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JOLIMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2028)

CONNECTED TRANSACTION ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

The Board announces that on 31st March 2006, Visionic, a wholly-owned subsidiary of the Company and Phenix Optics have entered into a Supplementary Agreement pursuant to which Visionic agreed to acquire and Phenix Optics agreed to disposal its 10% interest in the registered capital of Phenix Digital.

The consideration of the Acquisition is RMB3,000,000 (or approximately HK\$2,912,621), which is payable in cash upon completion of the Acquisition.

The Acquisition constitutes a connected transaction of the Company. As the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules is less than 2.5%, the Acquisition is exempted from independent shareholders' approval requirement. Details of the transaction will be included in the Company's next annual report and accounts pursuant to Rule 14A.45 of the Listing Rules.

The Board (including the independent non-executive Directors) considers that the Acquisition is on normal commercial terms and that the terms of the Acquisition are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

SUPPLEMENTARY AGREEMENT

The Board announces that on 31st March 2006, Visionic, a wholly-owned subsidiary of the Company and Phenix Optics have entered into a Supplementary Agreement pursuant to which Visionic agreed to acquire and Phenix Optics agreed to dispose its 10% interest in the registered capital of Phenix Digital.

Visionic and Phenix Optics are existing shareholders of Phenix holding 65% and 35% interest therein respectively. Upon completion of the Acquisition, Visionic's interest will increase its shareholding in Phenix to 75%.

INFORMATION OF PHENIX DIGITAL

Phenix Digital was established as a Sino-foreign joint-venture on 25th February 2004. The registered capital of Phenix Digital amounted to RMB30 million (or approximately HK\$29,126,124). It is principally engaged in the development, manufacturing and distribution of digital display products. Pursuant to the Supplementary Agreement, the unpaid capital (40% of total registered capital) of RMB12,000,000 (or approximately HK\$11,650,000) will be paid up on or before the end of June 2006.

Phenix Digital commenced its operation in 2005. According to unaudited accounts prepared under Accounting System for Business Enterprises for the year ended 31st December 2005, (i) the total assets value and net loss of Phenix Digital was approximately RMB15,723,000 (or approximately HK\$15,265,000) and RMB3,636,000 (or approximately HK\$3,530,000) respectively and (ii) the total

assets value and net loss of Phenix Digital attributable to 10% interest in the registered capital was approximately RMB1,572,300 (or approximately HK\$1,526,505) and RMB363,600 (or approximately HK\$353,010) respectively.

CONSIDERATION

The consideration of the Acquisition is RMB3,000,000 (or approximately HK\$2,912,621), which is payable in cash upon completion of the Acquisition. It was determined after arm's length negotiations between the parties and based on 10% of the total registered capital of RMB30,000,000 (or approximately HK\$29,126,214).

This Supplementary Agreement is subject to settlement of unpaid capital. After the unpaid registered capital of RMB12,000,000 (or approximately HK\$11,650,000) which equivalent to 40% of total registered capital of RMB30,000,000 is paid up by Visionic and Phenix Optics on or before the end of June 2006, Visionic will acquire the 10% interest in Phenix Digital owned by Phenix Optics.

Phenix Digital is a subsidiary of the Company before and after the Acquisition. However, the financial statements of Phenix Digital will be consolidated into the Group Accounts with increased shareholding of 75% from 65%.

There will be no change in the composition of the board of directors in Phenix Digital after the Acquisition.

CONNECTED TRANSACTION

Prior to the completion of the Supplementary Agreement, Phenix Digital is owned as to 65% by Visionic, a wholly owned subsidiary of the Company and 35% by Phenix Optics, respectively. As Phenix Optics is a substantial shareholder of Phenix Digital, Phenix Optics is a connected person of the Company.

The Acquisition constitutes a connected transaction of the Company. As the relevant percentage ratios as defined under Rule 14.07 are less than 2.5%, the Acquisition is exempted from independent shareholders' approval requirement. Details of the transaction will be included in the Company's next annual report and accounts pursuant to Rule 14A.45 of the Listing Rules.

REASON FOR THE ACQUISITION

Upon completion of the Acquisition, the Company would enhance its control and management of Phenix Digital, along with increase in equity and profit sharing ratio. Based on the data released by CCID in April 2004, an IT consulting institution in China, the outlook for the China projectors market are optimistic over the next five years. As Phenix Digital is engaged in development, manufacturing and distribution of digital display products which would benefit from the growth of China projectors market, the directors are optimistic to the Company's prospect.

The Board (including independent non-executive directors) considers that the Acquisition is on normal commercial terms and that the terms of the transaction are fair and reasonable and the Acquisition is in the interest of the shareholders and the Company as a whole.

GENERAL INFORMATION

The Group is a provider of business equipment and tax control equipment based in the PRC. Phenix Optics is principally engaged in the production of high-precision middle and large spherical optical mirrors and lens in PRC.

The principal activity of Visionic is investment holding.

DEFINITION

In this announcement, unless the context requires otherwise, the following terms have the meanings are set out below:

“Acquisition”	The acquisition of the 10% interest in Phenix Digital from Phenix Optics by Visionic, at a consideration of RMB3,000,000 (Approximately HK\$2,912,621);
“Accounting System for Business Enterprises 企業會計制度”	Accounting principles and regulations generally applicable to all enterprises established in the PRC;
“Board”	The Board of Directors of the Company;
“CCID”	China Centre of Information Industry Development (中國電子信息產業發展研究院), an institution under MII and is mainly engaged in the provision of consulting services for the information industry in the PRC;
“Company”	Jolimark Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange;
“Group”	The Company and its subsidiaries;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Phenix Digital”	Phenix Digital Technology (Shanghai) Limited, 65% indirectly owned by the Company;
“Phenix Optics”	Phenix Optics Company Limited (鳳凰光學股份公司), a company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange in PRC, mainly produces high-precision middle and large spherical optical mirrors and lens;
“PRC”	The People’s Republic of China;
“Supplementary Agreement”	An agreement dated 31st March 2006 supplement to the co-operation agreement between Visionic & Phenix Optics in relation to the set up and initial investment of Phenix Digital;
“Shareholders”	The shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Visionic”	Visionic Investment Holding Limited, a wholly owned subsidiary of the Company.

The exchange rate used for reference purpose in this announcement is HK\$1 to RMB1.03.

By Order of the Board
Jolimark Holdings Limited
Au Kwok Lun
Director

Hong Kong, 3rd April 2006

As at the date of this announcement, the Board of the company is comprised of: Executive Directors: Mr. Au Pak Yin, Mr. Au Kwok Lun, Mr. Ou Guo Liang and Mr. Ng Shu Kai Independent Non-executive Directors: Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guangmao.

*Please also refer to the published version of this announcement in **South China Morning Post**.*