 1 May 2016 onwards, China started to fully implement the "BT to VAT" tax system reform policy and extended the policy to the architectural, real estate, financial and daily life services sectors, covering more than 11 million taxpayers. This is a favorable move for the dot matrix printers market. A sustained increase in demand can also be expected in addition to the one-off rise in demand resulting from the "BT to VAT" policy. New taxpayers will henceforth be included as value-added taxpayers upon the completion of registration, thus expanding the coverage of printer users. The benefit of the "BT to VAT" policy had evident positive effects on the Company's results for the first half of 2016.

Inkjet Printer

The State Administration of Taxation issued the “*Notice on the Issues Concerning the Implementation of the Regular Electronic Value Added Tax Invoice Issued by the Electronic Value-Added Tax Invoice System*” in November 2015, which became effective on 1 January 2016. The IP-800 continuous feeding inkjet printers recently launched by the Company have met the requirements for the implementation of the electronic invoicing. IP-800 is the only inkjet printer in the market equipped with both continuous feeding and flat-bed sheet feeding functions. The printer adopts a continuous ink supply system which offers extremely low operating costs to the users. It also adopts a pigment ink, which is waterproof, alcohol-proof, ultraviolet-resistant and has anti-oxidation characteristics. This printer is therefore suited to the production of printed invoices for long term record keeping. An electronic invoice requires the printing of the headline, table line and invoice content on a single page, the printer functions required for electronic invoicing are therefore much more demanding for printers. In this regard, IP-800 provides faster, quieter and higher quality printing than the dot matrix printers. In addition, the size of a standard invoice is half of an A4 paper. Equipped with a paper cutting tool, IP-800 can cut paper in accordance with the actual size of the electronic invoice, thus reducing paper wastage. IP-800 is a superior product for the Company to compete with rivals under the new market conditions. The Company plans to launch inkjet printers within the year and color multifunction printers (combining printing, copy and scanning functions) next year for office use for small and medium-sized enterprises. This will greatly expand the Company’s market in printer business. The Company’s printers adopt a continuous ink supply system, which cuts the per-page cost of black-and-white printing to below RMB0.01 and provides convenient cloud printing over mobile phones. It ends the monopoly by foreign brands. Compared with laser printers, printers adopting a continuous ink supply system have lower costs of use and generate zero ozone pollution in the office. Therefore, such inkjet printers have enjoyed a huge market and a consistent rise in sales in recent years, and are beginning to encroach into part of the market shares of the laser printers.

Android POS All-in-one Terminal

The Android POS All-in-one Terminal (with Android computer and printer functions), the latest offering of the Company, is the only Android platform product equipped with a 7” touch-screen panel with a built-in printer, which can be applied to print invoice, commercial retailing POS and O2O mobile on-line marketing platform and is promising in gaining market share. The promising future of a broader application has been confirmed in the first half of 2016. For example, the Android POS All-in-one Terminal has been promoted in various provinces and municipalities across China as a network invoicing machine. After the full implementation of the “BT to VAT” tax system reform policy, the Android POS All-in-one Terminal has competitive advantages in acquiring the market for small scale taxpayers with its unique features such as convenient usage, simple maintenance, lower costs and less desktop space requirements. Development of the “Kamo” all-in-one machine was successfully completed and has become a self-controlling O2O mobile Internet marketing platform for merchants. The “Kamo” cash register systems for beauty, retailing and catering sectors will also be launched as additional application enhancements to the Android POS All-in-one Terminal.

Passbook Printer

The Company extended its achievement of passbook printers in the first half of 2016 after achieving a record sales in 2015. To further strengthen the competitiveness of our product offerings, the Company has developed dedicated PPII, 4722 and 9068 simulation systems. The addition of a self-developed high-speed double-sided scanning function to its major product BP-900KII has significantly cut the scanning cost. Moreover, the Company has also successfully developed intelligent all-in-one passbook printers that integrate the functions of magnetic stripe card readers, contact and non-contact IC readers, color double-sided scanners and important certificate infrared scanners. All these new achievements will strengthen the Company's competitiveness in passbook printers in the financial sector.

“Kamo” Mobile Payment

“Kamo” mobile payment system saw rapid market development in the first half of 2016. The latest statistics showed that the system has served more than 15,000 merchants. With improved functions, “Kamo” all-in-one terminal and cash register systems under development for beauty, retailing and catering industries will provide merchants with complete solutions comprising hardware, industry management software, customer management platform, online marketing platform and payment platform.

“Yingmei.me” Cloud Printing and cloud-based bill printing platform

The Company launched the charge-based “Yingmei.me” cloud printing O2O version in the first half of 2016, which allows users to upload local files in mobile phones, to place an order, to make payments, to print and refund and display promotions based on geographical locations. Meanwhile, the Company also launched “Yingmei.me” WeChat Official Account version 1.0. A few hundreds of merchants had registered during the initial trial period. The cloud-based bill printing platform, by providing open cloud-based printing interfaces for third-party apps, can simply and rapidly print bills. It supports Yingmei thermal printers, dot matrix printers and inkjet printers and is applicable to catering, food delivery and e-commerce scenarios. The system will go online in the second half of 2016 and is expected to cooperate with platforms such as Youzan, Baidu Waimai and Meituan Waimai.

2016 Outlook

Looking forward to the full year of 2016, “BT to VAT” will bring favorable conditions, but the macro economy is still subject to downward pressures, and the considerable investment in development of new products and new businesses also bring along some uncertainties. Thus, the Company takes a prudent attitude towards its business throughout 2016.

Financial Review

Results Summary

For the first half of 2016, the Group's turnover amounted to approximately RMB233,275,000, representing an increase of approximately 11% as compared to the first half of last year. The after-tax profit amounted to approximately RMB31,363,000, representing a decrease of approximately 37% as compared to the same period of last year. The after-tax profit after deducting non-operating gains increased by 18% to approximately RMB28,073,000 (30 June 2015: RMB23,871,000); the basic earnings per share were approximately RMB0.050 (30 June 2015: RMB0.084).

Analysis on Sales and Gross Profit

For the first half of 2016, the revenue of the Group increased by approximately 11% to approximately RMB233,275,000 as compared to the first half of last year, in which the revenue from printer and tax control equipment business, which was the main contributor to the total revenue of the Group, amounted to approximately RMB207,661,000, accounted for approximately 89% of total revenue of the Group, representing an increase of approximately 19% as compared to the first half of last year, whereas the revenue from other electronic products manufacturing amounted to approximately RMB25,614,000, accounted for approximately 11% of the total revenue of the Group, representing a decrease of approximately 26% as compared to the first half of last year.

For the first half of 2016, the Group's gross profit margin was 38%, representing a decrease of approximately 1.5% from the first half of 2015. The decrease in gross profit margin was mainly attributable to a decrease in the average selling price of Jolimark printers which caused by an increase in proportion of small- to medium-scale taxpayers resulting from the "BT to VAT" policy and their preference for products with lower sourcing prices.

Capital Expenditure

As at 30 June 2016, capital expenditure of the Group amounted to approximately RMB2,147,000, which was mainly used to acquire production equipment, decoration of office building and moulds for new products.

Financial and Liquidity Position

As at 30 June 2016, the total assets of the Group amounted to approximately RMB583,805,000 (31 December 2015: RMB596,154,000), shareholder's fund amounted to approximately RMB450,390,000 (31 December 2015: RMB448,613,000), non-controlling interests amounted to approximately RMB34,000 (31 December 2015: RMB60,000), and current liabilities amounted to approximately RMB132,313,000 (31 December 2015: RMB146,682,000), the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 3.5 (31 December 2015: 3.2). The increase in current ratio was mainly attributable to a decrease in current liabilities by RMB14,369,000 in the first half of 2016.

As at 30 June 2016, the cash and cash equivalents, restricted cash and the structured deposits of the Group amounted to approximately RMB323,833,000 (31 December 2015: RMB339,188,000) in aggregate, whereas the bank borrowings of the Group amounted to approximately RMB30,222,000 (31 December 2015: RMB29,625,000). The Group was in a net cash position after deducting the borrowings.

As at 30 June 2016, the Group held financial assets (being securities of an A-share company, shares of which are listed and traded on China's A-share securities market) at fair value through profit or loss in the amount of approximately RMB4,864,000 (31 December 2015: RMB5,426,000). No outstanding bank acceptance bills received from customers as at 30 June 2016 (31 December 2015: RMB2,739,000). Save as otherwise, the Company held no other significant investment during the six months ended 30 June 2016.

Pledge of Assets

As of 30 June 2016, deposits with certain banks totaling RMB30,000,000 (31 December 2015: RMB30,000,000) were pledged as securities for bank loans facilities. The pledged bank deposits will be released upon the settlement of relevant bank loans.

Foreign Currency Risks

The Group mainly operates in mainland China with most of the transactions denominated and settled in RMB, however, the Group is exposed to foreign exchange risks for assets and liabilities denominated in United States dollars ("US\$"), Japanese Yen ("JPY"), Euro and Hong Kong dollars ("HK\$") arising from importation of certain raw materials and machinery from overseas suppliers, sales of goods to overseas customers and borrowing that are denominated in foreign currencies. As at 30 June 2016, the Group had more monetary financial liabilities than financial assets outside the mainland China.

The Group manages and monitors its foreign exchange risks by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact from exchange rate fluctuations by reducing the financial liabilities if needed.

Acquisition and Disposal

The Group had no material acquisition and/or disposal during the six months ended 30 June 2016.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2016.

Subsequent events

The Group acquired 20% of the share capital of Wuhan Shuyuan Network Technology Company Limited (“Wuhan Shuyuan”) for a cash consideration of RMB9,000,000 on 21 July 2016. Wuhan Shuyuan is a PRC registered high-tech company engaged in sales of software products, development, manufacturing and selling of software and hardware products and provision of software-related services.

On 27 July 2016, the Group entered into an equity share subscription agreement with Gowin Technology International Holdings Limited (“Gowin”), to further acquire 15% equity interest of Gowin with the consideration of HK\$1. After the completion date, the Group will hold 65% equity interest of Gowin. Gowin is a HK registered high-tech company engaged in research and development of internet technology and electronic products. On the same day, the Group has entered into a loan facilities agreement with Gowin in the total principal amount of HK\$3,800,000, interest-free and with no guarantee.

Staff

As at 30 June 2016, the Group employed a total of 1,665 staff (31 December 2015: 1,397 staff). Apart from 26 employees employed in Hong Kong and overseas, the rest were based in mainland China. The Group determined its remuneration and bonus policies for all employees with reference to the business results and individual performance of the staff. In addition, fringe benefits, such as social security insurance, medical allowance and housing provident fund, were provided to ensure the competitiveness of the Group. In addition, the Group has adopted a share option scheme with the objective to reward and incentivize its employees.

Proposed Interim and Special Dividend and Closure of Register of Members

The Board recommended to declare an interim dividend for the six months ended 30 June 2016 of RMB0.0448 per share and a special dividend of RMB0.2400 per share to shareholders whose names appear on the register of members of the Company on 15 September 2016. The interim dividend and the special dividend will be paid on or before Tuesday, 25 October 2016.

The proposed interim dividend and the special dividend shall be declared in RMB and paid in Hong Kong dollars. The interim dividend and the special dividend payable in Hong Kong dollars will be converted from RMB to Hong Kong dollars based on an exchange rate which was the average middle exchange rates for RMB to Hong Kong dollars announced by the People’s Bank of China for the week prior to the date of the declaration of the interim dividend and the special dividend.

The average of the middle exchange rate for RMB to Hong Kong dollars as announced by the People's Bank of China for the week from Wednesday, 17 August 2016 to Tuesday, 23 August 2016 prior to 24 August 2016, the date on which the interim dividend and the special dividend was declared RMB0.8558 to HK\$1.00. Accordingly, the amount of interim dividend and the special dividend payable in Hong Kong dollars will be HK\$0.0523 per share and HK\$0.2804 per share, respectively.

For the purpose of ascertaining shareholders' entitlement to the proposed interim dividend and special dividend, the register of members of the Company will be closed from Tuesday, 13 September 2016 to Thursday, 15 September 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend 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, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 12 September 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain high corporate governance standard and has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as in effective from time to time (the "CG Code") during the six months ended 30 June 2016, save for the deviation from code provision E.1.2 below.

In accordance with the requirements of code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. However, due to other business commitments, the chairman of the Board, Mr. Au Pak Yin, was unable to attend the annual general meeting of the Company held on 17 May 2016.

At the annual general meeting of the Company held on 17 May 2016, there was one executive Director and other independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

BUY BACK, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Issue of shares pursuant to share option scheme

During the six months ended 30 June 2016, the Company has allotted and issued 212,500 and 727,500 new shares pursuant to the exercise of share options granted pursuant to the share option scheme adopted by the Company on 13 June 2005 at an exercise price of HK\$1.00 and HK\$1.18 each, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries bought back, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2016 and all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2016.

REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The audit committee of the Company (the "Audit Committee") is composed of four independent non-executive Directors. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2016 had been reviewed by the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2016 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 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jolimark.com). The interim report of the Company for the six months ended 30 June 2016 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, 24 August 2016

As at the date of this announcement, 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.