

Chairman's Statement

To all shareholders,

During the year, as a result of the delay of "Golden Tax Project" Phase III, the decline in market demand on value-added tax invoice printers from "Golden Tax Project" Phase II and the more intensive competition in dot matrix printer market, the sales and gross profit of "Jolimark" brand printers and tax control equipment were adversely affected, and the aggregate turnover decreased by 3.9% compared to last year. Meanwhile, the Group made further investments in market expansion and new product development, together with increased management expenses, resulting in a decline of net profit by 46% compared to last year.

During the year, a number of the Group's tax control products obtained qualification certifications from government authorities, and the Group was chosen as one of the suppliers of tax control electronic cash registers ("ECRs") in the tender project of Guangdong Province National Tax Bureau. The Group also carried out a lot of pre-tender preparation work for certain key provinces and municipalities.

In 2006, the Group launched a variety of new "Jolimark" brand dot matrix printers, which gained wide acceptance in the market and recorded satisfactory sales results in the second half of the year. Moreover, the Group completed the development of various projectors and launched them in the market.

"Golden Tax Project" Phase III will be launched in 2007, which will bring the Group with substantial market opportunities for its tax control ECRs, mini printers and invoice printers. Moreover, with the rapid development of the projector market in the PRC and the government's determination to allocate more resources to the medical and education sectors, the demand for dot matrix printers and projectors in these two sectors will also be boosted. The Group will capitalize on these great opportunities, striving to reward shareholders with positive business returns.

On behalf of the Board, I would like to express my sincere gratitude to all shareholders, the management team, our staff and customers for their great support to the Group over the year. For the great effort and dedication of our spirited staff, the Group believes it will be able to continuously bring long-lasting, fruitful returns to our shareholders.

By Order of the Board
Jolimark Holdings Limited
Au Pak Yin
Chairman

Hong Kong, 17 April 2007