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JOLIMARK HOLDINGS LIMITED

映美控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2028)

PLACING OF EXISTING SHARES, SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

Placing Agent



On 2 June 2006, the Company, the Vendor, the Guarantors and the Placing Agent entered into the Placing and Subscription Agreement.

Pursuant to the Placing and Subscription Agreement, the Placing Agent would, on a best effort basis, procure investors to purchase and the Vendor would sell, up to 60,000,000 existing Shares, at a price of HK\$1.47 per Share.

Pursuant to the Placing and Subscription Agreement, the Vendor conditionally agreed to subscribe for up to 60,000,000 Shares at a price of HK\$1.47 per Share. The Subscription Shares of up to 60,000,000 Shares represent (i) approximately up to 12.00% of the existing issued share capital of the Company; and (ii) approximately up to 10.71% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Price (and the Subscription Price) of HK\$1.47 represents:

- (i) a discount of about 10.91% to the closing price of HK\$1.65 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of about 4.79% to the average closing price per Share of HK\$1.544 as quoted on the Stock Exchange for the last five full trading days up to and including the Last Trading Day; and
- (iii) a premium of about 0.34% to the average closing price per Share of HK\$1.465 as quoted on the Stock Exchange for the last ten full trading days up to and including the Last Trading Day.

The Subscription is conditional upon, among other things, (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; and (ii) the completion of the Placing.

Assuming 60,000,000 Shares are issued by the Company and subscribed for by the Vendor under the Subscription, the net proceeds to be received by the Company are expected to be approximately HK\$85 million, of which (i) approximately HK\$40 million will be used for the development of payment terminal business involving electronic cash register, (ii) approximately HK\$25 million will be used for acquisition of new machinery and equipments for enhancing and expanding the production capacity of the Group as the HK\$5 million out of the IPO proceeds which was planned for similar use has been utilised as at the date of this announcement, and (iii) approximately HK\$20 million will be used for future working capital.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 5 June 2006 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 June 2006.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

2 June 2006

Parties involved

- (a) the Company;
- (b) the Vendor;
- (c) the Guarantors; and
- (d) the Placing Agent.

1. The Placing

Placing Agent

Kingsway is the sole Placing Agent to procure investors, on a best effort basis, to purchase the Placing Shares. The Placing Agent and its controlling shareholders are third parties independent of the Company and its connected person (as defined under the Listing Rules).

Number of Placing Shares

The Placing Shares of up to 60,000,000 Shares represent (i) approximately 12.00% of the existing issued share capital of the Company, and (ii) approximately 10.71% of the issued share capital of the Company as enlarged by the Subscription.

Placees

The Placing Shares will be placed to not less than six placees who will be independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) and other placees. It is expected that none of the placees nor their respective ultimate beneficial owners will be a substantial shareholder of the Company immediately as a result of the Placing. Further announcement will be made by the Company in case any placees or their respective ultimate beneficial owners become a substantial shareholder of the Company.

Placing Price

The Placing Price (and the Subscription Price) of HK\$1.47 represents:

- (i) a discount of about 10.91% to the closing price of HK\$1.65 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of about 4.79% to the average closing price per Share of HK\$1.544 as quoted on the Stock Exchange for the last five full trading days up to and including the Last Trading Day; and
- (iii) a premium of about 0.34% to the average closing price per Share of HK\$1.465 as quoted on the Stock Exchange for the last ten full trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis amongst the parties by reference to, among other things, the recent trading price of the Shares. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Rights

The Placing Shares will be sold free of any encumbrances and third-party rights. The placees will receive all dividends and distributions declared, made or paid on or after completion of the Placing.

Condition of the Placing

The Placing is unconditional.

Completion of the Placing

The Placing is expected to be completed on 8 June 2006 or on such other date as may be agreed between the Vendor and the Placing Agent.

Guarantee of the Vendor's obligations

The Guarantors undertake to the Placing Agent that they will procure the due and punctual performance by the Vendor of all of its obligations, commitments and undertakings under or pursuant to the Placing and Subscription Agreement.

2. The Subscription

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Placing Shares, being up to 60,000,000 Shares which represent approximately 10.71% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The Subscription Price is HK\$1.47 per Share. The Subscription Price is the same as the Placing Price and is determined after arm's length negotiation amongst the parties.

Mandate to issue new Shares

The Subscription Shares will be issued under the general mandate ("**General Mandate**") granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 15 May 2006. As at the date of this announcement, no Share has been issued and allotted pursuant to such general mandate. If up to 60,000,000 Subscription Shares will be allotted and issued, 60% of the General Mandate will be utilised.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.

Conditions of Subscription

The Subscription is conditional upon, among others, (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing. Application will be made to the Stock Exchange to grant the approval for the listing of, and permission to deal in, the Subscription Shares.

Completion of Subscription

Under Rule 14A31(3)(d) of the Listing Rules, the Subscription is expected to be completed within 14 days after the date of the Placing and Subscription Agreement, that is, on or before 16 June 2006. Further announcement will be made by the Company in case the Subscription is not completed by 16 June 2006.

In the event that the conditions to the Placing and Subscription Agreement are not fulfilled by 4:00 p.m. on 14 June 2006 (or such later date as the Company, the Vendor and the Placing Agent may agree), the rights and obligations of the Company and the Vendor in relation to the Subscription under the Placing and Subscription Agreement shall lapse and be of no further effect, in which event the Company and the Vendor shall be released from such obligations without any liability save as to any antecedent breach and provided that any right or remedies which shall have accrued shall not be prejudiced or affected.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The shareholding structure of the Company immediately before and after the Placing and the Subscription is summarised as follows. (Note 1)

Name of Shareholders	Existing no. of shares held	Approximate %	No. of shares held after Placing but before Subscription		No. of shares held after Placing and Subscription	
			Approximate %	Subscription (Note 2)	Approximate %	Subscription (Note 3)
The Vendor (Note 4)	338,695,533	67.74%	278,695,533	55.74%	338,695,533	60.48%
Legend Capital (Note 5)	10,800,000	2.16%	10,800,000	2.16%	10,800,000	1.93%
Sub-total	349,495,533	69.90%	289,495,533	57.90%	349,495,533	62.41%
Public	150,504,467	30.10%	150,504,467	30.10%	150,504,467	26.88%
Places	—	—	60,000,000	12.00%	60,000,000	10.71%
Total	<u>500,000,000</u>	<u>100%</u>	<u>500,000,000</u>	<u>100%</u>	<u>560,000,000</u>	<u>100%</u>

Note 1: Assuming no Share is issued as a result of the exercise of options pursuant to the share option scheme of the Company between the date of the Placing and the Subscription.

Note 2: Assuming the maximum number of 60,000,000 Placing Shares have been placed.

Note 3: Assuming the maximum number of 60,000,000 Subscription Shares have been subscribed.

Note 4: The Vendor is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Au Pak Yin, Mr. Au Kwok Lun, Mr. Ou Guo Liang, Ms. Tai Noi Kit and Ms. Ou Ri Ai in equal shares, i.e. each holding a 20% shareholding interest in the Vendor. The 338,695,533 Shares are beneficially owned by and registered in the name of the Vendor.

Note 5: Legend Capital Management Limited (“Legend Capital”) is a subsidiary of Legend Holdings Limited (“Legend Holdings”), a prominent information technology group in the PRC. Legend Holdings is also the controlling shareholder of Lenovo Group Limited and Digital China Holdings Limited, both of which are listed on the Main Board of the Stock Exchange.

REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

Recently, the Company has concluded a cooperation agreement with a leading international provider of financial payment terminals to exclusively sell and distribute financial and tax payment terminals in the PRC. Financial payment terminals are used in facilitating credit card payment transactions. The Board expects the demand for such payment terminals in the PRC will be growing at an increasing rate, as the credit card penetration increases. In addition, the 2008 Beijing Olympic Games and the 2010 World Expo in Shanghai will also lead to an increase in demand for financial payment terminals. The initial funding required for this development is expected to be approximately HK\$40 million.

The Board considers that the Placing and the Subscription represents an opportunity to raise capital for the financial payment terminal business, while broadening the shareholder base and the capital base of the Company.

The Board has considered other types of fund raising arrangement and considers that the current arrangement is the most efficient way in terms of time and cost for the Company to take advantage of current stock market opportunity.

Assuming 60,000,000 new Shares are issued by the Company and subscribed for by the Vendor under the Subscription, the gross proceeds will be approximately HK\$88.2 million. The net proceeds, after deducting related placing commission, professional fees and all related expenses incurred in the Placing and the Subscription which will be borne by the Company, from the Subscription are expected to be approximately HK\$85 million, of which approximately HK\$40 million will be used for the development of payment terminal business involving electronic cash register, (ii) approximately HK\$25 million will be used for the acquisition of new machinery and equipments for enhancing and expanding the production capacity of the Group as the HK\$5 million out of the IPO proceeds which was planned for similar use has been utilised as at the date of this announcement, and (iii) approximately HK\$20 million will be used for future working capital.

The net proceeds raised under the Subscription is equivalent to a net placing price of about HK\$1.42 per Share.

The Board considers that the terms of the Placing and the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The Company was listed on the Stock Exchange on 29 June 2005. The net proceeds from the listing of the Company, as disclosed in the Company's prospectus (the "Prospectus") dated 20 June 2005, after deducting estimated underwriting commission and issue expenses were approximately HK\$120 million and were used largely as set out in the Prospectus. Details of the use of proceeds as at the date of this announcement are as follows:

	Planned use of IPO proceeds as per Prospectus <i>HK\$ million</i>	Actual use of IPO proceeds as per 2005 annual report of the Company <i>HK\$ million</i>	Actual use of IPO proceeds as at the date of this announcement <i>HK\$ million</i>
Proceeds used during the period, including:			
For the Group's marketing and promotional activities in the PRC and overseas markets and enhancing brand recognition of the Group's own brand products in the PRC	35	11.43	18.64
For strengthening the Group's capacity in research and development	35	6.88	27.96
For the potential acquisition of companies engaged in business equipment, tax control equipment and related business	20	—	10.50
For the expansion of sales and distribution network in the PRC	15	3.55	13.90
For the development of overseas EMS business	10	1.35	7.90
For the acquisition of new machinery and equipment for the development and production of new products and for the enhancement and expansion of the Group's production capacity	<u>5</u>	<u>2.23</u>	<u>5.00</u>
Total	<u><u>120</u></u>	<u><u>25.44</u></u>	<u><u>83.90</u></u>

As at the date hereof, the remaining balances of the proceeds not immediately applied to the planned use above were placed in banks as bank deposits.

Save as disclosed above, there was no equity fund raising activity conducted by the Company in the 12 months immediately preceding the date of this announcement.

GENERAL

The principal business of the Group is the provision of business equipment and tax control equipment based in the PRC.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 5 June 2006 pending the issue of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 6 June 2006.

TERMS AND DEFINITIONS

“associates”	has its meaning as defined in the Listing Rules
“Board”	The board of directors of the Company
“Company”	Jolimark Holdings Limited, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Au Pak Yin, Mr. Au Kwok Lun and Mr. Ou Guo Liang which are executive Directors, Ms. Tai Noi Kit and Ms. Ou Ri Ai
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IPO”	initial public offering
“Kingsway”	Kingsway Financial Services Group Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	2 June 2006, being the last full trading day for the Shares prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	up to 60,000,000 existing Shares owned by the Vendor on best effort basis pursuant to the terms of Placing and Subscription Agreement
“Placing Agent”	Kingsway
“Placing and Subscription Agreement”	the placing and subscription agreement entered into among the Company, the Vendor, the Guarantors and the Placing Agent dated 2 June 2006 in relation to the Placing and Subscription
“Placing Price”	HK\$1.47 per Share
“Placing Shares”	up to 60,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Placing and Subscription Agreement
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	up to 60,000,000 new Shares pursuant to the terms of Placing and Subscription Agreement

“Subscription Price”	HK\$1.47 per Share
“Subscription Shares”	up to 60,000,000 new Shares to be subscribed for by the Vendor pursuant to the Placing and Subscription Agreement
“Vendor”	Kytronics Holdings Limited, the controlling shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Jolimark Holdings Limited
Au Kwok Lun
Chief Executive Officer

Hong Kong, 5 June 2006

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Au Pak Yin, Mr. Au Kwok Lun, Mr. Ou Guo Liang and Mr. Ng Shu Kai and three independent non-executive Directors, namely, Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guangmao.

*Please also refer to the published version of this announcement in **The Standard**.*