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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES
AND
DISCLOSEABLE TRANSACTION
INCREASE OF REGISTERED CAPITAL OF
KONGYUE INFORMATION
AND
PLACING OF EXISTING SHARES,
SUBSCRIPTION OF NEW SHARES
AND RESUMPTION OF TRADING**

Placing Agent



KingswayGroup

Kingsway Financial Services Group Limited

ACQUISITION OF PROPERTIES

The Board wishes to announce that on 31 July 2006, the Group entered into the S&P Agreement with, among others, the Vendor for the Acquisition at a consideration of RMB62.4 million (approximately HK\$60.0 million) which was arrived at after arm's length negotiations among the Group, Jiangmen Information and the Vendor with reference to the valuation of the Properties as at 30 June 2006 of approximately RMB62.4 million (approximately HK\$60.0 million) conducted by the Valuer.

The consideration will be satisfied as to 95% by the Company and 5% by Jiangmen Information. The Company will satisfy its portion of consideration amounting to approximately RMB59.3 million (approximately HK\$57.0 million) (i) by cash of approximately RMB27.2 million (approximately HK\$26.2 million), which is expected to be financed by proceeds of the Subscription, payable to the Vendor within a year following the completion of the S&P Agreement; and (ii) by the issue of 23,000,000 Consideration Shares at the issue price of HK\$1.34 per Share to Kytronics Holdings at the completion of the S&P Agreement. Jiangmen Information will satisfy its portion of consideration amounting to approximately RMB3.1 million (approximately HK\$3.0 million) by cash payable to the Vendor within a year following the date of the S&P Agreement.

The Consideration Shares will be issued under the Special Mandate to be sought from Independent Shareholders at the EGM. The Consideration Shares represent (i) approximately 4.1% of the existing issued share capital of the Company; and (ii) approximately 3.8% of the issued share capital of the Company as enlarged by the Consideration Shares and the Subscription Shares.

The Vendor is a WFOE owned by Kong Yue Holding Limited. Kong Yue Holding Limited is owned as to 36% by Mr. Au Pak Yin, a Director and a shareholder of Kytronics Holdings, and 32% by each of Mr. Ao Kao and Mr. Ao Pak U, brothers of Mr. Au Pak Yin. Hence, the Vendor is a connected person of the Company under the Listing Rules. As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the entering into the S&P Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and is subject to approval by the Independent Shareholders at the EGM. Kytronics Holdings and its associates will abstain from voting on the ordinary resolution proposed at the EGM.

The Independent Board Committee has been formed, and an independent financial adviser will be appointed, to advise the Independent Board Committee and the Independent Shareholders on whether or not the Acquisition (including the Special Mandate) are fair and reasonable and in the interest of Independent Shareholders and the Company as a whole.

INCREASE OF REGISTERED CAPITAL OF KONGYUE INFORMATION

The Board resolved to, upon completion of the S&P Agreement, increase the registered capital of Kongyue Information, an indirect non wholly-owned subsidiary of the Company, by RMB62.4 million (approximately HK\$60.0 million) from approximately RMB99.6 million (approximately HK\$95.8 million) to approximately RMB162.0 million (approximately HK\$155.8 million). Such increase will be contributed by Kong Yue Investment and Jiangmen Information in proportion to their respective shareholding interest in Kongyue Information by way of injection of their respective interest in the Properties.

As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the increase of registered capital of Kongyue Information exceed 5% but are less than 25%, such increase of registered capital constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to disclosure requirement.

PLACING AND SUBSCRIPTION

On 31 July 2006, the Company, Kytronics Holdings, the Guarantors and the Placing Agent entered into the Placing and Subscription Agreement. Pursuant to the Placing and Subscription Agreement, Kytronics Holdings would sell, and the Placing Agent would procure investors on a best effort basis to purchase, up to 23,000,000 Placing Shares at HK\$1.34 per Share. In addition, Kytronics Holdings conditionally agreed to subscribe up to 23,000,000 Subscription Shares at a price of HK\$1.34 per Share. The Subscription Shares of up to 23,000,000 Shares to be issued under General Mandate represent (i) approximately 4.1% of the existing issued share capital of the Company; and (ii) approximately 3.8% of the issued share capital of the Company as enlarged by the Consideration Shares and the Subscription Shares.

Assuming 23,000,000 Subscription Shares are issued under the Subscription, the net proceeds to be received by the Company are expected to be approximately RMB31.0 million (approximately HK\$29.8 million) which will be used to finance the Acquisition.

Application will be made to the Stock Exchange to grant the approval for the listing of, and permission to deal in, the Consideration Shares and the Subscription Shares.

A circular containing, among other things, (i) further details of the Acquisition (including the Special Mandate) and the increase of registered capital of Kongyue Information; (ii) the recommendation from the Independent Board Committee in respect of the Acquisition (including the Special Mandate); (iii) a letter of advice from the independent financial advisor in respect of the Acquisition (including the Special Mandate); and (iv) a notice of EGM will be dispatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 31 July 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 1 August 2006.

ACQUISITION OF PROPERTIES

The Board wishes to announce that the Group has entered into the S&P Agreement with, among others, the Vendor for the Acquisition, further details of which are set out below.

THE S&P AGREEMENT

Date:

31 July 2006

Parties:

(a) the Company

(b) Vendor Kong Yue Industrial Park (Xinhui) Ltd., a WFOE owned by Kong Yue Holding Limited which is an investment holding company. Kong Yue Holding Limited is owned as to 36% by Mr. Au Pak Yin, a Director and a shareholder of Kytronics Holdings, and 32% by each of Mr. Ao Kao and Mr. Ao Pak U, brothers of Mr. Au Pak Yin. Hence, the Vendor is a connected person of the Company under the Listing Rules.

(c) Purchasers Kong Yue Investment, an investment holding company established in the British Virgin Islands and a direct wholly-owned subsidiary of the Company; and

Jiangmen Information, an investment holding company established in the PRC which is owned as to 90% by Mr. Ou Guo Liang, a Director and a shareholder of Kytronics Holdings, and 10% by Mr. Ou Bo Chou, brother of Mr. Au Pak Yin.

Kong Yue Investment and Jiangmen Information are shareholders of Kongyue Information holding 95% and 5% interest respectively.

(d) Kytronics Holdings the controlling Shareholder of the Company.

Properties to be acquired:

Kong Yue Investment and Jiangmen Information agreed to acquire, and the Vendor agreed to sell, the Properties, comprising the land use right of a parcel of land with a site area of 37,270 sq.m. located at 18 Jiangyue Road, Jinguzhou Economic Development Zone, Xinhui District, Jiangmen, Guangdong Province, the PRC, together with the buildings erected thereon as set out below:

- (i) A 4-storey industrial complex with a total floor area of 29,693.38 sq.m. and a 5-storey dormitory building with a total floor area of 4,361.36 sq.m. which are owned by the Vendor and are currently leased to the Group for industrial, office and other ancillary uses; and
- (ii) A single-storey warehouse with floor area of 5,143 sq.m. which is owned by the Vendor and is currently occupied by the Group for storage use.

Consideration:

The consideration of the Acquisition is RMB62.4 million (approximately HK\$60.0 million) which was arrived at after arm's length negotiations among the Group, Jiangmen Information and the Vendor, and was determined by reference to the valuation of the Properties as at 30 June 2006 of approximately RMB62.4 million (approximately HK\$60.0 million) conducted by the Valuer.

The consideration will be satisfied as to 95% by the Company and 5% by Jiangmen Information. The Company will satisfy its portion of consideration amounting to RMB59.3 million (approximately HK\$57.0 million) (i) by cash of approximately RMB27.2 million (approximately HK\$26.2 million), which is expected to be financed by proceeds of the Subscription, payable to the Vendor within a year following the date of completion of the S&P Agreement; and (ii) by the issue of 23,000,000 Consideration Shares at the issue price of HK\$1.34 per Share to Kytronics Holdings at the completion of the S&P Agreement. Jiangmen Information will satisfy its portion of consideration amounting to approximately RMB3.1 million (approximately HK\$3.0 million) by cash payable to the Vendor within a year following the completion of the S&P Agreement.

Consideration Shares

The Consideration Shares of 23,000,000 Shares represent:

- (i) approximately 4.1% of the existing issued share capital; and
- (ii) approximately 3.8% of the enlarged issued share capital upon issue of the Consideration Shares and the Subscription Shares.

The Consideration Shares will be issued under the Special Mandate to be sought from the Independent Shareholders at the EGM. The Consideration Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with Shares in issue at the time of issue and allotment of the Consideration Shares.

Issue price of the Consideration Shares

The issue price of HK\$1.34 per Consideration Share represents:

- (i) a discount of about 1.47% to the closing price of HK\$1.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of about 3.60% to the average closing price of HK\$1.39 per Share as quoted on the Stock Exchange for the last five full trading days up to and including the Last Trading Day; and
- (iii) a discount of about 4.29% to the average closing price of HK\$1.40 per Share as quoted on the Stock Exchange for the last ten full trading days up to and including the Last Trading Day.

The issue price per Consideration Share, which is the same as the Placing Price and the Subscription Price, was negotiated on an arm's length basis between the Company and the Vendor by reference to, among other things, the recent trading price of the Shares. The Board consider that the issue price is fair and reasonable and in the interests of the Company and its Shareholders as a whole. Application will be made to the Stock Exchange to grant the approval for the listing of, and permission to deal in, the Consideration Shares.

Conditions of the S&P Agreement:

The Acquisition shall be conditional upon, among other things, the fulfillment of the followings:

- (i) the Company and Jiangmen Information obtaining to its satisfaction a legal opinion from the legal advisor to the Company on the PRC laws on, inter alia, the complete title of the Vendor to the Properties and the right of the Vendor to sell the Properties;
- (ii) the obtaining of all necessary approvals by the parties in respect of the Acquisition;
- (iii) the obtaining of approval from the Independent Shareholders at the EGM on the Acquisition (including the Special Mandate); and
- (iv) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consideration Shares.

INCREASE OF REGISTERED CAPITAL OF KONGYUE INFORMATION

The Board resolved to, upon completion of the S&P Agreement, increase the registered capital of Kongyue Information, by RMB62.4 million (approximately HK\$60.0 million) equivalent to the valuation of the Properties from RMB99.6 million (approximately HK\$95.8 million) to RMB162.0 million (approximately HK\$155.8 million). Such increase will be contributed by Kong Yue Investment and Jiangmen Information in proportion to their respective shareholding interest in Kongyue Information by way of injection of their respective interest in the Properties.

The principal activities of Kongyue Information are manufacturing and sales of business equipment and tax control equipment in the PRC. Kongyue Information is currently owned as to 95% by Kong Yue Investment and 5% by Jiangmen Information. For the two years ended 31 December 2005, Kongyue Information has audited net profit (before tax and extraordinary items) of approximately RMB35.7 million (approximately HK\$34.3 million) and approximately RMB42.5 million (approximately HK\$40.9 million) respectively. During the same period, Kongyue Information has audited net profit (after tax and extraordinary items) of approximately RMB31.6 million (approximately HK\$30.4 million) and approximately RMB38.3 million (approximately HK\$36.8 million) respectively. During the same period, Kongyue Information has recorded audited net asset value of approximately RMB128.1 million (approximately HK\$123.2 million) and approximately RMB166.1 million (approximately HK\$159.7 million) respectively.

REASONS FOR AND BENEFIT OF THE ACQUISITION OF PROPERTIES AND INCREASE OF REGISTERED CAPITAL OF KONGYUE INFORMATION

The Group is principally engaged in the provision of business equipment and tax control equipment in the PRC and has actively anticipated in the tender of the Golden Tax Project (the "Project") through Kongyue Information. The Project is the auditing and checking system that connects all tax authorities in the PRC through the Internet to monitor tax payments from corporate taxpayers at all levels. The third phase of the Project commenced in early 2006 which required sizeable retailers and service providers with fixed outlets to purchase and use tax control electronic cash registers to facilitate the tax assessment and review of the

PRC Tax Bureau. Around 30 provinces in the PRC have begun to invite tender for tax control equipment. The Group through Kongyue Information won the bid in Guangdong Province in early 2006 and was selected as one of the five suppliers of tax control equipments to retailers in the Province.

The Group currently leases the Properties from the Vendor for industrial, office, storage and other ancillary uses under three tenancy agreements for terms up to 1 September 2009, 1 May 2010 and 1 November 2012 respectively. For each of the two years ended 31 December 2005, the annual rent paid by the Group was approximately RMB3.0 million (approximately HK\$2.9 million) in aggregate respectively. The Group intends to, through Kongyue Information, bid for contracts in different provinces in the PRC to further extend its market share. Details of fixed assets of the candidate, in particular, production complex, are among the information required in the tender document. The Board believes that the size of fixed asset value of a candidate is one of the major factors of the authority in selecting suppliers. As such, the Board considers that the increase in the registered capital and therefore fixed asset value of Kongyue Information through the injection of the Properties will build confidence of the authority on the strength of Kongyue Information in tax control equipment business and thus will increase the chance of Kongyue Information to be selected in tenders.

The Group intends to finance the cash consideration of approximately RMB27.2 million (approximately HK\$26.2 million) by the net proceeds from the Subscription. In case the net proceeds is below approximately RMB27.2 million (approximately HK\$26.2 million), the Group intends to finance the Acquisition by other means, including but not limited to internal resources, debt financing or further equity financing.

The Board considers that the terms of the S&P Agreement and the increase of registered share capital of Kongyue Information are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE PLACING AND SUBSCRIPTION

On 31 July 2006, the Company, Kytronics Holdings, the Guarantors and the Placing Agent entered into the Placing and Subscription Agreement, further details of which are as follows:

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 31 July 2006

Parties: (a) the Company;
(b) Kytronics Holdings;
(c) the Guarantors; and
(d) the Placing Agent

1. The Placing

Placing Agent

Kingsway Financial Services Group Limited 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 23,000,000 Shares represent:

(i) approximately 4.1% of the existing issued share capital of the Company, and

- (ii) approximately 3.8% of the issued share capital of the Company as enlarged by the Consideration Shares and the Subscription Shares.

Placees

The Placing Shares are expected to 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). It is expected that none of the placees nor their respective ultimate beneficial owners will be or become a substantial shareholder of the Company immediately as a result of the Placing. The Company will ensure compliance with the Listing Rules and 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 of HK\$1.34 per Share represents:

- (i) a discount of about 1.47% to the closing price of HK\$1.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of about 3.60% to the average closing price per Share of HK\$1.39 as quoted on the Stock Exchange for the last five full trading days up to and including the Last Trading Day; and
- (iii) a discount of about 4.29% to the average closing price of HK\$1.40 per Share 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 among 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 of the Placing Shares

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 3 August 2006 or on such other date as may be agreed between Kytronics Holdings and the Placing Agent.

Guarantee of Kytronics Holdings' obligations

The Guarantors undertake to the Placing Agent that they will procure the due and punctual performance by Kytronics Holdings 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 23,000,000 Shares which represent approximately 4.1% of the existing issued share capital of the Company, and approximately 3.8% of the issued share capital of the Company as enlarged by the Consideration Shares and Subscription Shares.

Subscription Price

The Subscription Price is HK\$1.34 per Share which is the same as the Placing Price was determined after arm's length negotiation amongst the parties.

Issue of Subscription Shares under General Mandate

The Subscription Shares will be issued under the General Mandate. As at the date of this announcement, 60,000,000 Shares have been issued and allotted pursuant to the General Mandate. If up to 23,000,000 Subscription Shares will be allotted and issued, 83% 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 the Subscription

The Subscription is conditional upon, among other things,

- (i) the completion of the Placing; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

The Subscription is expected to be completed within 14 days after the date of the Placing and Subscription Agreement, that is, on or before 14 August 2006. The Company will ensure compliance with the Listing Rules and further announcement will be made by the Company in case the Subscription is not completed by 14 August 2006.

In the event that the conditions to the Placing and Subscription Agreement are not fulfilled by 4:00 p.m. on 10 August 2006 (or such later date as the Company, Kytronics Holdings and the Placing Agent may agree), the rights and obligations of the Company and Kytronics Holdings 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 Kytronics Holdings 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.

REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

As abovementioned, the Group intends to acquire the Properties for injection into Kongyue Information so as to increase its chance to be selected in tenders, in particular, in the third phase of the Project. The Group will satisfy partial consideration amounting to approximately RMB27.2 million (approximately HK\$26.2 million) in cash.

Assuming up to 23,000,000 Subscription Shares are issued by the Company and subscribed by Kytronics Holdings under the Subscription, the gross proceeds will be approximately RMB32.0 million (approximately HK\$30.8 million). The net proceeds, after deducting related placing commission, professional fees and all related expenses incurred in the Placing which will be borne by the Company, are expected to be approximately RMB31.0 million (approximately HK\$29.8 million). The Board expected that approximately RMB27.2 million (approximately HK\$26.2 million) of the net proceeds will be used to finance the Acquisition and the balance of approximately RMB3.7 million (approximately HK\$3.6 million) will be used as general working capital of the Company. In case the resolution of the Acquisition is not passed at the EGM, it is expected that the entire net proceeds will be used as working capital of the Company. The net proceeds raised under the Subscription is equivalent to a net placing price of about HK\$1.30 per Share.

EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company immediately before and after the Acquisition, Placing and Subscription are summarised as follows (*Note 1*):

Name of Shareholders	Existing no. of Shares held	Approximate %	No. of Shares held after Placing but before Subscription and Acquisition		No. of Shares held after Placing and Subscription but before Acquisition		No. of Shares held after Placing, Subscription and Acquisition	
			Approximate %	Approximate %	Approximate %	Approximate %		
Kytronics Holdings	338,695,533	60.48%	315,695,533	56.37%	338,695,533	58.10%	361,695,533	59.68%
Legend Capital (<i>Note 3</i>)	10,800,000	1.93%	10,800,000	1.93%	10,800,000	1.85%	10,800,000	1.78%
Sub-total	349,495,533	62.41%	326,495,533	58.30%	349,495,533	59.95%	372,495,533	61.46%
Public	210,504,467	37.59%	210,504,467	37.59%	210,504,467	36.10%	210,504,467	34.74%
Placees	—	—	23,000,000	4.11%	23,000,000	3.95%	23,000,000	3.80%
Total	<u>560,000,000</u>	<u>100%</u>	<u>560,000,000</u>	<u>100%</u>	<u>583,000,000</u>	<u>100%</u>	<u>606,000,000</u>	<u>100%</u>

Note 1: Assuming no Shares are issued as a result of the exercise of options pursuant to the share option scheme of the Company before completion of the Acquisition.

Note 2: Assuming up to 23,000,000 Subscription Shares are issued under the Subscription.

Note 3: 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 of Hong Kong Limited.

In the 12 months immediately preceding this announcement, the Company raised a net proceed of approximately HK\$85 million through placing of existing shares and subscription of new shares issued under the General Mandate on 5 June 2006. Details are as follows:

	Planned use of net proceeds of the subscription as per announcement dated 5 June 2006 <i>HK\$ million</i>	Actual use of net proceeds of the subscription as at the date of this announcement <i>HK\$ million</i>
Use of proceeds, including:		
For the development of payment terminal business involving electronic cash register	40	0
For the acquisition of new machinery and equipments for enhancing and expanding the production capacity of the Group	25	0
For future working capital	<u>20</u>	<u>5</u>
Total	<u>85</u>	<u>5</u>

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is a connected person of the Company under the Listing Rules. As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the entering into the S&P Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and, together with the Special Mandate, are subject to the approval by the Independent Shareholders at the EGM. The Independent Board Committee has been formed, and an independent financial adviser will be appointed, to advise the Independent Board

Committee and the Independent Shareholders on whether or not the Acquisition (including the Special Mandate) are fair and reasonable and in the interest of Independent Shareholders and the Company as a whole. Kytronics Holdings and its associates will abstain from voting on the ordinary resolution proposed at the EGM.

As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the increase of registered capital of Kongyue Information exceed 5% but are less than 25%, such increase in registered capital constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to disclosure requirement.

A circular containing, among other things, (i) further details of the Acquisition (including the Special Mandate) and the increase of registered capital of Kongyue Information; (ii) the recommendation from the Independent Board Committee in respect of the Acquisition (including the Special Mandate); (iii) a letter of advice from the independent financial advisor in respect of the Acquisition (including the Special Mandate); and (iv) a notice of EGM will be dispatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 31 July 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 1 August 2006.

TERMS AND DEFINITIONS

“associates”	has its meaning as defined in the Listing Rules
“Acquisition”	the acquisition of the Properties pursuant to the S&P Agreement
“Board”	the board of directors of the Company
“Consideration Shares”	23,000,000 new Shares of HK\$1.34 each to be issued pursuant to the S&P Agreement under the Special Mandate
“Company”	Jolimark Holdings Limited, a company established in the Cayman Islands and its Shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	a extraordinary general meeting of the Company convened to approve the Acquisition (including the Special Mandate)
“Existing Shares”	an aggregate of 560,000,000 existing Shares
“General Mandate”	the general mandate granted to the Board pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 15 May 2006
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Zone of the People’s Republic of China

“Independent Board Committee”	a committee of the Board comprising Mr. Lai Ming, Joseph, Mr. Meng Yan and Mr. Xu Guang Mao, the independent non-executive Directors, appointed to advise the Independent Shareholders in respect of the Acquisition (including the Special Mandate)
“Independent Shareholders”	Shareholders of the Company except Kytronics Holdings and its associates
“Jiangmen Information”	江門市江裕信息科技有限公司 (Jiangmen Kongyue Information Technology Ltd.*), a limited liability company established in the PRC
“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 which is owned as to 95% by Kong Yue Investment and 5% by Jiangmen Information.
“Kong Yue Investment”	Kong Yue Investment Limited, a limited liability company established in BVI and a wholly-owned subsidiary of the Company
“Kytronics Holdings”	Kytronics Holdings Limited, the controlling Shareholder of the Company which holds 60.48% or 338,695,533 Shares of the Company as at the date of this announcement. Kytronics Holdings 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 Kytronics Holdings
“Last Trading Day”	28 July 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”	the procuring of purchasers for up to 23,000,000 Placing Shares on best effort basis by the Placing Agent pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	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)
“Placing and Subscription Agreement”	the placing and subscription agreement entered into between the Company, Kytronics Holdings, the Guarantors and the Placing Agent dated 31 July 2006 in relation to the Placing and Subscription
“Placing Price”	HK\$1.34 per Share
“Placing Shares”	up to 23,000,000 Placing Shares beneficially owned by Kytronics Holdings and to be placed pursuant to the Placing
“PRC”	the People’s Republic of China

“Properties”	the land use right of a parcel of land located at 18 Jiangyue Road, Jinguzhou Economic Development, Xinhui District, Jiangmen, Guangdong Province, the PRC, together with the buildings erected thereon, including a four-storey industrial complex, a five-storey dormitory building and a single-storey warehouse
“Purchasers”	Kong Yue Investment and Jiangmen Information, being the shareholders of Kongyue Information
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“S&P Agreement”	the conditional sale and purchase agreement dated 31 July 2006 entered into among the Company, the Vendor, the Purchasers and Kytronics Holdings relating to the sale and purchase of the Properties
“Special Mandate”	a special mandate to be sought from the Independent Shareholders at the EGM to satisfy the allotment and issue of the Consideration Shares
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription made by Kytronics Holdings of the Subscription Shares pursuant to the terms and conditions of the Placing and Subscription Agreement
“Subscription Shares”	up to 23,000,000 new Shares of HK\$1.34 each to be issued under the General Mandate and subscribed by Kytronics Holdings pursuant to the Subscription
“Valuer”	DTZ Debenham Tie Leung Limited, an independent property valuer in Hong Kong
“Vendor”	江裕科技園(新會)有限公司 (Kong Yue Industrial Park (Xinhui) Ltd.*), a WFOE wholly owned by Kong Yue Holding Limited. Kong Yue Holding Limited is owned as to 36% by Mr. Au Pak Yin, 32% by each of Mr. Ao Kao and Mr. Ao Pak U, brothers of Mr. Au Pak Yin
“WFOE”	a wholly foreign owned enterprise established in the PRC
“%”	per cent

The exchange rate used for reference purpose in this announcement is HK\$1.00 to RMB1.04.

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

Hong Kong, 31 July 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.

* *For identification purposes only*

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