

*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)**

### **2017 ANNUAL RESULTS ANNOUNCEMENT**

#### **CONSOLIDATED INCOME STATEMENT**

*FOR THE YEAR ENDED 31 DECEMBER 2017*

	<i>Note</i>	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
Revenue	4	<b>373,188</b>	526,637
Cost of goods sold		<b>(241,790)</b>	(331,730)
<b>Gross profit</b>		<b>131,398</b>	194,907
Other income		<b>7,663</b>	9,962
Selling and marketing expenses		<b>(37,740)</b>	(43,263)
Administrative expenses		<b>(47,065)</b>	(48,629)
Research and development expenses		<b>(28,111)</b>	(26,834)
Other gains – net	5	<b>1,523</b>	376
<b>Operating profit</b>		<b>27,668</b>	86,519
Finance expenses – net	7	<b>(500)</b>	(7,408)
Share of losses of investments accounted for using the equity method		<b>(657)</b>	(606)
Impairment of investment in an associate		<b>(6,443)</b>	–
<b>Profit before income tax</b>		<b>20,068</b>	78,505
Income tax expenses	8	<b>(6,593)</b>	(17,440)
<b>Profit for the year</b>	6	<b>13,475</b>	61,065

		<b>2017</b>	2016
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit attributable to:</b>			
– Shareholders of the Company		<b>13,853</b>	61,176
– Non-controlling interests		<u>(378)</u>	<u>(111)</u>
		<b><u>13,475</u></b>	<b><u>61,065</u></b>
 <b>Earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)</b>			
– Basic	<i>9</i>	<b><u>0.021</u></b>	<u>0.098</u>
– Diluted	<i>9</i>	<b><u>0.021</u></b>	<u>0.098</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>13,475</b>	61,065
Other comprehensive income for the year	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>13,475</u></b>	<b><u>61,065</u></b>
<b>Total comprehensive income for the year attributable to:</b>		
– Shareholders of the Company	<b>13,853</b>	61,176
– Non-controlling interests	<u>(378)</u>	<u>(111)</u>
	<b><u>13,475</u></b>	<b><u>61,065</u></b>

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017	2016
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>94,402</b>	89,488
Land use rights		<b>8,299</b>	8,588
Intangible assets		<b>11,911</b>	12,681
Investments accounted for using the equity method		<b>14,870</b>	18,570
Available-for-sale financial assets		<b>2,556</b>	3,349
Deferred income tax assets		<b>2,190</b>	2,682
Restricted cash		<b>58,120</b>	58,130
Other receivables		<b>1,781</b>	–
		<b>194,129</b>	193,488
<b>Current assets</b>			
Inventories		<b>79,795</b>	89,113
Trade and other receivables	<i>11</i>	<b>49,997</b>	39,034
Financial assets at fair value through profit or loss	<i>12</i>	<b>20,092</b>	–
Restricted cash		<b>253</b>	69,651
Cash and cash equivalents		<b>171,056</b>	198,516
		<b>321,193</b>	396,314
<b>Total assets</b>		<b>515,322</b>	589,802

	<i>Note</i>	<b>2017</b> <b>RMB'000</b>	2016 <i>RMB'000</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium		<b>51,297</b>	24,578
Other reserves		<b>252,643</b>	245,913
Retained earnings		<b>40,365</b>	51,616
<b>Non-controlling interests</b>		<b>(455)</b>	(77)
		<hr/>	<hr/>
<b>Total equity</b>		<b>343,850</b>	322,030
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>50,154</b>	53,670
Deferred income tax liabilities		<b>667</b>	1,073
		<hr/>	<hr/>
		<b>50,821</b>	54,743
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>86,317</b>	98,768
Current income tax liabilities		<b>4,334</b>	6,921
Borrowings		<b>30,000</b>	107,340
		<hr/>	<hr/>
		<b>120,651</b>	213,029
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>171,472</b>	267,772
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>515,322</b>	589,802
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 and other electronic products in the People’s Republic of China (the “PRC”).
- (c) The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 29 June 2005.
- (d) These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 22 March 2018.

## 2. BASIS OF PREPARATION

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

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

#### (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 financial year beginning on or after 1 January 2017. The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities. The adoption of other new and amended standards and interpretations does not have significant impact to the results or financial position of the Group.

HKAS 7 Amendment	Statement of Cash Flows
HKAS 12 Amendment	Income Taxes
HKFRS 12 Amendment	Disclosure of interest in other entities

#### (b) New and amended standards and interpretations issued but are not effective for financial year ended 31 December 2017 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
HKAS 2 Amendment	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKAS 28 Amendment	Investments in Associates and Joint Ventures	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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 other electronic products.

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

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2017 are as follows:

	<b>Printers</b>	<b>Other electronic</b>	
	<b>RMB’000</b>	<b>products</b>	<b>Total</b>
		<b>RMB’000</b>	<b>RMB’000</b>
<b>Revenue (from external customers) (note (a))</b>	<b>367,482</b>	<b>5,706</b>	<b>373,188</b>
<b>Segment results</b>	<b>85,159</b>	<b>1,399</b>	<b>86,558</b>
Other income			7,663
Administrative expenses			(47,065)
Research and development expenses			(28,111)
Other gains – net			1,523
Finance expenses – net			(500)
Income tax expenses			(6,593)
Profit for the year			<b>13,475</b>
<b>Segment results include:</b>			
Share of losses of investments accounted for			
using the equity method	(657)	–	(657)
Impairment of investment in an associate	(6,443)	–	(6,443)
Depreciation and amortization	(5,649)	(322)	(5,971)

The segment revenue and results and the reconciliation with profit for the year ended 31 December 2016 are as follows:

	Printers <i>RMB'000</i>	Other electronic products <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue (from external customers) (note (a))</b>	<u>469,874</u>	<u>56,763</u>	<u>526,637</u>
<b>Segment results</b>	<u>136,024</u>	<u>15,014</u>	151,038
Other income			9,962
Administrative expenses			(48,629)
Research and development expenses			(26,834)
Other gains – net			376
Finance expenses – net			(7,408)
Income tax expenses			<u>(17,440)</u>
Profit for the year			<u><u>61,065</u></u>
<b>Segment results include:</b>			
Share of losses of investments accounted for using the equity method	(606)	–	(606)
Depreciation and amortization	<u>(3,768)</u>	<u>(762)</u>	<u>(4,530)</u>

(a) Revenues from external customers are for sales of goods. There are no inter-segment sales for the years ended 31 December 2017 and 2016.

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

	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
In the PRC	<b>345,440</b>	445,535
In other countries	<b>27,748</b>	81,102
	<b><u>373,188</u></b>	<u>526,637</u>

(c) In 2017, approximately 10% of total revenue (2016: approximately 14%) are derived from a single external customer, which is attributable to the segment of printers.

(d) As at 31 December 2017, the Group's non-current assets are mainly located in the PRC.

## 5. OTHER GAINS – NET

	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Foreign exchange gains/(losses) – net	<b>1,761</b>	(1,546)
Impairment of available for sale financial assets	<b>(793)</b>	–
Losses from disposal of machinery and equipment	<b>(398)</b>	(255)
Gains/(losses) on financial assets at fair value		
through profit or loss – net	<b>92</b>	(263)
Penalty charged to a supplier	<b>–</b>	3,290
Others	<b>861</b>	(850)
	<b><u>1,523</u></b>	<u>376</u>

## 6. PROFIT FOR THE YEAR

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

	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Depreciation of property, plant and equipment and amortization of land use rights and intangible assets	<b><u>9,692</u></b>	<u>7,394</u>

## 7. FINANCE EXPENSES – NET

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest expenses on bank borrowings	(4,016)	(2,116)
Exchange gains/(losses) on bank borrowings	<u>3,516</u>	<u>(5,292)</u>
	<u><u>(500)</u></u>	<u><u>(7,408)</u></u>

## 8. INCOME TAX EXPENSES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current income tax expenses		
– Hong Kong profits tax ( <i>note (a)</i> )	–	(684)
– PRC corporate income tax ( <i>note (b)</i> )	(3,757)	(14,339)
– PRC dividend withholding tax ( <i>note (c)</i> )	<u>(2,750)</u>	<u>(4,825)</u>
	(6,507)	(19,848)
Deferred income tax	<u>(86)</u>	<u>2,408</u>
	<u><u>(6,593)</u></u>	<u><u>(17,440)</u></u>

### (a) Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2017 (2016: 16.5%).

**(b) PRC corporate income tax**

The main business of the Group is conducted by 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 reported in the PRC statutory financial statements, adjusted for income and expenses items, which are not assessable or deductible for income tax purpose. Pursuant to the PRC Corporate Income Tax Law (the “CIT Law”), the CIT rate is 25%. As Kongyue Information has been qualified as High and New Technology Enterprises (“HNTE”) for three years from 2017 to 2020, it enjoys a preferential CIT rate at 15% for the year ended 31 December 2017 (2016: 15%). The effective CIT rate of other Group entities in the PRC is 25% (2016: 25%).

**(c) 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.

During the year, the Group has made a provision for withholding income tax of RMB2,750,000 (2016: RMB4,825,000). The Group has not made provision for deferred income tax of RMB996,000 (31 December 2016: RMB2,615,000) for the unremitted earnings of the PRC subsidiaries of RMB19,928,000 (31 December 2016: RMB52,304,000) as the Group does not have a plan to distribute these earnings out of the PRC.

## 9. EARNINGS PER SHARE

### – Basic

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

	2017	2016
Profit attributable to the shareholders of the Company <i>(RMB'000)</i>	<u>13,853</u>	<u>61,176</u>
Weighted average number of ordinary shares in issue <i>(shares in thousands)</i>	<u>655,749</u>	<u>626,089</u>
Basic earnings per share <i>(RMB per share)</i>	<u>0.021</u>	<u>0.098</u>

### – Diluted

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

	2017	2016
Profit attributable to the shareholders of the Company <i>(RMB'000)</i>	13,853	61,176
Weighted average number of ordinary shares in issue <i>(shares in thousands)</i>	655,749	626,089
Adjustments for share options <i>(shares in thousands)</i>	<u>296</u>	<u>729</u>
Weighted average number of ordinary shares for diluted earnings per share <i>(shares in thousands)</i>	<u>656,045</u>	<u>626,818</u>
Diluted earnings per share <i>(RMB per share)</i>	<u>0.021</u>	<u>0.098</u>

## 10. DIVIDENDS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Final dividend ( <i>note (a)</i> )	34,500	22,000
Interim dividend	–	28,000
Special dividend	–	150,026
	<u>34,500</u>	<u>200,026</u>

- (a) A final dividend in respect of 2016 of RMB0.033 per ordinary share totaling approximately RMB22,000,000 was declared at the board of directors meeting held on 24 March 2017 and paid during the year.

At the board of directors meeting held on 22 March 2018, the directors of the Company proposed a final dividend for the year ended 31 December 2017 of RMB0.019 per ordinary share approximately RMB12,500,000 out of share premium of the Company. Those proposed dividends have not been reflected as dividends payable in these consolidated financial statements for the year ended 31 December 2017 but will be reflected as dividends distribution for the year ending 31 December 2018.

## 11. TRADE AND OTHER RECEIVABLES

The Group's sales to corporate customers are generally granted with credit terms ranging from 30 to 180 days or extended as considered appropriate by the directors of the Company. At 31 December 2017, the ageing analysis of the trade receivables based on invoice date, including amounts due from related parties of trading in nature, is as follows:

	As at 31 December	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Less than 30 days	9,786	15,045
31-90 days	1,181	1,595
91-180 days	4,585	1,190
181-365 days	621	435
Over 365 days	741	843
	<u>16,914</u>	<u>19,108</u>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
A wealth management product	<u>20,092</u>	<u>–</u>

The amounts represented the deposit in a commercial bank in the PRC with a guaranteed capital protection and maturity of 6 months.

## 13. TRADE AND OTHER PAYABLES

At 31 December 2017, the ageing analysis of the trade payables based on invoice date, including amounts due to related parties of trading nature, is as follows:

	As at 31 December	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	22,644	23,469
31-90 days	4,390	7,381
91-180 days	545	756
181-365 days	547	1,356
Over 365 days	<u>1,418</u>	<u>1,927</u>
	<u>29,544</u>	<u>34,889</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business Review

#### *Printer Business*

For the year ended 31 December 2017, the revenue of the Group derived from the printer business amounted to approximately RMB367,482,000, representing a decrease of approximately 22% compared with 2016, and accounted for approximately 98% of the total revenue of the Group. The decrease in revenue was mainly attributable to the concentrated outbreak of demands for invoice printers in 2016 as a result of the full implementation of the “BT to VAT” policy in 2016. The surge in demand in 2016 resulted in the decreased demand for invoice printers in 2017.

#### *Other Electronic Products Business*

For the year ended 31 December 2017, the revenue of the Group derived from other electronic products business amounted to approximately RMB5,706,000, representing a decrease of approximately 90% as compared with 2016, and accounted for approximately 2% of the total revenue of the Group. The decrease in revenue was mainly due to the termination of the EMS manufacturing business by the Group in 2017.

### Future Business Outlook

Based on the solid technology that the Company has grasped from years of engagement in the printing equipment business, and the rich experience accumulated in the development and promotion of mobile internet applications in recent years, we have positioned the Company as a cloud application provider combining hardware and software services and has worked out its strategy of “printer as cloud application”. We see printing as our core technology and our key to the market and have accordingly adopted 7 major business directions and areas including printing equipment, cloud printing application, tax control solution, new retail solution, video conference and online video education system, glimmer and smog video processing system and enterprise cloud application. These businesses are large and growing and can bring good opportunities for continuous and stable development of the Company. For this reason, the Company has set up 4 business units, aimed at exploring separate but inter-related business areas at the same time, thus achieving synergy, understanding the needs of customers in different fields, and reacting quickly to customer needs. We are looking forward to 2018 as a year when the Company will be in transformation with new challenges and new hope, and our prospect for future businesses are as follows:

## ***Printing Equipment***

After years of development, our printing equipment now comprises a comprehensive range of reliable products, with a large and stable user base. All our products are self-developed, and we have ownership of all of the intellectual property rights. The Company has mastered core technologies for the dot-matrix print head and inkjet head, supported by an industry chain which provides us with an economy of scale, cost advantage and brand influence. The Company's printing equipment could be categorized as the dot-matrix printer, inkjet printer, dot-matrix mini-printer, thermal mini-printer, portable printer and label/barcode printer, for the printing of invoices, bills, statements, passbooks, cards, receipts, labels, barcodes, documents and other materials, at service counters, offices, commercial sectors, financial sectors, transportation, logistics, medical units and households. In 2018, the Company will introduce a new family of dot-matrix printer products including printers with paper width of 80/82 columns, 106/110 columns and 136 columns which are characterized by industry-leading printing speed, paper feed thickness, functions, ribbon life and cost performance. As for our inkjet printers, beside the usual office and family models, we have continuous paper feeding models for usage in areas such as health care, calligraphy and label printing, where competitive products are few. Various multi-purpose color inkjet printers will be introduced to the market soon. Our mini-printer with the function of preventing missing print job is favored by more and more users for receipts printing. Color label/barcode printers are soon to be put into market as well, which can completely replace large printing machine for highmix and small volume label and box printing for multi brands and models in flexible production system that is gradually rising at the time. The ink cartridges for inkjet printers developed by the Company are also unique with features including water-proof, alcohol-proof, ultraviolet rays-proof, which are suitable for all kinds of notes and data printing for long term preservation.

## ***Cloud Printing Application***

Cloud printing is the most important achievement in the Company's research and development in recent years and is now being gradually transformed into a weapon to go into new markets and to upgrade our position in the market. The Company's cloud printing applications are made up of cloud printing open platforms and cloud printing printers. The Cloud printing open platform has now covered thermal printers, label printers, inkjet printers and dot-matrix printers, providing reliable, safe and easy-to-use cloud printing service for our customers. The private cloud customization solution service can be customized according to the user's requirements for private data security and concurrent printing. Products successfully developed and put into the market by the Company include electronic invoice cloud printers, electronic invoice self-service cloud printing terminals, homework cloud printers, share cloud printers, corporate cloud printers and service counter cloud printers. More cloud printing products will be launched as new applications continue to be developed. Cloud printer application is not just a simple product, it directly connects with user's application systems to achieve rapid deployment and reduce customer cost. Therefore, the Company and its competitors are no longer just competing on price and specs. We will win over customers by helping them to streamline and offer them new solutions. The recent market practice has proved that the Company's strategy of "cloud printing" is successful. Besides, cloud printing uses mobile phone code-scanning as the means of access, which attracts new customers to our new retail business or operate as an advertising business. The Company is also organizing the development of an advertising platform and a service provider management platform. In the future, dealers will not only benefit from selling the products, but also from the platform's service fee and advertising income, which turns them into service providers. Thus, the Company and its dealers are no longer in a simple trading relationship, but enter into a long-term win-win eco-system.

## ***Tax Control Solution***

The Company has been engaged in the research, development and promotion of tax control products and the provision of tax control solutions for customers for many years and has accumulated a wealth of experience in the field of tax control. The Company follows the national tax control policy and develops corresponding tax control products promptly. We are an important tax control solution and product provider in China. The State Administration of Taxation issued document No.31 in March 2017, which stipulated that taxpayers are obliged to provide hardcopy of electronic invoices if the customer demands on the spot. In respect to this policy, the Company quickly launched the double color inkjet printer and has successfully developed “Electronic Invoice Self-Service Cloud Printer” in collaboration with WeChat. Customers can print electronic invoice with red seal themselves with WeChat barcode scanning. It is so far the most popular and successful solution for electronic invoice self-service printing. Also, according to the tax policy, invoice should include taxation number, name of customers and goods. The Company has developed a software called “Jolimark Invoicing Assistant”, which enables customers to print out invoices with title by a simple scan on WeChat. It also includes the unique functions of e-mail sending and electronic invoice printing through WeChat code scanning. The “Retail Invoicing Assistant” to be put on the market soon can achieve auto filling of invoices, which speeds up the invoicing process, and is able to solve merchants’ invoicing problems. The software packaged for the promotion of our dot-matrix printer become a value-added service for our distributors, helping them to increase revenue and loyalty to the Company. The Company is currently developing “Jolimark invoicing Platform”, which supports multipoint electronic invoice issuing and the issuing of VAT/normal invoices. The platform also supports tax control server and golden tax server and provides cloud invoicing interface via open platform and invoicing services to third-party software vendors, helping third parties achieve the integration solution of cashier, invoicing and invoice printing. The Company’s other tax control products include: Jolimark Tax Control Box, Invoicing All-in-One Machine, Portable Invoicing All-in-One Machine, Portable Invoicing Printer, Electronic Invoice Self-Service Terminal, Enterprise Invoicing Reimbursement Management System and so on. The tax control products will constitute a powerful, comprehensive solution to satisfy all tax control requirements and satisfies varied demands.

## ***New Retail Solution***

The new retail solutions launched by the Company will benefit from the fact that it has the same customer base as the Company's strong tax control business and cloud printing application business, and by using the mobile phone scanning system to access our cloud printing application, users will be able to attract customers and advertisers to our new retail business at no additional cost. For example, by promoting and deploying 50,000 cloud printers (assuming 100 customers will use the printer every day), 5 million to 10 million ads can be issued per day. Millions and tens of millions of ads per day can have a huge market effect. Therefore, the market promotion of the Company's new retail business solution has a high starting point. As for the products, the Company offers both hardware and software in a full package, providing a complete solution for our customers while offering a more sticky and competitive solution as we develop new products. Food take-out printer uses cloud printing technology to dock with take-out platforms and can automatically print without using a PC and the attention of a staff member, realizing multiple printings under one order, meeting the needs of front desk and the kitchen. One machine can dock with multiple take-out platforms, such as Meituan and Eleme, satisfying all printing needs. The machine can also print out business reports for merchants. The POS system not only comes with the cashier and invoicing system, but it can also complete Kamo membership management system, invoice system, and retail, catering, beauty industry or takeaway industry management system according to customers' needs. The applet printers and self-service terminals can integrate functions like queuing, ordering, paying, billing and so on. One printer of terminal along with customer's phones can complete the information management of the merchants. Latte printer, manicure printer, and tattoo printer, along with graphic design open platform, through profit sharing, we can attract designers to design varies of fashion patterns for the customers without having to employ designers. The vending machine on the other hand cooperates with Kamo retail management system, which solves booking, payment, invoice, pick up at one time. Among them, as the core of new retail products – Kamo membership system, through continuous effort, the system has grown into a powerful and versatile comprehensive management system: membership management, store management, activity management, coupon management, mall sale, aggregate payment, sharing propagation, salesman management, distributor management, transaction report and so on. And realizes a seamless docking with the catering, retail, beauty, takeout and billing industry. In addition, the Company is going to develop electronic commerce delivery management system to solve the conundrum of choosing the best delivery scheme from multiple warehouses. It offers perfect solution for electronic commerce sellers. The software systems for new retail all apply the SaaS software, charging users according to the duration of use. As with cloud printing, all dealers can enjoy the division of service fees in the long run, so dealers can upgrade to service providers, and grow with the Company.

## ***Video Conference and Online Video Education System***

The Company's video conference and online video education system derives from the technology of live broadcast, which enables users to access high definition video conferencing, interactive education and medical diagnosing via the Internet. The system has an unique advantage in promoting communication efficiency between colleagues, users or teachers and students; it can also reduce the frequency of business trips and overcome geospatial obstacles, improving work efficiency while lowering costs. Leveraging on the advantage of abundant high-quality education resources, it has partly replaced business trips, on-site training, or on-site consultation and become an effective new model for telecommuting, teaching and medical treatment. The system adopts CDN technology in video transmission, supplemented by its own video codec technology, which can save bandwidth by 50%, greatly reducing the cost of video conference and video education. The Company uses bandwidth intelligence adaptive optimization and applies it to resolution, frame rate and voice system. We also use quality feedback, speech priority, package loss compensation, automatic frame reduction and so on, which can obtain high quality video even in cases of heavy package loss. These technologies also effectively solve the delay issue, enabling video quality to reach the level of conference and educational system demand. The system can achieve online multi-user video interaction, multi-screen output, cloud-platform remote control and so on, meaning the hosting conference room can be switched at any time during video conference, and attendees can have a much more realistic conference. As for video education, in addition to the interaction between teachers and students, teachers can assign any student to answer questions and all other attendees of the conference and students can watch him/her answer. The system features a built-in Augmented Reality (AR) system, which allows teachers to display pleasant pictures on the background during conference or class to add vigor and liveliness to the conference or class so that attendees and students finish the conference or class with pleasure. The main functions include multiple audio and video interactions, electronic whiteboard, dynamic PPT, file sharing, synergetic browsing, media playback, desktop sharing, text exchange, file transmission, conference/class recording, conference/class control, log in management and so on. In the meantime, the Company will develop supporting hardware for our video system, such as directional microphones, web cams, remote-controlled cradle heads and speakers and so on.

## **Glimmer and Smog Video Processing System**

Video plays an important role in the application and management of road transportation, water and air transportation, streets and squares, airports, military security, underwater operation and so on. But under certain circumstances, such as at night, hazy or rainy days, the videos recorded usually fail to meet the needs and require special treatment. The Company has invested in the development of a glimmer and smog video processing system. Such system can cover video recording under circumstances such glimmer, smog, night, raining and under-water, and can process other environments according to customers' needs. Processed videos has a quality as if it was recorded under perfect lightings and weather condition, and the time delay of video processing can be controlled within the actual requirements. For example, takeoffs and landings of airplanes require almost real-time video monitoring. Such technology has a high threshold and requires experts from different fields to develop together. Upon completion of development, a large number of intellectual property rights, such as software copyright, patent and technical secrets, will be created. This lays a solid technological foundation for the Company's venture into the field of glimmer and smog video processing. The glimmer and smog video processing system consists of server software system, glimmer and smog video processing machine and glimmer and smog video camera. Of these components, the server system includes server end and client, where users upload videos through the clients to the server, which are processed before being returned to the users. The Company derives revenue from service fees. The glimmer and smog video processing system machine is developed by the Company, and it is specially designed with the distinguishing feature of video processing which has higher processing speed, less time delay, and can process multichannel videos and achieve mass storage, creating a high value. Glimmer and smog video camera is integrated with glimmer and smog video processing system, which can output videos with higher resolutions and replace varies cameras in different systems, lowering the promotion threshold. Based on the needs of the application scenario, different models of single camera len, dual camera lens , and tri camera lens will be introduced to meet customers demand.

## ***Enterprise Cloud Application***

Based on the Company's cloud printing open interface, third-party developers (enterprises or individuals) are able to develop a variety of enterprise applications in the cloud and publish it on the Company's cloud application platform. Users pay for the service, and third-party developers can profit from the payment. This will attract a larger number of third-party developers to the Company's cloud printing platform and enrich the Company's cloud printing applications, especially enterprise applications of the cloud, thereby fulfilling the demand of more customers, which promotes the sales of the Company's cloud printing products and forms a benign cycle and Matthew effect. In addition, the Company will also develop an enterprise cloud application system based on the needs of the market, or develop some light, practical cloud application based on WeChat/Alipay applets or H5 pages.

## **Financial Review**

### ***Results Summary***

For the year ended 31 December 2017, the Group's turnover amounted to approximately RMB373,188,000, representing a decrease of approximately 29% as compared with last year. The profit attributable to shareholders of the Company amounted to approximately RMB13,853,000, representing a decrease of approximately 77% as compared with last year. The basic earnings per share were approximately RMB0.021 (31 December 2016: RMB0.098). The decrease in the profit attributable to shareholders was mainly due to the decrease of sales in 2017.

### ***Analysis of Sales and Gross Profit***

In 2017, the revenue from printer business, which was the main contributor to the total revenue of the Group, amounted to approximately RMB367,482,000, accounting for approximately 98% of total revenue of the Group, whereas the revenue from other electronic products business amounted to approximately RMB5,706,000, accounting for approximately 2% of the revenue of the Group. Compared with 2016, the consolidated revenue of the Group decreased by approximately 29%, which was mainly attributable to the termination of the EMS manufacturing business in 2017 and the concentrated outbreak of demands for invoice printers in 2016 as a result of the full implementation of the "BT to VAT" policy in 2016. The surge in demand in 2016 resulted in the decreased demand for invoice printers in 2017. The Group's consolidated gross profit margin fell slightly from about 37% last year to about 35%. The decrease in gross profit margin is mainly due to the promotion policy of the Group to reduce the weakening of market demand.

### ***Capital Expenditure***

For the year ended 31 December 2017, capital expenditure of the Group amounted to approximately RMB12,915,000, which was mainly used for acquisition of production equipment and molds for new products.

### ***Financial and Liquidity Position***

As at 31 December 2017, the total assets of the Group amounted to approximately RMB515,322,000 (31 December 2016: RMB589,802,000), controlling shareholder's funds amounted to approximately RMB344,305,000 (31 December 2016: RMB322,107,000); non-controlling interests amounted to approximately RMB(455,000) (31 December 2016: RMB(77,000)); current liabilities amounted to approximately RMB120,651,000 (31 December 2016: RMB213,029,000), and the current ratio (the ratio of current assets to current liabilities) of the Group was approximately 2.7 (31 December 2016: 1.9). The increase in current ratio was mainly attributable to a decrease of approximately RMB92,378,000 in current liabilities for the year.

As at 31 December 2017, the cash and cash equivalents, restricted cash, and financial assets at fair value through profit or loss of the Group amounted to approximately RMB249,521,000 (31 December 2016: RMB326,297,000) in aggregate, whereas the bank loans of the Group amounted to approximately RMB80,154,000 (31 December 2016: RMB161,010,000). The Group was in a net cash position after deducting the loans.

As at 31 December 2017, the outstanding bank acceptance bills received from customers amounted to approximately RMB16,682,000 (31 December 2016: RMB5,647,000).

### ***Pledge of Assets***

As of 31 December 2017, deposits with certain banks totaling RMB57,960,000 (31 December 2016: RMB127,510,000) were used as security for bank loans facilities, i.e. onshore guarantees for offshore loans. The relevant 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\$**”), Taiwanese dollars (“**TWD**”), 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 borrowings that are denominated in foreign currencies. As at 31 December 2017, 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 review of the Group’s net foreign exchange exposures and mitigates the impact of exchange rate fluctuations by reducing the financial liabilities if needed.

### ***Acquisition and Disposal***

In April and June 2017, the Group entered into agreements with Wuhan Hong Ruida Information Technology Limited Company (“**Hong Ruida**”), to further acquire 40% equity interest with a consideration of RMB10,000,000, of which RMB4,000,000 has been paid in 2017. The Group holds 49.19% equity interest of Hong Ruida as at 31 December 2017. Hong Ruida is a high-tech internet operation company incorporated in mainland China, which engages in online education, development of internet video and intelligent video software as well as provision of operation service.

Save as disclosed otherwise, the Group did not have any other material acquisitions or disposals during the year under review.

### ***Contingent Liabilities***

The Group had no material contingent liabilities as at 31 December 2017 (31 December 2016: nil).

## ***Staff***

As at 31 December 2017, the Group employed a total of 1,140 staffs (2016: 1,431 staffs). Apart from 29 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 Final Dividend and Closure of Register of Members**

The Board recommended a final dividend of RMB0.019 per share for the year ended 31 December 2017 to shareholders whose names appear on the register of members on Friday, 1 June 2018. The final dividend will be paid on or before Thursday, 28 June 2018.

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final 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 final 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 Thursday, 15 March 2018 to Wednesday, 21 March 2018 prior to 22 March 2018, the date on which the final dividend was declared RMB0.8070 to HK\$1.00. Accordingly, the amount of final dividend payable in Hong Kong dollars will be HK\$0.024 per share.

The annual general meeting of the Company will be held on Monday, 21 May 2018. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 16 May 2018 to Monday, 21 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 May 2018.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 30 May 2018 to Friday, 1 June 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final 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 Tuesday, 29 May 2018.

### **Scope of work of PricewaterhouseCoopers**

The figures in respect of this announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

### **Audit committee**

The audit committee of the Company (the "**Audit Committee**") comprises Mr. Lai Ming, Joseph as the chairman, and Mr. Meng Yan, Mr. Xu Guangmao and Mr. Yeung Kwok Keung. All of them are independent non-executive Directors. For the year ended 31 December 2017, the Audit Committee held two meetings to review the accounting standards and practices adopted by the Group and to discuss on matters regarding the internal control and financial reporting (including the interim and annual results before proposing them to the Board for approval) with the management and external auditor. The Audit Committee has reviewed the results of the Group for the year ended 31 December 2017.

## **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 year ended 31 December 2017, 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 19 May 2017.

At the annual general meeting of the Company held on 19 May 2017, 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.

Further information of the corporate governance practice of the Company will also be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2017.

## **Buy-back, Sale or Redemption of the Company's Listed Securities**

### **Issue of new Shares and use of proceeds**

#### ***Placing of Existing Shares and Subscription of New Shares***

On 19 January 2017, the Company, Kytronics Holdings Limited ("**Kytronics**") as vendor and Changjiang Securities Brokerage (HK) Limited as the placing agent entered into the placing and subscription agreement (the "**2017 Placing and Subscription Agreement**") pursuant to which the placing agent has agreed to place an aggregate of 18,000,000 shares of the Company (the "**Placing Shares**") at the price of HK\$1.65 per Placing Share to not less than six places on behalf of Kytronics (the "**Placing**"). The Placing was completed on 24 January 2017.

Pursuant to the 2017 Placing and Subscription Agreement, Kytronics has also conditionally agreed to subscribe for an aggregate of 18,000,000 new shares of the Company (the “**Subscription Shares**”) at the price of HK\$1.65 per Subscription Share (the “**Subscription**”, together with the Placing, the “**Top-up Placing**”). The Subscription was completed on 26 January 2017.

The Subscription Shares represent (i) approximately 2.82% of the issued share capital of the Company as at the date of the 2017 Placing and Subscription Agreement, and (ii) approximately 2.74% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The net proceeds (after deducting all applicable costs and expenses of the Top-up Placing) was approximately HK\$29 million, which the Company would use for the development of the Company’s new mobile payment business. As at 31 December 2017, all the net proceeds from the Top-up Placing is currently held in cash and cash equivalents and will be applied in the manner consistent with the intended use disclosed.

#### ***Issue of shares pursuant to share option scheme***

During the year ended 31 December 2017, the Company has allotted and issued 65,000, 657,000 and 137,500 new shares pursuant to the exercise of the share options granted pursuant to the share option scheme adopted by the Company on 13 June 2005 at the exercise prices of HK\$1.00, HK\$1.18 and HK\$1.70, 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 year ended 31 December 2017.

#### **Model code for securities transactions**

The Company has adopted the Model Code as its own code of conduct regarding directors’ securities transactions contained in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2017 and all Directors confirmed that they have fully complied with the requirements set out in the Model Code during the year ended 31 December 2017.

## **Publication of annual results announcement and annual report**

This annual results announcement 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 annual report of the Company for the year ended 31 December 2017 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 March 2018

*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.*