

**JOLIMARK HOLDINGS LTD:
JOLLY GOOD SHOW, CHAIRMAN AU PAK YIN !**

The flotation of Jolimark Holdings Ltd (Code: 2028, Main Board, The Stock Exchange of Hongkong Ltd) was a flop.

Only 51.70 percent of the 12.50 million Public Offer Shares were taken up, and, in respect of the 112.50 million Placing Shares, the Company announced that this tranche of the flotation had been '*moderately over-subscribed*'.

Prospective investors were, clearly, cool to the idea of investing in a company whose principal business was in the manufacture and sales of printers, with one major customer, being responsible for taking up more than 30 percent of the Annual Turnover, and with known debts, due within one year, being about 98 million renminbi (about \$HK92.45 million).

The relatively heavy debt load, probably, was the most worrying aspect of the Jolimark flotation, however, because, among other things, Jolimark has been experiencing a negative cash flow due, in part, to an increase in the level of inventories that it is carrying and an increase in the level of trade and other receivables that it is suffering.

More about these matters, later.

The Flotation

On June 20, 2005, prospective investors were Offered a total of 125 million, one-cent Shares at a Premium of \$HK1.13 per Share.

The Company stated, at Page 176 of the Prospectus, that it wanted the estimated net proceeds of the flotation, calculated to be about \$HK120 million, for the following purposes:

1. \$HK35 million to strengthen the Company's marketing and promotional activities in the People's Republic of China (PRC);
2. \$HK35 million to be used in research and development;
3. \$HK20 million to be used to try to acquire synergistic businesses;
4. \$HK15 million to be used to expand sales and distribution in the PRC, proper;
5. \$HK10 million to be used for EMS business*; and,
6. \$HK5 million to be used to buy some new machinery

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| <p>* EMS = Electronics Manufacturing Services = The provision of contract design, manufacturing, and related product support services on behalf of other electronic companies, in which the design and brand-name belong to the customer, with the product to be sold under the customer's brand-name.</p> |
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The first 4 items, which will absorb about 87.50 percent of the net proceeds of the float, must have been difficult for many prospective investors to accept as being logical and reasonable expenditures.

Jolimark's principal line of activity is in the business of manufacturing Serial **D**ot **M**atrix (SDM) Printers. In addition, it ... [CLICK TO ORDER FULL ARTICLE](#)

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