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

**RENEWAL OF CONTINUING CONNECTED TRANSACTION**

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**The Guangdong Precision Master Agreement**

Reference is made to circular of the Company dated 29 November 2013 in respect of the Existing CCT Agreement entered by the Group with Guangdong Precision, pursuant to which the Group agreed to purchase plastic parts, components and molds from Guangdong Precision for a period of three years from 1 January 2014 to 31 December 2016. As the Existing CCT Agreement is due to expire on 31 December 2016 and in order to continue the transactions under the Existing CCT Agreement, on 27 October 2016, the Group entered into the Guangdong Precision Master Agreement to renew the Existing CCT Agreement for a period commencing from 1 January 2017 to 31 December 2019.

Guangdong Precision is a company held as to 100% by Mr. Au. As Mr. Au, an executive Director, through Kytronics Holdings, are controlling shareholders of the Company holding approximately 66.08% of the issued share capital of the Company as at the date of this announcement, Guangdong Precision is therefore an associate of a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the entering into of the Guangdong Precision Master Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the relevant applicable percentage ratios set out in the Listing Rules in respect of the annual caps under the Guangdong Precision Master Agreement are, on an annual basis, more than 5%, the transactions contemplated under the Guangdong Precision Master Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

As at the date of this announcement, Kytronics Holdings, which is held as to 100% by KGL, which in turn is 100% held by FHL, a company wholly-owned by Mr. Au, is interested in approximately 66.08% of the issued share capital of the Company. Accordingly, Kytronics Holdings and its associates are considered to be interested in the transactions contemplated under the Guangdong Precision Master Agreement and will abstain from voting at the EGM to be convened to approve the Guangdong Precision Master Agreement.

Mr. Au Pak Yin, an executive Director, is beneficially interested in the entire equity interest of Guangdong Precision. Further, Mr. Au Kwok Lun and Mr. Ou Guo Liang, each an executive Director, are the sons of Mr. Au. Accordingly, Mr. Au Pak Yin, Mr. Au Kwok Lun and Mr. Ou Guo Liang are considered to have a material interest in the continuing connected transaction under the Guangdong Precision Master Agreement and have abstained from voting on the Board resolutions proposed at the meeting of the Board held to approve these transactions.

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders on the continuing connected transaction under the Guangdong Precision Master Agreement. An Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Guangdong Precision Master Agreement and its annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) details of the Guangdong Precision Master Agreement; (ii) a letter from an Independent Financial Adviser containing its advice on the Guangdong Precision Master Agreement; (iii) the recommendation of the Independent Board Committee; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 18 November 2016.

## **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

### **Background**

Reference is made to circular of the Company dated 29 November 2013 in respect of the Existing CCT Agreement entered by the Group with Guangdong Precision, pursuant to which the Group agreed to purchase plastic parts, components and molds from Guangdong Precision for a period of three years from 1 January 2014 to 31 December 2016. As the Existing CCT Agreement is due to expire on 31 December 2016 and in order to continue the transactions under the Existing CCT Agreement, on 27 October 2016, the Group entered into the Guangdong Precision Master Agreement to renew the Existing CCT Agreement for a period commencing from 1 January 2017 to 31 December 2019.

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

### **Guangdong Precision Master Agreement**

Date: 27 October 2016

Parties: (i) Kongyue Information, a wholly-owned subsidiary of the Company; and  
(ii) Guangdong Precision.

Guangdong Precision is a limited liability company established in the PRC and is principally engaged in the manufacture of precision plastic parts. It is held as to 100% by Mr. Au. As Mr. Au, an executive Director, through Kytronics Holdings, are controlling shareholders holding approximately 66.08% of the issued share capital of the Company as at the date of this announcement, Guangdong Precision is therefore an associate of a connected person of the Company and accordingly the entering into of the Guangdong Precision Master Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

Term: The Guangdong Precision Master Agreement has a fixed term for the three financial years commencing from 1 January 2017 and ending on 31 December 2019.

Pricing policy: As a general principle, the purchase prices for the plastic parts, components and molds supplied by Guangdong Precision will be determined after arm's length negotiations with reference to the prevailing market prices of similar or comparable products offered by Guangdong Precision to independent third parties, and available from independent third parties.

Subject to the general principle disclosed above, Kongyue Information will also take into account the following factors when determining the purchase price payable by Kongyue Information under the Guangdong Precision Master Agreement: (i) the prevailing market prices of similar products obtained through internal checks and research conducted by Kongyue Information; (ii) the quality and quantity of the products involved; and (iii) the delivery lead time and payment terms offered by Guangdong Precision. In addition to the above, Kongyue Information will periodically obtain market prices of the products through publicly available sources.

The purchase prices will be settled by Kongyue Information on a monthly account basis.

***Cap Amount:***

It is expected that the transaction amount under the Guangdong Precision Master Agreement for each of the three financial years ending 31 December 2019 will not exceed the following annual caps:

	<b>Financial year ending 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Proposed annual cap	24.728	34.620	50.199

The proposed annual caps for the three years ending 31 December 2019 were determined with reference to (i) the historical transaction amounts under the Existing CCT Agreement for the three years ended 31 December 2015 and the nine months ended 30 September 2016; (ii) the expected demand for plastic parts, components and molds taking into consideration of the Group's expected business demand in the coming few years in the number of orders of the Group's products; and (iii) the expected increases in the prices of such parts, components and mold during the term of the Guangdong Precision Master Agreement due to inflation. Further, it is expected that there will be an increase of demand of plastic parts, components and molds required by the Group from the year ending 31 December 2016 to the year ending 31 December 2017 and from the year ending 31 December 2017 to the year ending 31 December 2018 and from the year ending 31 December 2018 to the year ending 31 December 2019 owing to (i) the expected continuous business growth of the Group; and (ii) the expected increase of the orders of the Group's products due to the continued implementation of the "BT to VAT" tax system reform policy (replacing business tax with value-added tax).

The historical transaction amount of purchases by the Group from Guangdong Precision for the three financial years ended 31 December 2015 and the nine months ended 30 September 2016 are as follows:

	For the year ended 31 December			For the nine months ended 30 September
	2013	2014	2015	2016
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million*</i>
Annual cap	36.984	25.859	38.788	43.637 <sup>#</sup>
Actual purchases	17.633	17.344	17.250	13.738

\* *un-audited figures*

<sup>#</sup> *for the entire year*

### ***Reasons for the Guangdong Precision Master Agreement***

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

As part of the Group's ordinary course of business, the Group needs to source various materials including precision plastic parts for use in its production process. Guangdong Precision has established itself as a reliable supplier that can supply products with competitive prices to the Group. Guangdong Precision has been supplying plastic parts, components and molds to the Group, and has been able to meet the Group's stringent quality requirements and delivery schedules. The stable and well-established cooperation history between the Group and Guangdong Precision will ensure the Group to save management time and resources, as well as to better capture operation efficiency as a whole. In addition, the close proximity of Guangdong Precision to the Group's production base would enable the Group to streamline and centralise its direct materials procurement process, which helped reduce overall production cost of the Group.

To ensure competitiveness of the quality and pricing of materials supplied by Guangdong Precision, the Company maintains a regular review and periodic checking process of comparable product offerings in the open market. As the Guangdong Precision Master Agreement was entered into in the usual and ordinary course of business of the Group and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Guangdong Precision Master Agreement and its proposed annual cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Listing Rule Implications***

Guangdong Precision is a company held as to 100% by Mr. Au. As Mr. Au, an executive Director, through Kytronics Holdings, are controlling shareholders of the Company holding approximately 66.08% of the issued share capital of the Company as at the date of this announcement, Guangdong Precision is therefore an associate of a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the entering into of the Guangdong Precision Master Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the relevant applicable percentage ratios set out in the Listing Rules in respect of the annual caps under the Guangdong Precision Master Agreement are, on an annual basis, more than 5%, the transactions contemplated under the Guangdong Precision Master Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **INTERNAL CONTROL**

Subject to the general principle disclosed above, the Company has formulated a purchase management system to monitor the pricing policy of the Group's continuing connected transactions, which involves, (i) a regular review and periodic checking process of all purchased materials supervised and monitored by the relevant personnel and management from the finance department of the Group in charge; and (ii) an annual internal audit review of the purchases made under the continuing connected transactions specifically conducted by the internal audit department of the Group to ensure that the Guangdong Precision Master Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Group as a whole. The relevant personnel and management of the Group will also conduct regular checks to review and assess whether the transactions contemplated under the Guangdong Precision Master Agreement are conducted in accordance with the terms of the Guangdong Precision Master Agreement and in accordance with the aforesaid pricing policy. The independent non-executive Directors would continue to review the transactions contemplated under the Guangdong Precision Master Agreement and the auditors of the Company would also conduct an annual review on the annual caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Guangdong Precision Master Agreement has been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

### **GENERAL**

As at the date of this announcement, Kytronics Holdings, which is held as to 100% by KGL, which in turn is 100% held by FHL, a company wholly-owned by Mr. Au, is interested in approximately 66.08% of the issued share capital of the Company. Accordingly, Kytronics Holdings and its associates are considered to be interested in the transactions contemplated under the Guangdong Precision Master Agreement and will abstain from voting at the EGM to be convened to approve the Guangdong Precision Master Agreement.

Mr. Au Pak Yin, an executive Director, is beneficially interested in the entire equity interest of Guangdong Precision. Further, Mr. Au Kwok Lun and Mr. Ou Guo Liang, each an executive Director, are the sons of Mr. Au. Accordingly, Mr. Au Pak Yin, Mr. Au Kwok Lun and Mr. Ou Guo Liang are considered to have a material interest in the continuing connected transaction under the Guangdong Precision Master Agreement and have abstained from voting on the Board resolutions proposed at the meeting of the Board held to approve these transactions.

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders on the continuing connected transaction under the Guangdong Precision Master Agreement. An Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Guangdong Precision Master Agreement and its annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) details of the Guangdong Precision Master Agreement; (ii) a letter from an Independent Financial Adviser containing its advice on the Guangdong Precision Master Agreement; (iii) the recommendation of the Independent Board Committee; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 18 November 2016.

## **DEFINITIONS**

Unless the context requires otherwise, the use of capitalized terms in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“business day(s)”	a day (other than a Saturday, Sunday or public holidays) on which banks are open for general banking business in Hong Kong;
“China” or “PRC”	the People’s Republic of China;
“Company”	Jolimark Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s) “	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, approve the Guangdong Precision Master Agreement and its proposed annual caps;

“Existing CCT Agreement”	the agreement dated 8 November 2013 between Kongyue Information with Guangdong Precisions, the details of which are disclosed in the announcement of the Company dated 8 November 2013 and the circular of the Company dated 29 November 2013;
“Group”	the Company and its subsidiaries;
“Guangdong Precision”	廣東江裕精密工業製造有限公司 (Guangdong Kong Yue Precision Industry Ltd.), a limited liability company established in the PRC and is 100% owned the by Mr. Au;
“Guangdong Precision Master Agreement”	the master supply agreement dated 27 October 2016 entered into between Guangdong Precision and Kongyue Information for the supply of plastic parts, components and molds by Guangdong Precision to Kongyue Information;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“FHL”	Au Pak Yin, Tai Noi Kit Family Holdings Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Au as at the date of this announcement;
“Independent Board Committee”	an independent committee of the Board, comprising Mr. Lai Ming, Joseph, Mr. Meng Yan, Mr. Xu Guangmao and Mr. Yeung Kwok Keung, all of them being independent non-executive Directors, which has been established by the Board to advise the Independent Shareholders on the continuing connected transaction under the Guangdong Precision Master Agreement;
“Independent Financial Adviser”	a licensed financial institution under the Securities and Future Ordinance, to be appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Guangdong Precision Master Agreement and its annual caps;
“Independent Shareholder(s)”	Shareholders other than those who are not prohibited from voting at the general meeting in connection with the Guangdong Precision Master Agreement;
“KGL”	Kytronics Growth Limited, a company incorporated in the British Virgin Islands and wholly-owned by FHL as at the date of this announcement;

“Kongyue Information”	新會江裕信息產業有限公司 (Kong Yue Electronics & Information Industry (Xin Hui) Ltd.), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company;
“Kytronics Holdings”	Kytronics Holdings Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Au”	Mr. Au Pak Yin, an executive Director and the Chairman of the Company;
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules;
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s) “	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules;
“US\$”	United States dollars, the lawful currency of United States of America; and
“%”	per cent.

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

Hong Kong, 27 October 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.*