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COLOR IMAGING INC
Form PRE 14A
May 05, 2005

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

FILED BY THE REGISTRANT ☒ [X]

FILED BY A PARTY OTHER THAN THE REGISTRANT ☐ []

Check the appropriate box:

☒ [X] Preliminary Proxy Statement
☐ [] Confidential, For Use Of The Commission Only (As Permitted By Rule
14a-6(e) (2))
☐ [] Definitive Proxy Statement
☐ [] Definitive Additional Materials
☐ [] Soliciting Material Pursuant to Rule 14a-12.

COLOR IMAGING, INC.

NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

☒ [X] No fee required.

☐ [] Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to
Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is
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(4) Proposed maximum aggregate value of transaction:

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0-11(a) (2) and identify the filing for which the offsetting fee was paid
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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COLOR IMAGING, INC.
4350 PEACHTREE INDUSTRIAL BOULEVARD
SUITE 100 NORCROSS,
GEORGIA 30071

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JULY 19, 2005

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Color Imaging, Inc. ("Color Imaging" or the "Company") will be held at 10:00 a.m., local time, on July 19, 2004, at the St. Ives Country Club, One St. Ives Country Club Drive, Duluth, GA 30097, for the following purposes:

1. To approve amendments, as determined by the Board of Directors of Color Imaging in their discretion, to Color Imaging's Certificate of Incorporation to effect a reverse stock split of our common stock at one of the following ratios: 1-for-1500, 1-for-2500 or 1-for-5000 and the repurchase of the resulting fractional shares held by each stockholder with less than one share after the reverse stock split, followed immediately by an amendment of Color Imaging's Certificate of Incorporation to effect a forward stock split of Color Imaging's common shares upon the inverse of the ratio used in the reverse stock split was effected (collectively the "Stock Splits"). As a result of the Stock Splits, (a) each stockholder owning fewer than 5,000 shares, 2,500 shares or 1,500 shares, as applicable, of outstanding common stock immediately before the Stock Splits will receive \$1.10 in cash, without interest, for each Color Imaging common share owned by such stockholder immediately prior to the Stock Splits and will no longer be a stockholder of Color Imaging; and (b) each stockholder owning more than the number of common shares upon which the reverse stock split was effected immediately before the Stock Splits will receive common shares equal to the number of common shares they held prior to the Stock Splits. The Stock Splits are proposed for the purpose of taking Color Imaging private and terminating its reporting obligations under the Securities Exchange Act of 1934, as amended (the "Stock Splits Proposal").

2. To elect seven directors to serve until the next Annual Meeting of Stockholders or until their respective successors are elected and qualified.

3. To ratify the selection of Lazar Levine & Felix LLP as Color Imaging's independent accountants for the year ending December 31, 2005.

4. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

After careful consideration, the board of directors of Color Imaging, acting in part upon the unanimous recommendation of the special committee, unanimously determined that the Stock Splits Proposal is advisable, fair to and in the best interests of the Color Imaging stockholders, accordingly, recommends that you vote "FOR" adoption of the Stock Splits Proposal. The board also recommends that you vote "FOR" the other proposals listed above.

The board of directors has fixed the close of business on June 5, 2005, as the record date (the "Record Date") for the determination of stockholders entitled to notice of and to vote at the annual meeting and all adjourned meetings thereof.

BY ORDER OF THE BOARD OF DIRECTORS

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/s/ MORRIS E. VAN ASPEREN
Morris E. Van Asperen
Secretary

Dated: June __, 2005

PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE RETURN ENVELOPE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT.

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SUMMARY TERM SHEET

The following is a summary of the material terms of the Stock Splits upon which

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Color Imaging's stockholders will vote at the Annual Meeting. While this summary describes what we believe are the most material terms and conditions of the Stock Splits, this Proxy Statement contains a more detailed description of such terms and conditions. We urge you to carefully review, in their entirety, this Proxy Statement, the attached Exhibits and the documents incorporated by reference before voting.

COLOR IMAGING BACKGROUND

Color Imaging is a Delaware corporation. Color Imaging's principal offices are located at 4350 Peachtree Industrial Blvd, Suite 100, Norcross, GA 30071 and Color Imaging's phone number at that address is (770) 840-1090.

Please see the section of this Proxy Statement entitled "Information About Color Imaging" for a more detailed discussion.

STOCK SPLITS PROPOSAL

The Stock Splits will consist of the following steps:

As used throughout this Proxy Statement, the term "Stock Splits" refers to a transaction consisting of the following steps:

- o The Stock Splits will take effect on the date (the "Effective Date") that the Delaware Secretary of State accepts for filing certificates of amendment to our Certificate of Incorporation (one amendment effecting the reverse stock split, the other effecting the forward stock split).
- o On the Effective Date, the Company will first effect a reverse stock split of its common shares, which will be either a 1-for-1500, 1-for-2500 or 1-for-5000 reverse stock split, depending on the final determination of the Board of Directors as to the appropriate reverse stock split ratio ("Reverse Split Ratio").
- o Each holder of less than one whole share of common stock after the operation of the reverse stock split will receive cash instead of a fractional share. The Company will pay each of these holders an amount in cash (the "Cash Out Price") equal to \$1.10 per share held by such holder immediately before the reverse stock split.
- o On the Effective Date, following the completion of the reverse stock split, the Company will effect a forward stock split of the common shares, which will be either a 1500-for-1, 2500-for-1 or 5000-for-1 forward stock split, depending on the final determination of the Board of Directors as to the stock split ratio. The Board will use a forward ratio which is the inverse of the Reverse Split Ratio. Each holder of one or more shares immediately after the reverse stock split will participate in the forward stock split, which will result in such holder holding the same number of shares after the forward stock split as was held by such holder immediately before the reverse stock split.

Please see the sections of this Proxy Statement entitled "Special Factors - Effects of the Stock Splits" and "Proposal No. 1 - Stock Splits Proposal - Summary and Structure" for a more detailed discussion of the Stock Splits.

PURPOSE OF AND REASONS FOR THE STOCK SPLITS

- o The principal purpose of the Stock Splits is to acquire for cash common shares from those holders of fewer than either 1500, 2500 or 5000 common shares.
- o The Stock Splits are intended to reduce the number of holders of record of the common shares to substantially below 300 and thereby

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enable the Company to terminate the registration of the common shares under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with the reasonable expectation of remaining below 300 stockholders. The Company's termination of the registration of the common shares under the Exchange Act does not require the approval of the holders of common shares and will not be voted upon at the meeting. Upon such termination, the Company's duty to file periodic reports with the Commission will be suspended, and the Company will no longer be classified as a public reporting company. Notwithstanding such termination, the Company will continue to be subject to the general anti-fraud provisions of federal and applicable state securities laws and to the laws of the State of Delaware. Please see the section of this Proxy Statement entitled "Special Factors--Effects of the Stock Splits" for a more detailed discussion of the foregoing.

- o The following are the principal reasons the Board considered in pursuing the Stock Splits:
 - o the cost savings and future costs avoided of approximately \$115,000 and \$45,000 per year, respectively, that the Company expects to realize in the future as a result of the suspension of its periodic reporting obligations under the Exchange Act due to the deregistration of the common shares under the Exchange Act, including the cost savings resulting

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from no longer being subject to the public company provisions of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act");

- o the Sarbanes-Oxley Act of 2002 and related regulations have increased the costs of remaining a public company, and have the effect of increasing the burdens and potential liabilities of being a public reporting company, such as increasing audit fees, attorneys' fees, and insurance premium as the potential liability of officers and directors is increased;
- o since Color Imaging stock is not listed on a major stock exchange or interdealer quotation system, such as the NYSE, AMEX, or NASDAQ Stock Market, Color Imaging stockholders are not currently realizing many of the principal benefits of public ownership;
- o in light of Color Imaging's current size and resources, and the lack of a robust trading market in its common stock, the board of directors does not believe that these costs are justified, and believes that it is in Color Imaging's best interests to eliminate the financial and administrative burdens associated with being and remaining a public company;
- o the additional savings in terms of management's and employees' time that will no longer be spent preparing the periodic reports required of public companies under the Exchange Act and managing stockholder relations and communications;

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- o the reduced premiums that may result for the Company's directors' and officers' insurance policies as a result of the Company no longer being a public reporting company;
- o the decrease in expenses resulting from no longer being required to service holders with small positions in the common shares;
- o the ability of the Company to control the dissemination of certain business information, which is currently disclosed in the Company's periodic reports and accordingly available to the Company's competitors, vendors, customers and other interested parties, potentially to the Company's detriment;
- o the ability of the Company to gain greater operational flexibility by being able to focus on long-term growth without an undue emphasis on current earnings and other short-term metrics;
- o the belief of the Board that the Stock Splits constitute the most expeditious, efficient, cost-effective and fairest method to convert the Company from a public reporting company to a privately-held, non-reporting company in comparison to other alternatives considered by the Board;
- o the fact that the Company has not realized many of the benefits normally presumed to result from being a public reporting company (such as enhanced stockholder value, enhanced corporate image, access to capital markets, active trading market, analysts' reports, ability to use company stock to attract, retain and incentivize employees, and ability to use company stock as currency for acquisitions) due to the relatively limited liquidity of the common shares; and
- o the ability to provide holders of fewer than either 1500, 2500 or 5000 common shares, as the case may be, with liquidity, without the payment of brokerage commissions or other transaction fees, by allowing them to liquidate their common shares for cash at a fair market value.

FAIRNESS OF THE STOCK SPLITS

The Board has set \$1.10 per pre-split Common Share (the "Repurchase Price") as the cash consideration to be paid by Color Imaging in lieu of issuing fractional Common Shares (i.e., less than one whole Common Share) in connection with the Stock Splits. The Board made this determination in good faith and received a fairness opinion (the "Fairness Opinion") prepared by CBIZ Valuation Group, LLC ("CVG"), an independent financial advisor. The Board also considered other factors the Board deemed relevant, as described in greater detail in this Proxy Statement.

The Fairness Opinion was delivered to the Board to assist the Board in establishing the terms and conditions of the Stock Splits. The Fairness Opinion states that based upon and subject to the factors and assumptions set forth therein as of May 2, 2005, the Repurchase Price is fair, from a financial point of view, to Color Imaging's stockholders who would not retain their interest in Color Imaging, and those who would retain their interest, after the transaction, in each case excluding executive officers and directors of the Company and their affiliates.

The full text of the Fairness Opinion, dated May 2, 2005, is attached to this Proxy Statement as Exhibit A. We urge you to read the Fairness Opinion in its entirety. CVG provided the Fairness Opinion for the information and assistance of the special committee and the Board in connection with its consideration of the Stock Splits. The Fairness Opinion is not a recommendation as to how you should vote with respect to the Stock Splits.

The Board believes that the Stock Splits are in Color Imaging's best interests and are substantively and procedurally fair to both the affiliated and unaffiliated holders of the Common Shares, including both those holders whose Common Shares will be completely cashed out pursuant to the Stock Splits ("Cashed Out Holders") and those who will continue to hold Common Shares after the Stock Splits ("Continuing Holders").

The Board has reviewed and considered the analyses and conclusions of CVG contained in the Fairness Opinion, received the recommendation of the special committee, and unanimously approved the Stock Splits.

Please see the sections of this Proxy Statement entitled "Special Factors - Fairness of the Stock Splits," "Opinion of CBIZ Valuation Group, LLC," "Proposal No. 1 - Stock Splits Proposal - Background of the Stock Splits" and "Proposal No. 1 - Stock Splits Proposal - Recommendation of the Board" for a more detailed discussion of the foregoing.

VOTING INFORMATION

Approval of the Stock Splits requires the approval of a majority of the outstanding Common Shares entitled to vote at the Annual Meeting. As of the close of business on June 5, 2005, (the "Record Date"), there were 12,690,305 Common Shares outstanding and entitled to vote at the Annual Meeting, of which 6,357,843 are required to approve the Stock Splits.

Please see the section of the Proxy Statement entitled "Meeting and Voting Information" for a more detailed discussion of the foregoing.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Color Imaging will not recognize any gain, loss or deduction for federal income tax purposes as a result of the Stock Splits.

Color Imaging's stockholders will generally recognize a gain or loss for federal income tax purposes equal to the difference between the amount of cash received and the stockholder's tax basis in the Common Shares that are exchanged for the repurchase price in lieu of issuing fractional shares.

Please see the section of this Proxy Statement entitled "Proposal No. 1 - Stock Splits Proposal - Material Federal Income Tax Consequences" for a more detailed discussion of the foregoing.

UNAVAILABILITY OF APPRAISAL OR DISSENTERS' RIGHTS

A holder of Common Shares does not have the right under Delaware law or Color Imaging's Certificate of Incorporation or Code of Regulations (the "Regulations") to demand the appraised value of such Common Shares or any other dissenters' rights if the holder votes against the Stock Splits.

Please see the section of this Proxy Statement entitled "Proposal No. 1 - Stock Splits Proposal - Unavailability of Appraisal or Dissenters' Rights" for a more

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detailed discussion of the foregoing.

ESCHEAT LAWS

All unclaimed cash amounts payable to stockholders in lieu of issuing fractional shares will be subject to applicable state laws regarding abandoned property.

Please see the section of this Proxy Statement entitled "Proposal No. 1 - Stock Splits Proposal - Escheat Laws" for a more detailed discussion of the foregoing.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

When used in this Proxy Statement the words or phrases "will likely result," "are expected to," "will continue," "anticipate," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from results presently anticipated or projected. Color Imaging cautions you not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Color Imaging advises readers that Color Imaging's actual results may differ materially from

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any opinions or statements expressed with respect to future periods in any current statements in this Proxy Statement or in our other filings with the SEC.

Color Imaging does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions, which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Please see the section of this Proxy Statement entitled "Available Information."

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SPECIAL FACTORS

PURPOSE OF THE STOCK SPLITS

The primary purpose of the Stock Splits is to terminate Color Imaging's status as a public reporting company with the SEC. As a result of the reverse stock split and the repurchase of the resulting fractional shares from holders of fewer than 1500, 2500 or 5000 shares, depending upon which of the foregoing ratios is used for the reverse stock split, Color Imaging expects to have fewer than 150 holders of record of the Common Shares, which would enable Color Imaging to terminate the registration of the Common Shares under the Exchange Act. If the Stock Splits are completed, Color Imaging intends to file with the SEC to terminate the registration of the Common Shares. Upon deregistration, the Common Shares would no longer be quoted on the Nasdaq over the counter bulletin board and trades in the Common Shares would only be possible through privately negotiated transactions or in the Pink Sheets(R) (a centralized quotation service that collects and publishes market maker quotes for securities).

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The purpose of the forward stock split, which will occur immediately after the reverse stock split and the repurchase of fractional shares resulting from the reverse split, is to prevent the Common Shares from having an unusually high per share value that would otherwise result from the reverse stock split, which would tend to further decrease the liquidity of the Common Shares. Additionally, those stockholders by virtue of their not holding shares in even multiples of the reverse stock split ratio will have one or more whole shares and fractional shares of Color Imaging. By effecting a forward stock split at the same ratio as that of the reverse stock split, no stockholders will have any fractional shares of Color Imaging's Common Stock.

WHAT IS THE REVERSE STOCK SPLIT?

We are proposing that our stockholders approve an amendment to Color Imaging's Certificate of Incorporation to effect a reverse stock split of our common stock using the Reverse Split Ratio selected by the Board. As a result of the reverse stock split, each 1500, 2500 or 5000 shares of outstanding common stock would be converted and reclassified into one share of common stock (depending upon which Reverse Split Ratio is selected by the Board), thereby reducing the number of issued and outstanding shares of common stock and the number of shares of common stock issuable upon conversion of outstanding shares of common stock or upon exercise of outstanding options and warrants to purchase common stock. Each stockholder owning less than one whole share after the reverse stock split of our common stock will have its shares converted into the right to receive a cash payment equal to \$1.10 per pre-reverse split share.

WHAT IS THE FORWARD STOCK SPLIT?

We are proposing that our stockholders approve an amendment to Color Imaging's Certificate of Incorporation to effect a forward stock split of our common stock using the inverse of the Reverse Split Ratio selected by the Board to effect the reverse stock split. As a result of the reverse stock split, each 1500, 2500 or 5000 shares of outstanding common stock would be converted and reclassified into one share of common stock (depending upon which Reverse Split Ratio is selected by the Board), thereby increasing the number of issued and outstanding shares of common stock and the number of shares of common stock issuable upon conversion of outstanding shares of common stock or upon exercise of outstanding options and warrants to purchase common stock. Each stockholder owning one or more shares of our common stock after the reverse stock split has been effected will, by virtue of the forward stock split at the same ratio as that used to effect the reverse stock split, have the same number of Common Shares of Color Imaging's Common Stock as the stockholder held prior to the reverse stock split.

REASONS FOR THE STOCK SPLITS

Reduced Costs and Expenses. We incur both direct and indirect costs to comply with the filing and reporting requirements imposed on us as a public reporting company. As described below, these costs include, among other things, management's time spent preparing and reviewing our public filings and legal and accounting fees associated with the preparation and review of such filings. Our compliance costs have increased significantly with the adoption and implementation of the Sarbanes-Oxley Act and related SEC and Nasdaq rules, and we expect these costs to increase further in the future. For smaller publicly traded companies, such as Color Imaging, those costs represent a larger portion of our revenues than for larger public companies.

The Board believes that by deregistering the Common Shares and suspending Color Imaging's periodic reporting obligations under the Exchange Act, we will realize recurring annual cost savings of approximately \$115,000 in fees and expenses

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that we have historically incurred, including fees and expenses for compliance with the Sarbanes-Oxley Act. Furthermore, fees for SOX 404 internal controls

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compliance testing by our independent auditors and those that Color Imaging was going to incur for internal audit services from another are estimated to be about \$25,000 and \$20,000, respectively, and those fees would have been in addition to the \$115,000 had compliance for non-accelerated filers not been extended until December 31, 2006 by the SEC. These estimated historically incurred fees and expenses and estimated costs avoided, are described in greater detail below.

Estimated Cost Savings:

Legal fees	\$ 40,000
Printing and mailing costs	\$ 15,000
Audit fees	\$ 50,000
Internal controls consulting fees (1)	\$ 10,000
	=====
Total	\$115,000

Estimated Costs Avoided:

Audit fees avoided for SOX 404 testing	\$ 25,000
Internal controls consulting fees	\$ 20,000
	=====
Total	\$ 45,000

(1) Excludes any internal personnel costs, since these costs are expected to continue.

These estimated historical cost savings reflect, among other things: (i) a reduction in audit and related fees; (ii) a reduction in legal fees related to securities law compliance and compliance with Nasdaq requirements; (iii) the elimination of filing costs and expenses associated with electronically filing periodic reports and other documents (such as proxy statements) with the SEC on its Edgar database; (iv) the lower printing and mailing costs attributable to the reduction in the number of stockholders and the less complicated and extensive disclosure required by our private status; (v) the cost savings due to Color Imaging not being subject to the public company provisions of the Sarbanes-Oxley Act; and (vi) the savings in fees charged by American Stock Transfer & Trust Company, Color Imaging's transfer agent (the "Transfer Agent"), that are expected because of the reduction in the number of stockholder accounts to be handled by the Transfer Agent.

The costs described above do not include potential additional savings which are difficult to estimate, including: (i) a reduction in management time spent on compliance and disclosure matters attributable to our Exchange Act filings; (ii) the lower risk of liability that is associated with non-reporting company status and the expected decrease in premiums for directors' and officers' liability insurance; and (iii) a reduction in direct miscellaneous clerical and other expenses.

In addition to the foregoing annual estimated cost savings, the consummation of the Stock Splits and the subsequent deregistration of the Common Shares would also result in a significant ongoing cost savings of approximately \$45,000 in

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fees and expenses (auditor testing of internal controls and engagement fees for internal audit services) because we would not be subject to the new internal control audit requirements imposed by Section 404 of the Sarbanes-Oxley Act.

The historical and non-recurring cost savings figures set forth above are only estimates. The actual savings we realize from going private may be higher or lower than these estimates. The estimates are based upon the (i) actual costs to us of the services and disbursements in each of the categories listed above that were reflected in our recent financial statements and (ii) allocation to each category of management's estimates of the portion of the expenses and disbursements believed to be solely or primarily attributable to our public reporting company status.

In some instances, these cost savings expectations were based on verifiable assumptions. For example, our auditing fees will be reduced if we cease to be a public reporting company due to the elimination of fees for interim services. In addition, the costs associated with retaining legal counsel to assist us with complying with the Exchange Act reporting requirements will be eliminated if we no longer file reports with the SEC.

Operational Flexibility. Another reason for the Stock Splits is the operational flexibility that completion of the Stock Splits and subsequent deregistration would provide. The Board believes that ceasing to be a public reporting company would enable management to focus more on Color Imaging's long-term growth without the distraction of SEC reporting requirements and other aspects of being a public company, and that Color Imaging will benefit if business decisions can be made with this added focus on long-term growth.

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Benefits Normally Associated with Public Reporting Company Status Have Not Been Realized. A further reason for the Stock Splits is that Color Imaging does not realize many of the benefits normally associated with being a public reporting company. A typical advantage of being a public company comes from the ability to use company stock, as opposed to cash or other consideration, to effect acquisitions. Color Imaging has found that the opportunities for companies our size to acquire other businesses using stock are limited. We have not previously completed an acquisition using stock and, given the limited opportunities for such acquisitions, it is not likely that we would be able to do so in the future. In addition, public companies can obtain financing by issuing securities in public offerings. Color Imaging historically has not been able to avail itself of traditional financing by public offering and instead completed a private placement and its offering on SEC Form SB-2 through a subscription of its foreign affiliate.

Deterrent to Mergers and Acquisitions. Being a small public company, we have found, is a deterrent to the acquisition of and merger with private companies, those who are most likely to complete a transaction with us, since to remain public the target company(ies) must have three years of audited statements and be prepared to comply with Section 404 of the Sarbanes-Oxley Act. Further, any such transaction would be more costly and more time consuming as a result of our reporting status and the related proxy and SEC requirements.

The reasons for the forward stock split, which will occur immediately after the reverse stock split and the repurchase of fractional shares resulting from the reverse split, is to prevent the Common Shares from having an unusually high per share value that would otherwise result from the reverse stock split, which would tend to further decrease the liquidity of the Common Shares. Additionally, those stockholders by virtue of their not holding shares in even multiples of

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the reverse stock split ratio will have one or more whole shares and fractional shares of Color Imaging. By effecting a forward stock split at the same ratio as that of the reverse stock split, no stockholders will have any fractional shares of Color Imaging's Common Stock.

In light of the foregoing, the Board believes the benefits Color Imaging receives from maintaining its status as a public reporting company and maintaining its small stockholder accounts are substantially outweighed by the associated costs. The Board believes that it is in Color Imaging's best interests to eliminate the administrative burden and costs associated with maintaining its status as a public reporting company and its small stockholder accounts.

DID THE BOARD CONSIDER ANY DISADVANTAGES OF GOING PRIVATE?

Yes. The Board weighed the advantages and disadvantages to going private. Our board of directors and special committee of the board of directors considered the following factors when recommending the reverse stock split:

- o The cost savings per year that Color Imaging expects to realize as a result of the deregistration of its common stock and the decrease in expenses relating to servicing stockholders holding small positions in Color Imaging common stock;
- o The additional savings in terms of management's and employees' time that will no longer be spent preparing the periodic reports required of public reporting companies and managing stockholder relations and communications;
- o The fact that Color Imaging has not been able to realize many of the benefits associated with being a publicly-traded company, such as enhanced stockholder value and access to public markets, due to the limited liquidity and low market price of Color Imaging's common stock;
- o The belief that Color Imaging's stockholders have not benefited proportionately from the costs of registration and public trading of its common stock, principally as a result of the relatively thin trading market for its common stock on the OTC Bulletin Board; lack of market makers and analysts following Color Imaging's performance; and a practical limitation of Color Imaging's stockholders' ability to sell relatively large blocks of their shares in the open market without significantly decreasing the market price, thereby effectively rendering their investment illiquid;
- o The ability of Color Imaging to control the dissemination of important business information, which is currently required to be disclosed in periodic reports and accordingly made available to its competitors, vendors, customers and other interested parties, potentially to Color Imaging's detriment;
- o The ability of Color Imaging to gain greater operational flexibility by being able to focus on long-term growth without an undue emphasis on quarter-to-quarter earnings and short-term fluctuations in the market price of the common stock; and

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- o The obstacles, as a public company, to merging with a private company, including but not limited to the private company's needing three years of audited statements, must be Section 404 of the Sarbanes-Oxley Act compliant by the respective effective date(s) and the additional time and cost of the proxy and SEC review process of any prospective merger or acquisition transaction.

The board of directors and the special committee have considered the disadvantages of going private, including the following:

- o There will be no public market for our common stock, and continuing stockholders will likely experience reduced liquidity for their shares;
- o Stockholders will not be entitled to the same level of information concerning Color Imaging's financial condition and results of operation;
- o Certain stockholders will be cashed out in the reverse stock split who may prefer to remain stockholders in Color Imaging, and will not be able to participate in any future growth or profits that Color Imaging may experience; and
- o Certain stockholders will remain stockholders of Color Imaging who may prefer to be cashed out.

After careful consideration, the board of directors and the special committee believe that the advantages of terminating Color Imaging's status as a public reporting company outweigh the disadvantages. However, the board of directors will have the discretion to determine if and when to effect the reverse stock split and reserves the right to abandon the transaction even if it is approved by the stockholders. For instance, if the cost of payments to stockholders owning less than one share after the reverse stock split substantially exceeds \$300,000, the board of directors may not complete the reverse stock split.

WHAT DOES "GOING PRIVATE" MEAN?

"Going private" means that Color Imaging will no longer be a public reporting company under the federal securities laws. As there will be fewer than 300 stockholders of record (or held by institutional depositories) remaining following the reverse stock split, registration of Color Imaging's common stock under the Exchange Act will be terminated, and Color Imaging common stock will no longer be traded on the OTC Bulletin Board. If the reverse stock split is approved and implemented, Color Imaging will no longer be required to file annual, quarterly and other reports that it currently files with the SEC, and there will no longer be a public trading market for its common stock.

WHY IS THE BOARD SEEKING STOCKHOLDER APPROVAL FOR THREE DIFFERENT REVERSE SPLIT RATIOS?

The Board is seeking the authority to effect the reverse stock split using a Reverse Split Ratio of either 1500-to-1, 2500-to-1 or 5000-to-1. The Board believes it needs to have the flexibility to select one of these ratios so that the Company may effect the Stock Splits at the lowest possible cost, and at the same time, have assurance that the Stock Splits will be effective in allowing the Company to terminate its Exchange Act registration and realize the benefits of a going private transaction. Based upon an initial analysis of the size and composition of the stockholder base, provided by management to the Board, the Board concluded that a 1500-to-1 ratio would reduce the number of stockholders to a sufficiently low number that the Company could go private, and reasonably

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expect to remain private. However, in the period between the date of the Board's approval of the Stock Splits Proposal and the Effective Date, the number or composition of the Company's stockholders could change significantly. The Board desires to have the ability to complete the Stock Splits without having the Company incur the additional expense of resoliciting proxies and calling an additional stockholders meeting.

HOW WILL THE BOARD SELECT THE REVERSE SPLIT RATIO?

The Stock Splits proposal, if approved by the stockholders, would give the Board the authority to effect the reverse stock split using a Reverse Split Ratio of either 1500-to-1, 2500-to-1 or 5000-to-1. In close proximity to the date of the stockholder meeting, the Board will obtain an updated analysis of the Company's stockholder base. The Board intends to use 1500-to-1 as the Reverse Split Ratio and to reduce the number of stockholders below 150 at a cost of \$300,000, or less, for the aggregate Cash-Out Price for all the fractional shares to be cancelled, which will enable the Company to effect a going private transaction, while maintaining the cost near its total cost target. However, the Board reserves the right to exceed the target cost based on its judgmental assessment of the Company's financial condition and business situation as of fiscal period immediately preceding the Effective Date.

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IS THERE A POSSIBILITY THAT THE BOARD WILL NOT COMPLETE THE STOCK SPLITS EVEN IF THE STOCKHOLDERS APPROVE THE PROPOSAL?

Yes. The Board reserves the right to forego the completion of the Stock Splits after stockholder approval. The Board currently intends to complete the Stock Splits as outlined above, but in its discretion it may choose not to. The Board will consider the following factors immediately after the meeting date to determine whether to go forward with the transaction:

- o Changes in the number and composition of the stockholder base, and the expected number of stockholders remaining if the transaction is completed.
- o The total cost to complete the transaction.
- o The Company's financial condition immediately prior to, and expected financial condition after, the completion of the transaction.
- o Changes in economic, industry and regulatory conditions prior to the expected Effective Date.
- o Advice from the Company's management, legal counsel and financial advisors regarding possible risks of completing the transaction.
- o Whether or not the Company will remain in compliance with the covenants of its credit arrangement with its lender.

In addition, unforeseen circumstances may prevent the Company from completing the going private transaction.

WHAT WILL I RECEIVE IN THE STOCK SPLITS IF THE PROPOSAL IS APPROVED AND IMPLEMENTED?

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If the Stock Splits Proposal is approved and implemented:

- o Stockholders who hold at least 1500, 2500, or 5000 shares (depending upon the Reverse Split Ratio selected by the Board) of Color Imaging common stock immediately before the effective time of the reverse stock split will have their shares automatically converted into a few number of shares based on the Reverse Split Ratio. However, those shares will be subject to a forward stock split immediately following the reverse stock split. The forward split will be completed using the inverse of the Reverse Split Ratio, i.e., 1500-to-1, 2500-to-1 or 5000-to-1, as the case may be. These stockholders will continue to hold the same number of shares as they held prior to the reverse split.
- o Stockholders who hold fewer than 1500, 2500, or 5000 shares (depending upon the Reverse Split Ratio selected by the Board) of Color Imaging common stock immediately before the effective time of the reverse stock split will, instead of receiving a fractional share of common stock as a result of the reverse stock split, have the right to receive \$1.10 per share on a pre-split basis.
- o The procedure for the payment of cash in lieu of fractional shares is described below under the caption "Special Factors - Share Certificates."

WHAT IF I HOLD SHARES IN "STREET NAME"?

If you hold fewer than the applicable number of our shares in street name (1500, 2500 or 5000, depending on the Reverse Split Ratio selected by the Board), each of your shares will be converted to the right to receive \$1.10 in cash. The exchange will be handled through your broker, bank or other nominee.

MAY I BUY ADDITIONAL SHARES IN ORDER TO REMAIN A STOCKHOLDER OF COLOR IMAGING?

Yes. The key date is the effective date of the Stock Splits because owners of fewer than 1500, 2500 or 5000 shares will be cashed out on that date. If you will be a cashed-out stockholder as a result of the Stock Splits and you want to continue to hold our common stock after the Stock Splits, you may do so by taking either of the following actions far enough in advance so that it is complete by 5 p.m. on the last business day immediately preceding the effective date of the Stock Splits, which we expect to occur shortly after the stockholders meeting upon the filing of the Certificate of Amendment with the Secretary of State of Delaware:

- o Purchase a sufficient number of our shares on the open market and have them registered in your name and consolidated with your current record account, if you are a record holder, or have them entered in your account with a nominee (such as your broker or bank) in which you hold

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your existing common shares so that you hold at least 1500 shares of our common stock (2500 or 5000 shares if the terms of the Stock Splits are changed by our board of directors) in your account by 5 p.m. on the last business day before the effective date of the Stock Splits; or

- o If applicable, consolidate your record accounts or accounts with

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nominees so that you hold at least 1500 shares of our common stock (2500 or 5000 shares if the terms of the Stock Splits are changed by our board of directors) in one record or nominee account by 5 p.m. on the date immediately prior to the effective date of the Stock Splits.

You will have to act far enough in advance so that the purchase of our common shares or consolidation of your accounts containing our common stock is complete by 5 p.m. on the last business day immediately prior to the effective date of the Stock Splits.

HOW DID THE BOARD DETERMINE THE FAIRNESS OF THE REVERSE STOCK SPLIT?

The board of directors and the special committee believe that the reverse stock split is in the best interests of Color Imaging and is substantively and procedurally fair to the affiliated and unaffiliated stockholders, including both those stockholders who will be cashed out as a result of the transaction and those who will remain stockholders after the reverse stock split.

The board of directors appointed a special committee consisting of Mr. Eiswirth, the independent and disinterested director serving on the board, to evaluate strategic alternatives for Color Imaging, including possible mergers or acquisitions, other transactions, and engaging in a "going private" transaction. The special committee, upon determining a going private transaction was in the best interest of the Company and its stockholders, then evaluated methods of going private, including whether or not to effect the reverse stock split, and if so, on what terms, including a fair price to be paid to stockholders in lieu of fractional shares less than one whole share.

The special committee engaged an independent financial advisor to assist the special committee in its evaluation of strategic alternatives, including going private, and to render a written fairness opinion regarding the price to be paid the stockholders who would be cashed out. CBIZ Valuation Group, LLC, the independent financial advisory engaged by the special committee, has rendered a fairness opinion stating that the pre-split price to be paid in the reverse stock split transaction is fair, from a financial point of view, to Color Imaging stockholders who would not retain their interest in Color Imaging after completion of the transaction, and stockholders who would retain their interest in Color Imaging after completion of the transaction, in each case other than stockholders who are directors or executive officers of Color Imaging or affiliates of directors or executive officers of Color Imaging.

The \$1.10 cash consideration to be paid in lieu of fractional shares less than one whole share represents (i) a premium of 124% over the average closing price of the Common Shares over the 30 trading days prior to and including April 14, 2005 (the date the Board approved the Stock Splits), which was \$0.49 per share, and (ii) a premium of 100% over the closing price for the Common Shares on April 14, 2005 (the date the Board approved the Stock Splits), which was \$0.55 per share.

The board of directors and the special committee have each expressly adopted the analyses and conclusions of the financial advisor contained in its fairness opinion.

WHAT ARE THE INTERESTS OF AFFILIATES OF COLOR IMAGING IN THE REVERSE STOCK SPLIT?

Both affiliated and unaffiliated stockholders will be treated the same in the reverse stock split. However, affiliated stockholders generally own more than the applicable number for any of the Reverse Split Ratios of shares of common stock, and thus will all be continuing stockholders in Color Imaging following

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the reverse stock split and going private. Accordingly, they will continue to have an interest in Color Imaging and will be able to participate in any future growth or profits that Color Imaging may experience, including as a result of reduced costs from not being a public reporting company. The wife of Sueling Wang, our President and director, and Richard S. Eiswirth, as the sole member of the Special Committee of the Board of Directors to investigate strategic alternatives to increase stockholder value, was paid director's fees aggregating \$20,000 in connection with those duties and responsibilities. Otherwise, none of our executive officers, directors or our affiliates will receive any proceeds from the transaction.

WILL I HAVE APPRAISAL OR DISSENTERS' RIGHTS?

Under Delaware law, which governs Proposal No. 1 - Stock Splits Proposal, you do not have the right to demand the appraised value of your shares or any other dissenters' rights if you vote against Proposal No. 1 - Stock Splits Proposal.

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WHAT ARE THE TAX IMPLICATIONS OF THE STOCK SPLITS?

In general, based upon existing federal income tax law, stockholders who receive cash in lieu of fractional shares will be treated as receiving cash as payment in exchange for their fractional shares, and they will recognize a capital gain or loss in an amount equal to the difference between the amount of cash received and the adjusted basis of the fractional shares surrendered for cash. Whether gains or losses from the sale of capital assets are short-term or long-term capital gains or losses depends on the period the capital asset was held.

- o Stockholders who remain stockholders of Color Imaging after the reverse stock split will not incur any tax liability as a result of the reverse stock split and will in general incur a capital gain or loss upon the ultimate disposition of their stock.
- o This summary does not purport to address all aspects of the range of possible federal income tax consequences of the reverse/forward stock split and is not intended as tax advice to any person. In particular, and without limiting the foregoing, this summary does not account for or consider the federal income tax consequences to Color Imaging's stockholders in light of their individual investment circumstances or to holders subject to special treatment under the federal income tax laws.

We strongly recommend that stockholders consult their own tax advisors as to the federal, state, local and foreign tax effects of the reverse/forward stock split in light of their individual circumstances.

WHAT ARE THE APPROVAL REQUIREMENTS FOR THE STOCK SPLITS PROPOSAL?

The affirmative vote of holders of a majority of the outstanding shares of common stock of Color Imaging entitled to vote and present in person or by proxy at the annual meeting is required for the approval of the Stock Splits. It is expected that shares beneficially owned by current executive officers, directors and affiliates of Color Imaging, which in the aggregate represent approximately 65.8% of the outstanding shares of common stock, will be voted in favor of the Stock Splits.

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EFFECTS OF THE STOCK SPLITS

The Stock Splits are expected to significantly reduce the number of holders of record of the Common Shares from approximately 525, including those in street names, to approximately 150. Upon the completion of the Stock Splits, we intend to apply with the SEC to deregister the Common Shares under the Exchange Act as soon as practicable. After deregistration, the Common Shares will no longer be quoted on the Nasdaq OTC Bulletin Board. The completion of the Stock Splits and the termination of our reporting obligations under the Exchange Act will cause the existing limited trading market for the Common Shares to be further reduced or eliminated.

Effects on the Common Shares. There will be no differences with respect to dividend, voting, liquidation or other rights associated with the Common Shares before and after the Stock Splits. The Common Shares acquired by Color Imaging for cash will be retired.

Effects on All Color Imaging Stockholders. All Color Imaging stockholders:

- o Will not have the opportunity to liquidate, at a time and for a price of their choosing, the Common Shares that are exchanged for cash in lieu of issuing fractional shares;
- o Will not receive a fractional Common Share as a result of the Stock Splits, but will instead receive cash, in a taxable transaction, equal to \$1.10 for each Common Share held immediately before the Stock Splits that is exchanged for cash in accordance with the procedures described in this Proxy Statement;
- o Will not have to pay any brokerage commissions or other transaction fees in connection with the exchange of Common Shares for cash in lieu of issuing fractional shares; and
- o Will not receive any interest on cash payments owed as a result of the Stock Splits.

If you hold fewer Common Shares than the number upon which the Reverse Stock Split is effected, your Common Shares will be exchanged for cash. You will receive a letter of transmittal as soon as practicable after the Stock Splits are completed. The letter of transmittal will contain instructions on how to surrender your existing share certificate(s) to the Transfer Agent to receive your cash payment after the reverse stock split. You will not receive your cash payment until you surrender your outstanding share certificate(s) to the Transfer Agent, along with a completed and executed copy of the letter of transmittal. Do not send your share certificate(s) in with your Proxy. Please

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wait until you receive your letter of transmittal to surrender your share certificate(s) to the Transfer Agent.

For a discussion of the federal income tax consequences of the Stock Splits, please see the section of this Proxy Statement entitled "Stock Splits Proposal - Material Federal Income Tax Consequences."

Effects on Cashed Out Holders. Cashed Out Holders (i.e., holders of fewer than 1500, 2500 or 5000 Common Shares, depending upon the Reverse Split Ratio, immediately before the consummation of the Stock Splits) will have no further ownership interest in Color Imaging and will not be able to participate in

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future earnings or growth of Color Imaging.

If you hold fewer than 1500, 2500, or 5000 Common Shares, whichever number is applicable depending upon the Reverse Split Ratio, but you would rather continue to hold Common Shares after the Stock Splits and not be completely cashed out, you may do so by taking either of the following actions far enough in advance so that it is complete by the Effective Date:

- o Purchase a sufficient number of additional Common Shares, to the extent available, on the open market and have them registered in your name and consolidated with your current record account, if you are a record holder, or have them entered in your account with a nominee (such as your broker or bank) in which you hold your current shares so that you hold at least 1500, 2500 or 5000 Common Shares, depending upon the Reverse Split Ratio, in your record account immediately before the Effective Date. Due to the limited market in the Common Shares, there is no assurance that you will be able to purchase enough Common Shares to remain a stockholder of Color Imaging.
- o If applicable, consolidate your accounts so that you hold at least 1500, 2500 or 5000 Common Shares, depending upon the ratio used to effect the reverse stock split, in one record account immediately before the Effective Date.

Effects on Continuing Holders. If the Stock Splits are consummated, Continuing Holders (i.e., holders of either 1500, 2500 or 5000 or more Common Shares immediately before the Stock Splits):

- o Will hold the same number of Common Shares after the Stock Splits as they held before the Stock Splits;
- o Will likely experience a change in their ownership percentage of Color Imaging after completion of the Stock Splits;
- o Will likely experience a further reduction in liquidity of the Common Shares; and
- o Will have less publicly available information about Color Imaging.

Upon the termination of the registration of the Common Shares under the Exchange Act, the Common Shares will no longer be eligible for trading or quotation on any securities market or quotation system, except possibly on the Pink Sheets(R). In order for the Common Shares to be quoted on the Pink Sheets, one or more broker-dealers would need to act as market maker and sponsor the Common Shares on the Pink Sheets. There can be no assurance that any broker-dealer will be willing to act as a market maker in Common Shares after the Stock Splits. There is also no assurance that you will be able to sell your Common Shares or purchase additional Common Shares after the Stock Splits.

If you hold 1500, 2500 or 5000 or more Common Shares, depending upon the ratio used to effect the reverse stock split, but you would rather be completely cashed out in connection with the Stock Splits and not remain a stockholder of Color Imaging, you may do so by selling a sufficient number of Common Shares in the open market so that you hold fewer than either 1500, 2500 or 5000 Common Shares, depending upon the ratio used to effect the reverse stock split, as of the Effective Date. Any such sales should be made far enough in advance so they are complete by the Effective Date. Due to the limited market in the Common Shares, there is no assurance that you will be able to sell enough Common Shares to reduce your holdings to fewer than either 1500, 2500 or 5000 Common Shares.

Effect on Common Shares Held in Street Name. If you hold Common Shares in "street name," your nominee (such as your broker or bank) may have required

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procedures you must follow and you should contact your nominee to determine how the Stock Splits will affect you.

Effects on Option Holders. Upon completion of the Stock Splits, outstanding options to purchase Common Shares under Color Imaging's 2003 Stock Incentive Plan (the "Option Plan") will have the same number and exercise prices after the Stock Splits.

Effects on Color Imaging. If our number of stockholders, including those in street name that may be certificated, falls below 300, we intend to apply to the SEC to deregister the Common Shares as soon as practicable after completion of the Stock Splits. Upon deregistration of the Common Shares, our duty to file periodic reports with the SEC will be suspended and we will no longer be

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classified as a public reporting company. In addition, we will be relieved of the obligation to comply with the requirements of the proxy rules under Section 14 of the Exchange Act. We will continue to be subject to the general anti-fraud provisions of federal and applicable state securities laws and we will also continue to be subject to laws of the State of Delaware.

Although we will no longer be required to file periodic reports with the SEC, we currently intend to continue to have internally prepared quarterly financial statements and have our financial statements audited annually and provide financial information to our stockholders upon request. Although we intend to continue to provide these documents to our stockholders upon request and may provide them to one or more broker dealers for the purposes of facilitating trading on the Pink Sheets(R), there is no SEC requirement that we do so, and there is no requirement that the level of our disclosure in such financial statements, or in the proxy statement should we prepare it, remain at the level required by our current status as a public reporting company. These documents may not be as detailed or extensive as the information we currently file with the SEC and deliver to stockholders and our financial statements may not be accompanied by management's discussion and analysis in the same detail. It will be more difficult for our stockholders to obtain information about us.

We estimate that we will save approximately \$115,000 in annual costs associated with being a public company as well as additional cost savings in time spent by management and employees associated with our SEC reporting activities. We anticipate not incurring costs of approximately \$45,000 annually in connection with management's assessment and our auditor's testing of internal controls in compliance with the internal controls audit requirements of Section 404 of the Sarbanes-Oxley Act. These anticipated savings are discussed under the heading entitled "Reasons for the Stock Splits - Reduced Costs and Expenses" above.

The termination of our reporting obligations under the Exchange Act will render the Common Shares ineligible for listing or quotation on any stock exchange or other automated quotation system, except the Pink Sheets. As a result, the Common Shares will no longer be listed on the Nasdaq OTC Bulletin Board and the existing limited trading market for the Common Shares will likely be further reduced or eliminated. This reduction or elimination may result in Color Imaging having less flexibility in attracting and retaining executives and other employees since equity-based incentives (such as stock options) tend to be viewed as having less value in a non-publicly traded company.

We have no current plans to issue Common Shares after the Stock Splits other than pursuant to the Option Plan, but we reserve the right to do so at any time and from time to time at such prices and on such terms as the Board determines to be in Color Imaging's best interests. If in the future the Board determines

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that the adoption of a new option plan would be beneficial to Color Imaging, it may, in its discretion, adopt such a plan. The exercise of options granted under any newly adopted plan would reduce the ownership percentage of Color Imaging's stockholders at the time. Holders of Common Shares do not currently have, and will not have, any preemptive or other preferential rights to purchase any of our equity securities that we may issue in the future, unless such rights are specifically granted to such holders.

After the Stock Splits have been consummated, Color Imaging may, from time to time, repurchase Common Shares pursuant to privately negotiated sales or other transactions. Whether or not we purchase shares in the future will depend on a number of factors, including Color Imaging's financial condition, operating results and available capital at the time.

We expect our business and operations to continue as they are presently conducted. The executive officers and directors of Color Imaging will not change due to the Stock Splits. Color Imaging expects to realize time and cost savings as a result of terminating its public company status, and intends to invest those savings in other areas of its operations. Other than as described in this Proxy Statement, Color Imaging's management has no current plans or proposals to effect any extraordinary corporate transaction (such as a merger, reorganization or liquidation); to sell or transfer any material amount of Color Imaging's assets; to change the composition of the Board or management of Color Imaging; to change materially Color Imaging's indebtedness or capitalization; to change Color Imaging's dividend policy; or otherwise to effect any material change in Color Imaging's corporate structure or business.

Effects on Color Imaging's Executive Officers, Directors and Affiliates. Our affiliates, comprised of our executive officers, directors, General Plastic Industrial Co Ltd and its wholly owned investment company Chi Fu Investment Co Ltd and any stockholders who own more than 10% of the Common Shares, will be relieved from complying with the stock ownership reporting requirements and "short swing profit" trading restrictions under Section 16 of the Exchange Act, as well as many of the provisions of the Sarbanes-Oxley Act. Our affiliates will lose the ability to dispose of their Common Shares pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act").

As is more thoroughly set forth under the heading entitled "Information About Color Imaging - Interests of Certain Persons in Matters to be Acted Upon," we expect that upon the completion of the Stock Splits, the Common Shares beneficially owned by our executive officers, directors and their affiliates will comprise approximately 67.1% of the then outstanding Common Shares, as compared to approximately 65.8% of the Common Shares outstanding immediately prior to the Stock Splits.

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ALTERNATIVES TO THE STOCK SPLITS

In making the determination to proceed with the Stock Splits, the Special Committee and the Board considered the potential feasibility of the alternative transactions described below:

Issuer Tender Offer. The Board considered the feasibility of an issuer tender offer to repurchase Common Shares. The primary disadvantage of this type of transaction is that, due to its voluntary nature, Color Imaging would have no assurance that a sufficient number of Common Shares would be tendered to sufficiently reduce the number of Color Imaging's stockholders, including those in street names that could be certificated and become holders of record, for

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Color Imaging to reasonably assure itself of its ability to remain non-reporting after the transaction was completed. In addition, the rules governing tender offers require equal treatment of all stockholders, including pro rata acceptance of offers from stockholders. These requirements make it difficult to ensure that Color Imaging would be able to reduce the number of the holders of record of the Common Shares enough to permit Color Imaging to reasonably believe it would remain non-reporting after it deregistered the Common Shares, and Color Imaging could be required to repurchase many more Common Shares at a greater expense than desired by the Board, adversely impacting Color Imaging's financial condition, working capital and potentially placing it in violation of its covenants with its lender, and still be unable to guarantee after deregistering that it would remain deregistered. A tender offer would likely take longer to complete than the Stock Splits. As a result of these disadvantages, the Board determined not to pursue this alternative.

Stock Repurchase Program. The Board also considered a plan whereby Color Imaging would periodically repurchase Common Shares on the open market at then-current market prices. The Board rejected this type of transaction since repurchasing enough shares in this manner to enable Color Imaging to deregister, and reasonably assure itself it would remain non-reporting after shares in street names were certificated, would, based upon Color Imaging's experience with its current stock repurchase program, likely take an extended period of time, have no assurance of success and be of undeterminable cost.

ESOP or Insider Merger. The Board considered the plans whereby another entity would acquire all of Color Imaging's Common Stock held by unaffiliated stockholders,, and determined that Color Imaging did not have the financial condition and operating results to permit the high levels of borrowing necessary to effect such a plan. Additionally, the Board believed it not to be in the best interest of Color Imaging or its stockholders to burden Color Imaging with significant debt and debt repayment obligations.

Maintaining the Status Quo. The Board considered maintaining the status quo. In that case, Color Imaging would continue to incur the expenses of being a public reporting company without enjoying the benefits traditionally associated with public company status. The Board believes that maintaining the status quo is not in the best interests of Color Imaging and its stockholders and rejected this alternative.

FAIRNESS OF THE STOCK SPLITS

The Stock Splits are not structured so that approval of at least a majority of unaffiliated stockholders is required. The Board based its decision not to seek such approval due to the equal treatment of affiliated and unaffiliated stockholders in the Stock Splits. In determining not to seek such approval, the Board was aware that the executive officers, directors and their affiliates of Color Imaging, who together own approximately 65.8% of the voting power of the Common Shares outstanding and entitled to vote at the Annual Meeting, have indicated that they will vote in favor of the Stock Splits.

An independent committee of the Board has reviewed the fairness of the Stock Splits; however, no unaffiliated representative acting solely on behalf of the stockholders for the purpose of negotiating the terms of the transaction proposal or preparing a report covering the fairness of the Stock Splits was retained by Color Imaging or by a majority of directors who are not employees of Color Imaging. The Board views (i) the Fairness Opinion, (ii) the appointment of a special committee with an independent director, (iii) the need to obtain the affirmative vote of the holders of at least a majority of the Common Shares, and (iv) the other matters discussed in this Proxy Statement as affording adequate procedural safeguards to unaffiliated stockholders without the extraordinary expense of multiple financial or legal advisors.

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Color Imaging has not made any provision in connection with the Stock Splits to grant unaffiliated stockholders access to Color Imaging's corporate files or to obtain counsel or appraisal services at Color Imaging's expense. With respect to unaffiliated stockholders' access to Color Imaging's corporate files, the Board determined that this proxy statement, together with Color Imaging's other filings with the SEC, provide adequate information for unaffiliated stockholders to make an informed decision with respect to the Stock Splits. The Board also considered the fact that under Delaware law, subject to certain conditions, stockholders have the right to review Color Imaging's relevant books and records.

The Board believes that the transaction is substantively and procedurally fair to unaffiliated stockholders, both those receiving cash and retaining their stock in Color Imaging, notwithstanding the absence of an unaffiliated stockholder approval requirement or unaffiliated representative. After consideration of all aspects of the proposed transaction as described above, all

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of the directors, including the directors who are not employees of Color Imaging, approved the Stock Splits.

The Board considered the factors in support of and in opposition to the Stock Splits discussed below in reaching its conclusion as to the substantive fairness of the Stock Splits. The Board did not assign specific weight to the following factors in a formulaic fashion, but did place special emphasis on the opportunity for unaffiliated holders of Common Shares who will have fractional shares of less than one whole share exchanged for cash to sell such Common Shares at a premium and without brokerage fees or commissions, as well as the significant cost and time savings Color Imaging is expected to realize from deregistration of the Common Shares.

ADVANTAGES OF THE STOCK SPLITS

Opportunity for Stockholders to Sell Repurchased Common Shares at a Premium and Without Broker Fees or Commissions. The Repurchase Price of \$1.10 per Common Share represents (i) a premium of 124% over the average closing price of the Common Shares over the 30 trading days prior to and including April 14, 2005 (the date the Board approved the Stock Splits), which was \$0.49 per share, and (ii) a premium of 100% over the closing price for the Common Shares on April 14, 2005 (the date the Board approved the Stock Splits), which was \$0.55 per share. The Board reviewed the proposal made by the Special Committee of the Board of Directors of Color Imaging that \$1.10 per share be established as the Repurchase Price for the Common Shares. The Board, in the exercise of its business judgment, adopted such recommendation since the Repurchase Price for the Common Shares represented fair consideration at a premium to the current and historical market prices of the Common Shares while also being consistent with the valuation analysis of CVG. The Board believes that the Repurchase Price is fair to Color Imaging's stockholders. The Board determined that the Stock Splits are fair in part because they provide Cashed Out Holders with an opportunity to liquidate all of their Common Shares without transaction fees, and for Continuing Holders to benefit from the savings resulting from Color Imaging's being non-reporting and its future operations.

While performing its analysis for the Fairness Opinion, CVG selected the valuation analyses it deemed most relevant. Please see the section entitled "Opinion of CBIZ Valuation Group, LLC" for a discussion of these analyses.

Neither CVG nor the Board deemed either Color Imaging's liquidation value or its indicated value based on the market price for its Common shares material or

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relevant in the context of the Stock Splits. CVG and the Board believes that the liquidation and market value of Color Imaging's Common Stock on a per share basis an arbitrarily low valuation, and thus using liquidation or the market value to help set the Repurchase Price would have supported a price lower than the price the Board believed would be appropriate in light of its desire to ensure that stockholders who receive cash receive a fair price for their Common Shares that are exchanged for cash in connection with the Stock Splits.

The Board believes that Color Imaging's net book value per share does not properly reflect Color Imaging's full, business, color business opportunity and resultant earnings stream and cash flow, two factors it considers critical for a meaningful valuation of the Common Shares. Net book value is based upon the historical cost of a company's assets and ignores the value of a company as a going concern. The value of items such as proprietary products and intellectual property, an in-place factory, positive business reputation, a trained workforce and established customer accounts are ignored in computing net book value. The Board believes that the proper valuation of Color Imaging should be based on Color Imaging's historical and prospective operating performance and CVG's analysis and conclusions were consistent with that judgment. As set forth in greater detail in the section of this Proxy Statement entitled "Financial Information--Summary Financial Information," Color Imaging's book value per Common Share as of December 31, 2004 was \$0.92. The Board believes that the valuation of the Common Shares, as concluded by the Special Committee of the Board of Directors and supported by the Fairness Opinion of CVG is significantly greater than the book value per Common Share.

Significant Cost and Time Savings for Color Imaging. By deregistering the Common Shares and suspending our periodic reporting obligations under the Exchange Act, we expect to realize recurring annual cost savings of approximately \$115,000. In addition, some \$45,000 per annum of costs that we would otherwise expect to incur due to compliance with the internal controls audit requirements of Section 404 of the Sarbanes-Oxley Act will not be incurred. The termination of our reporting obligations under the Exchange Act will also eliminate the significant amount of time and effort previously required of our management to prepare and review the reports required to be filed under the Exchange Act. Please see the section entitled "Special Factors - Reasons for the Stock Splits" for a more detailed discussion of these cost savings.

Equal Treatment of Affiliated and Unaffiliated Holders of Common Shares. The Stock Splits will not impact affiliated holders of Common Shares differently than unaffiliated holders of Common Shares on the basis of affiliate status. The sole determining factor as to whether a holder of Common Shares will remain a stockholder of Color Imaging and how many Common Shares will be repurchased by Color Imaging in lieu of issuing fractional shares as a result of the Stock Splits is the number of Common Shares held by such holder immediately prior to the Stock Splits. Please see the section entitled "Stock Splits Proposal - Summary and Structure" for a more detailed discussion.

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Minimum Effect on Voting Power. The Stock Splits will have minimum effect on the voting power of Color Imaging's stockholders. The Common Shares are Color Imaging's only voting shares and will continue to be Color Imaging's only voting shares after the Stock Splits. The voting and other rights currently held by the Common Shares will not be affected by the Stock Splits. The only effect of the Stock Splits on Color Imaging's voting power will be a change in the overall percentage of ownership of the Continuing Holders.

No Material Change in Percentage Ownership of Executive Officers and Directors.

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Since only an estimated 272,244 out of 12,690,305 outstanding Common Shares will be eliminated as a result of the Stock Splits, the percentage ownership of the Continuing Holders will be approximately the same as it was prior to the Stock Splits. For example, the executive officers, directors and their affiliates of Color Imaging currently beneficially own approximately 65.8% of the outstanding Common Shares, and will beneficially own approximately 67.1% of the outstanding Common Shares following completion of the Stock Splits. All of the directors and executive officers currently have over 1500, 2500, or 5000 shares, except the spouse of Sueling Wang who has a brokerage account within which she has 1,000 shares, and will remain stockholders of Color Imaging after completion of the Stock Splits. Please see the section entitled "Information About Color Imaging - Interest of Certain Persons in Matters to be Acted Upon."

Potential Ability to Control Decision to Remain a Holder of or Liquidate Common Shares. Another factor considered by the Board in determining the fairness of the Stock Splits to the holders of the Common Shares is that current holders of fewer than 1500, 2500 or 5000 Common Shares, depending upon the ratio used to effect the reverse split, can seek to remain stockholders of Color Imaging following the Stock Splits by acquiring additional shares so that they own at least 1500, 2500 or 5000 Common Shares, depending upon the ratio used to effect the reverse stock split, immediately before the Stock Splits. Conversely, stockholders that own 1500, 2500 or 5000 or more Common Shares, depending on the ratio used to effect the reverse stock split, who desire to liquidate their shares in connection with the Stock Splits at the premium price offered can seek to reduce their holdings to fewer than 1500, 2500 or 5000 Common Shares, depending upon the ratio used to effect the reverse stock split, by selling shares prior to the Stock Splits. The Board did not place undue emphasis on this factor due to the limited trading market for the Common Shares. Please see the section entitled "Special Factors - Effects of the Stock Splits."

DISADVANTAGES OF THE STOCK SPLITS

Substantial or Complete Reduction of the Market for Common Shares. After the completion of the Stock Splits and deregistration of the Common Shares, we anticipate that the public market for the Common Shares will be substantially reduced or altogether eliminated. The Board, however, considered that potential trades in the Common Shares could be facilitated by a market maker in the Pink Sheets(R) following deregistration. Please see the section entitled "Special Factors - Effects of the Stock Splits."

Termination of Publicly Available Information About Color Imaging. Upon termination of the registration of the Common Shares under the Exchange Act, our duty to file periodic reports with the SEC will be suspended. Information regarding our operations and financial results that is currently available to the general public and our investors will not be readily available after deregistration, and investors seeking information about us will have to contact us directly to receive such information. We may or may not provide investors with requested information that we are not required by law to provide. The Stock Splits will not affect the right of Continuing Holders to obtain certain information from Color Imaging under Delaware law. Under Delaware law, a stockholder has the right to make a written request to inspect a company's books and records (including, without limitation, annual financial statements) and make copies thereof for any purpose reasonably related to such person's interest as a stockholder.

While the Board realizes and acknowledges that the termination of publicly available information may be disadvantageous to our stockholders, the Board believes that the overall benefits to Color Imaging of no longer being a public reporting company substantially outweigh the disadvantages associated with a lack of publicly available information about Color Imaging. We currently intend to continue to make available upon request financial statements to our stockholders; however, these documents may not be as detailed or extensive as

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the information we currently file with the SEC. Although we currently intend to continue to provide these documents, there is no SEC requirement that we do so or that we maintain the present level of disclosure contained in such documents. Please see the section entitled "Special Factors - Effects of the Stock Splits."

Possible Decline in Price of the Common Shares. After the completion of the Stock Splits, the liquidity of the Common Shares will be significantly reduced or eliminated. In addition, the lack of publicly available financial and other information about Color Imaging and the diminished opportunity for Color Imaging's stockholders to monitor the management of Color Imaging due to the lack of such public information may cause the Continuing Holders to experience a decrease in the price at which they may sell their Common Shares. Please see "Special Factors - Disadvantages of the Stock Splits - Substantial or Complete Reduction of Public Sale Opportunities" and "Special Factors - Disadvantages of the Stock Splits - Termination of Publicly Available Information about Color Imaging" above.

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Inability to Participate in Future Increases in Value of the Common Shares or Payments of Dividends. Following the Stock Splits, Cashed Out Holders will have no further financial interest in Color Imaging and will not have the opportunity to participate in the potential appreciation in the value of, or the payment of dividends on, the Common Shares.

OTHER FACTORS

The Board concluded the factors set forth below to be either inapplicable or not material to its assessment of the fairness of the Stock Splits.

- o Firm Offers. We are not aware of any firm offers to purchase Color Imaging that have been made during the past two calendar years or during the current calendar year.
- o Prior Public Offerings. We have not made any underwritten public offering of the Common Shares or any other securities since the current control of Color Imaging was effected in June of 2000, although we did complete an offering on form SB-2 of 4.5 million shares in March 2003 with our foreign affiliate.
- o Merger, Consolidation or Other Extraordinary Transaction. We have not engaged in a merger or consolidation with another company or in any other extraordinary transaction, such as the sale or other transfer of all, or a substantial part, of our assets, during the past two calendar years or during the current calendar year.
- o Securities Purchases. There have not been any purchases of our Common Shares that would enable the holder to exercise control of Color Imaging, excepting our offering completed in March 2003 on form SB-2 of 4.5 million of our common shares with our foreign affiliate.

The stock purchases under the Company's stock repurchase program and by certain affiliates, as described at "Information About Color Imaging - Common Share Purchase Information" were not considered relevant because they were purchased at the then market prices. As discussed above, the market value was deemed to be not indicative of the fair value of the Company's common stock.

CONCLUSION

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After considering all of the above factors, the special committee concluded that the positive factors relating to the Stock Splits outweighed the negative factors. Because of the variety of factors considered, the special committee did not find it practicable to quantify or otherwise assign relative weights to, and did not make specific assessments of, the specific factors considered in reaching its determination.

The special committee did not consider the net book value or liquidation value of Color Imaging to be material to their conclusion regarding the fairness of the Stock Splits because it is their view that neither book value nor liquidation value accurately reflects the value of Color Imaging in light of its business and assets. The special committee considered the analysis performed by CVG to be an appropriate indication of the going concern value of Color Imaging, and relied upon the fairness opinion of CVG in making its determinations regarding the Stock Splits Proposal. The special committee recommended to the Board that the Stock Splits Proposal be adopted and approved.

Pursuant to Section 141 of the Delaware General Corporation Law, the Board relied on the recommendation of the committee and the fairness opinion of CVG.

The Board believes that all of the factors mentioned above, both favorable and unfavorable, when viewed together support a conclusion that the Stock Splits are substantively fair to Color Imaging's stockholders, including the Cashed Out Holders and Continuing Holders, other than executive officers, directors and their affiliates.

OPINION OF CBIZ VALUATION GROUP, LLC

The Special Committee of the Board retained CBIZ Valuation Group, LLC ("CVG") to provide the Fairness Opinion. On May 2, 2005, CVG delivered the Fairness Opinion to the Special Committee of the Board. The Fairness Opinion states that, based upon and subject to the factors and assumptions set forth therein, the Repurchase Price to be paid to Cashed Out Holders pursuant to the Stock Splits is fair from a financial point of view as of May 2, 2005. CVG also presented to the Special Committee of the Board a summary of the analyses described below.

The Fairness Opinion was prepared for use by the Board and was directed only to the fairness from a financial point of view, as of the date thereof, of the Repurchase Price. The Fairness Opinion is solely for the information of, and directed to, the Board in its evaluation of the Stock Splits and is not to be relied upon by any stockholder of Color Imaging or any other person or entity. The Fairness Opinion does not constitute a recommendation to the Board as to how it should vote on the Stock Splits or to any stockholder as to how such stockholder should vote at the Annual Meeting. In furnishing the Fairness Opinion, CVG did not admit that it is an expert within the meaning of the term "expert" as used in the Securities Act of nor did it admit that its opinion serves as a report or valuation within the meaning of the Securities Act.

The full text of the Fairness Opinion is attached as Exhibit A to this Proxy Statement and is incorporated herein by reference. The summary of the Fairness Opinion set forth in this Proxy Statement is qualified in its entirety by reference to the full text of the Fairness Opinion. Stockholders are urged to read the Fairness Opinion carefully and in its entirety for a discussion of the procedures followed, assumptions made, other matters considered and limits of the review by CVG in connection with the Fairness Opinion.

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The Special Committee of the Board selected CVG as its financial advisor because it is a recognized valuation consulting firm that has substantial experience in business valuations and is knowledgeable and familiar with the industry and operations of Color Imaging and its business. As part of its business, CVG is regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuation for corporate and other purposes.

In rendering the Fairness Opinion, CVG reviewed the terms of the Stock Splits and also reviewed financial and other information that was publicly available, or furnished to CVG by Color Imaging's management. CVG also reviewed certain publicly available operational, financial and stock market data relating to selected public companies and conducted other financial studies, analyses and investigations as CVG deemed necessary or appropriate for purposes of rendering the Fairness Opinion, as more fully set forth therein. No limitations were imposed by the Board or the Special Committee of Color Imaging upon CVG with respect to the investigations made or procedures followed by it in rendering its opinion.

CVG assumed and relied upon, without independent verification, the accuracy and completeness of all financial and other information that was publicly available, supplied or otherwise communicated to it by or on behalf of Color Imaging. CVG further relied upon the assurances of Color Imaging's management that they are unaware of any facts that would make the information provided to it incomplete or misleading.

CVG was not requested to make, and did not make, an independent evaluation or appraisal of the assets, properties, facilities or liabilities (contingent or otherwise) of Color Imaging, and was not furnished with any such appraisals or evaluations, excepting an equipment appraisal of then existing machinery and equipment of Color Imaging as of August 24, 2001. CVG's opinion is necessarily based upon financial, economic, market and other conditions and circumstances existing and disclosed to CVG on the date of the Fairness Opinion. Subsequent developments may affect the conclusions reached in the Fairness Opinion and CVG has no obligation to update, revise or reaffirm the Fairness Opinion.

In preparing the Fairness Opinion, CVG conducted the following two principal analyses: (i) valuations based upon discounted cash flow analyses of the future cash flows of Color Imaging, and (ii) a comparison of Color Imaging with certain publicly traded companies deemed comparable to Color Imaging. No company used in any analysis as a comparison is identical to Color Imaging, and they all differ in various ways. As a result, CVG applied its experience and professional judgment in making such analyses. Accordingly, an analysis of the results is not mathematical; rather it involves complex considerations and judgments concerning differences in financial characteristics, performance characteristics and trading value of the comparable companies to which Color Imaging is being compared. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analyses or summary description. In arriving at the Fairness Opinion, CVG considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it, though it did deem certain analysis and results to be more representative than others in determining the value of Color Imaging's common stock. CVG believes that the summary provided and the analyses described above must be considered as a whole and that selecting portions of these analyses, without considering all of them, would create an incomplete view of the process underlying its analyses and opinion. In addition, CVG may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions, therefore the range of valuations resulting from any particular analysis described above should not be taken to be CVG's view of the actual value of Color Imaging.

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The following is a summary of the material financial analyses performed by CVG in connection with the preparation of the Fairness Opinion. These summaries of financial analyses alone do not constitute a complete description of the financial analyses CVG employed in reaching its conclusions. The order of analyses described does not represent relative importance or weight given to those analyses by CVG. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of CVG's financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 1, 2005 and is not necessarily indicative of current market conditions.

PURPOSE AND CONTENT OF THE FAIRNESS OPINION

On April 6 2005, CBIZ Valuation Group, LLC ("CVG"), the Financial Advisor to the Special Committee, made a presentation to the Special Committee regarding the various analyses performed in evaluating strategic alternatives to enhance stockholder value. On April 14, 2005, the Special Committee made a recommendation to the Board, after evaluating strategic alternatives, that Color

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Imaging go private in a reverse stock split, and CVG made a presentation to the Board, providing data and analyses in support of the recommendation of the Special Committee. On May 2, 2005, CVG provided to the Special Committee a written opinion (the "Fairness Opinion") that, as of the date of such opinion, the reverse stock split by which one share will be exchanged for each 1500, 2500 or 5000 shares of common stock outstanding with holders of less than one share, post reverse split, receiving cash in the amount of \$1.10 per pre-split share, unless the Board of Directors determines that because of changes in conditions, it is in the best interest of the Company and its stockholders, and to cash out fractional stockholders based upon a pre-stock split price of \$1.10 per common share, not to go private (the Reverse Stock Split) is fair, from a financial point of view, to stockholders who would not retain their interest in the Company after completion of the Reverse Stock Split and stockholders who would retain their interest in the Company after completion of the Reverse Stock Split, in each case other than stockholders who are directors, or executive officers of the Company or affiliates of directors or executive officers of the Company.

The Fairness Opinion addressed only the fairness, from a financial point of view as of the date of the opinion, of the consideration to be paid to cashed out stockholders in lieu of issuing any fractional shares resulting from a Reverse Stock Split, and the fairness, from a financial point of view of the effect of the transaction on nonaffiliated stockholders who will remain. The Fairness Opinion did not address any other aspect of the Reverse Stock Split or constitute a recommendation to any holder of common stock as to how to vote at the Annual Meeting. In addition, the Fairness Opinion did not address the relative merits of the Reverse Stock Split or the other business strategies that the Special Committee or the Board of Directors considered, nor did it address the decisions of the Special Committee and the Board of Directors to recommend or proceed with the Reverse Stock Split.

The descriptions of the Valuation and the Fairness Opinion are only summaries and are qualified in their entirety by the full text of such documents. Holders of common stock are urged to and should read the Valuation and the Fairness Opinion in their entirety.

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In connection with preparing the Fairness Opinion and the related Valuation, CVG conducted such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Among other things, CVG relied on the following sources of information in performing its analysis:

- o The Company's Annual Reports on Form 10-K for the five fiscal years ended December 31, 2000 through December 31, 2004 and the Company's Quarterly Reports on Form 10-Q for the quarters ended September 30, 2003, September 30, 2004, June 30, 2003, June 30, 2004, March 31, 2003, and March 31, 2004.
- o Company-prepared financial projections for the fiscal years ended December 31, 2005, through December 31, 2009.
- o Interviews of certain members of senior management of the Company to discuss the Company's history, operations, financial condition, industry and future prospects.
- o A visit to the Company's headquarters in Norcross, Georgia
- o A review of the historical market prices and trading volume of the common stock, an analysis of the stockholder profile of the Company and the number of stockholders, and a review of publicly available news, articles and press releases relating to the Company.
- o A review of publicly available financial data of certain publicly-traded companies that CVG deemed comparable to the Company.
- o A review of publicly available financial data of certain merger and acquisition transactions involving companies that CVG deemed comparable to the Company.
- o Other studies, analyses and inquiries that CVG deemed appropriate.

In addition, with the Special Committee's authorization, CVG initiated contact with a few strategic and financial parties, none of whom expressed interest in exploring a possible transaction with the Company.

In preparing and rendering the Fairness Opinion, CVG assumed and relied upon the accuracy and completeness of all of the financial and other information that was either generated from publicly available sources or provided by the client. The Fairness Opinion was based, in part, upon such information and the assurances of management that they are not aware of any facts that would make such information misleading. CVG does not assume any responsibility for the accuracy of this data. With respect to projections provided to or discussed with CVG by the Company's management, CVG assumed that such projections were reasonably prepared and reflected the best currently available estimates and judgments of the future financial performance of the Company.

In conducting its analysis, CVG did not obtain an independent evaluation or appraisal of any of the Company's assets or liabilities (contingent or otherwise). The Fairness Opinion was based upon market, economic and other conditions, as they existed on the date of the Fairness Opinion. The Fairness Opinion did not predict or take into account any possible economic, monetary or other changes that might occur, or information that might become available, after the date of its written opinion.

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The Fairness Opinion and financial analyses were one of the many factors considered by the Special Committee in its evaluation of the Reverse Stock Split and should not be viewed as determinative of the view of the Special Committee with respect to the Reverse Stock Split or the cash consideration payable to holders of Common Stock who will hold fractional shares immediately following the Reverse Stock Split.

The preparation of a fairness opinion involves complex considerations and various determinations as to the most appropriate and relevant methods of financial analyses and the application of these methods to the particular circumstances and, therefore, an opinion is not readily susceptible to summary description. Each of the analyses conducted by CVG was carried out in order to provide a different perspective on the Reverse Stock Split and to add to the total mix of information available. CVG did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to the fairness of the Reverse Stock Split. Rather, in reaching its conclusion, CVG relied upon the results of the analyses taken as a whole and also on application of its own experience and judgment.

Accordingly, notwithstanding the separate factors summarized below, CVG has indicated to the Special Committee that it believes that consideration of some of the relevant analyses and factors, without considering all analyses and factors, could create an incomplete or inaccurate view of the evaluation process underlying CVG's opinion.

With respect to the analyses of comparable publicly traded companies and comparable merger and acquisition transactions summarized below, such analyses reflect selected companies, but not necessarily all companies that may be considered relevant in evaluating the Company or the Reverse Stock Split. In addition, no company used as a comparison is either identical or directly comparable to the Company. These analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

The estimates of the Company's future financial performance provided by management included in or underlying CVG's analyses are not necessarily indicative of future results or values that might be significantly more or less favorable than those estimates. In performing its analyses, CVG considered industry performance, general business and economic conditions and other matters, many of which are beyond the Company's control. Estimates of the financial value of companies do not purport to reflect the prices at which companies actually may be sold.

The actual cash consideration to be paid to cashed-out stockholders in lieu of fractional shares is to be determined by the Company's Special Committee and its Board of Directors. CVG's Valuation and Fairness Opinion are only one of many factors that will be considered by the Special Committee and the Board of Directors in their evaluation of the Reverse Stock Split and should not be viewed as determinative of the views of the Special Committee or the Board of Directors with respect to the Reverse Stock Split or the consideration to be paid to cashed-out stockholders in lieu of their fractional shares.

REVIEW OF COLOR IMAGING MARKET PERFORMANCE

In order to develop a conceptual framework for developing its Fairness Opinion CVG conducted an analysis of the trading history of the Company's common stock. CVG took into account the following factors, which it thought would be most applicable in assessing the fair value of Color Imaging's common stock:

- o Current and three-month average daily trading volume
- o Percentage of Company shares owned by institutions

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- o Percentage of Company shares owned by insiders
- o Float as a percentage of Company shares
- o Exchange on which the stock is trading
- o Book value of equity

CVG noted that the Company's common stock is characterized by limited trading volume, limited institutional ownership, a high percentage of common stock held by insiders and a trading price over the last three months at prices that are below the book value of the Company's common stock. From this analysis CVG noted that the market price of Color Imaging's common stock might not be indicative of its fair value.

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FAIR VALUE ESTIMATES

In conducting its valuation of the Company and arriving at an estimate to the fair value of the Company's common stock, CVG employed methods based on the following valuation analyses:

- o Discounted cash flow method
- o Publicly-traded company method
- o Merger and acquisition method

CVG also considered, but did not rely on the liquidation value of the Company.

DISCOUNTED CASH FLOW METHOD

CVG performed a discounted cash flow method to estimate the fair value of Color Imaging's common stock based on estimates of future distributable cash flows of the Company. CVG's discounted cash flow analysis included, among other assumptions, the following:

- o Discount rates ranging from 14% to 21% to adjust the projected future cash flows to their present value equivalents based on cost of equity capital developed using the capital asset pricing model and build up methods.
- o Terminal value EBITDA (earnings before interest, taxes, depreciation and amortization) multiples ranging from five to seven times projected 2009 EBITDA to capitalize the projected cash flows during the residual period after the five-year projection period.

DISCOUNTED CASH FLOW ANALYSIS - STAND-ALONE BASIS

CVG combined the calculated present value of cash flows for the five fiscal years through December 31, 2009 with the estimated present value of residual cash flows for the periods after the projection period, to arrive at an estimated equity value of the Company. CVG estimated the indicated range of the equity value per share ranging from \$0.89 to \$1.56 as shown below:

STAND-ALONE	5xEBITDA	6xEBITDA	7xEBITDA
14% WACC	\$1.16	\$1.36	\$1.56
15% WACC	1.11	1.31	1.51
16% WACC	1.07	1.26	1.45
17% WACC	1.03	1.21	1.39
21% WACC	0.89	1.05	1.20

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DISCOUNTED CASH FLOW ANALYSIS - REVERSE STOCK SPLIT BASIS

CVG calculated present value of cash flows for the five fiscal years through December 31, 2009 with the estimated present value of residual cash flows for the periods after the projection period based on expected cash flows assuming that the Company completes the contemplated Reverse Stock Split, to arrive at a total operating value of the Company. In this analysis the indicated range of the equity value ranging from \$0.90 to \$1.62 per share on a reverse stock split basis.

REVERSE STOCK SPLIT	5xEBITDA	6xEBITDA	7xEBITDA
14% WACC	\$1.19	\$1.40	\$1.62
15% WACC	1.14	1.35	1.56
16% WACC	1.10	1.30	1.50
17% WACC	1.05	1.25	1.44
21% WACC	0.90	1.07	1.23

CVG noted that the proposed \$1.10 per share price is within the range indicated by the discounted cash flow method, both on a stand-alone basis and after giving effect to the proposed Reverse Stock Split. CVG noted that the discounted cash flow method was based on estimates of future revenues, expenses and cash flows presented in management's forecast, which may or may not be achieved.

PUBLICLY-TRADED COMPANY ANALYSIS

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CVG also employed a valuation method whereby the value of Color Imaging was estimated by comparing it to similar publicly traded companies. Publicly traded company capitalization multiples were developed by dividing each company's total market value of invested capital by appropriate measures of operating results such as EBITDA and each Company's equity value by net after-tax income. After analyzing the risk and return characteristics of the publicly traded companies relative to the Color Imaging, appropriate multiples were selected and applied to the operating results of Color Imaging to arrive at an indicated equity value.

CVG undertook a review of publicly available information and held discussions with Company management in order to identify comparable public companies. Many of Color Imaging's primary competitors include small, privately-held companies and divisions of large, multi-national conglomerates. As such, CVG found no public companies directly comparable to Color Imaging in terms of size, products and markets served. In the absence of directly comparable public companies, CVG searched for companies operating in the toner industry. Based on this search, CVG identified seven publicly-traded companies (the "guideline companies") that it deemed, when considered as a whole, provided a reasonable basis for comparison to the Color Imaging. The selected companies included:

- o Xerox
- o Canon
- o Hewlett Packard
- o Lexmark
- o Nashua
- o Media Sciences

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PUBLICLY-TRADED COMPANY ANALYSIS - STAND-ALONE BASIS

Using publicly available information, CVG calculated for each of the guideline companies: EBITDA multiples, as determined by dividing the guideline company's total market value of invested capital by the guideline company's EBITDA trailing; and net income multiples, as determined by dividing each guideline company's total equity value by each guideline company's net income. In selecting multiples to apply to the operating results of the Color Imaging, CVG selected the median of the range of observed multiples of the guideline companies to reflect differences between the risk and return characteristics of Color Imaging and the guideline companies, reflecting factors such as size, growth, cost structures, profitability, return on investment, liquidity and leverage. Applying the selected EBITDA and net income multiples to Color Imaging's 2004 EBITDA and net income to arrive at equity value, produced indicated equity values ranging from \$0.77 to \$1.02 per share on a stand-alone basis.

STAND-ALONE	MEDIAN PUBLIC COMPANY MULTIPLE	INDICATED EQUITY VALUE PER SHARE
2004 EBITDA	9.3	\$1.02
2004 Net Income	16.7	\$0.77

PUBLICLY-TRADED COMPANY ANALYSIS - REVERSE STOCK SPLIT BASIS

CVG also developed indications of values by applying the selected EBITDA and net income multiples to Color Imaging's pro forma 2004 results and applying the necessary adjustments for the effect of the reverse stock split to arrive at equity value. CVG determined per share value ranging from \$0.85 to \$1.10 per share on a reverse stock split basis.

REVERSE SPLIT	MEDIAN PUBLIC COMPANY MULTIPLE	INDICATED EQUITY VALUE PER SHARE
2004 Pro forma EBITDA	9.3	\$1.10
2004 Pro forma Net Income	16.7	\$0.85

CVG considered the publicly-traded company method to have secondary emphasis in reaching its Fairness Opinion. CVG noted that the proposed \$1.10 per share price is above the range indicated by the stand-alone basis and equal to the indicated value based on pro forma 2004 EBITDA after giving effect to the reverse stock split. CVG noted that all but one of the public companies used in this method are larger, have more diverse product lines, greater financial resources relative to the Company. CVG noted that the Company's 2004 fiscal year sales did not meet the anticipated growth included in Company management's forecast.

MERGER AND ACQUISITION ANALYSIS

CVG employed a valuation method whereby the value of Color Imaging common stock was estimated by identifying comparable merger and acquisitions transactions, determining transaction multiples (e.g., enterprise value to EBITDA), then

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applying appropriate multiples, based on the observed transactions, to the corresponding operating results of Color Imaging to produce another indication of the Company's equity value per share.

CVG reviewed publicly available information in order to identify merger and acquisition transactions involving target companies similar to Color Imaging. Based on this search, CVG found more than 100 transactions that met its initial criteria. Eliminating transactions with insufficient financial disclosure and those involving companies that were not sufficiently comparable to Color Imaging to warrant conclusion, CVG selected a group of six transactions involving target companies in the computer equipment and supplies industry that took place between 2000 and 2004.

MERGER AND ACQUISITION ANALYSIS - STAND-ALONE BASIS

CVG analyzed the selected transactions to determine, among other things, the implied valuation multiples paid in these transactions and calculated the ratio of the enterprise value to EBITDA. CVG then selected an EBITDA multiple corresponding to the 2004 transaction and applied this multiple to the Company's 2004 EBITDA to arrive at an indicated value of \$0.72 per share on a stand-alone basis.

STAND-ALONE	SELECTED ACQUISITION MULTIPLE	INDICATED EQUITY VALUE PER SHARE
2004 EBITDA	6.8	\$0.72

ACQUISITION METHOD - REVERSE STOCK SPLIT BASIS

CVG then developed indications of value after giving effect to the reverse stock split. CVG determined an equity value of \$0.76 per share after giving effect to the reverse stock split.

REVERSE SPLIT	SELECTED ACQUISITION MULTIPLE	INDICATED EQUITY VALUE PER SHARE
2004 EBITDA	6.8	\$0.76

CVG did not consider the results of the merger and acquisition method to be meaningful in forming its Fairness Opinion. CVG noted that the most recent transaction for which information was available took place in 2004 and, the Company's 2004 results did not include the anticipated revenue and earnings growth reflected in management's forecast.

PREMIUM ANALYSIS

CVG also utilized an analysis of premiums paid in mergers and acquisitions in formulating its Fairness Opinion. Based on a survey of premiums paid in transactions for industry sectors that are similar to the Company, CVG developed indications of fair value by applying the average premium to the share price of the Company. The results of this analysis indicated per share values ranging from \$0.67 to \$1.08.

CI PRICE AS OF 2/1/05	\$0.56
Price with "SIC: 3861 - 3873" average premium @ 20.5%	\$0.67

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Price with "SIC: 3570 - 3579" average premium	@ 79.4%	\$1.00
Price with "SIC: 7370 - 7391" average premium	@ 93.4%	\$1.08
Price with manufacturing sector average premium	@ 49.2%	\$0.84

Industry Classification	Multiples		Premium		
	TIC/EBIT	TIC/EBITDA	1999	2000	2001
SIC: 3570 - 3579 Office Equipment & Computer Hardware	12	9.2	30.6%	55.6%	28.6%
SIC: 3861 - 3873 Instruments & Photographic Equipment	11.3	9.7	56.4%	50.1%	42.1%
SIC: 7370 - 7391 Miscellaneous Services	16.6	10.7	44.4%	54.9%	53.1%
Average Premium for the Manufacturing Sector			43.2%	49.2%	51.1%

Note: Total invested capital ("TIC") equates to market value of invested capital.

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CVG noted that the transaction price of \$1.10 per share price is higher than the range indicated by equity values per share developed based on the transaction survey data. CVG also noted that the proposed transaction price of \$1.10 represents a premium of 96.2% over the closing price as of February 1, 2005, and a premium of 19.6% over the Company's year end book value per share. CVG further noted that the \$1.10 per share represented an implied EBITDA multiple of 10.2x is within the range of the EBITDA multiples for transactions included in the survey.

OTHER CONSIDERATIONS

In its presentation to the Special Committee, CVG noted the following factors identified by Company management in support of the proposed transaction:

- o Savings related to the suspension of SEC reporting requirements.
- o Potential trading of CI common stock on Pink Sheets.
- o Preservation of the ability to reinstate SEC reporting in the event that future developments make it advantageous to do so or in the event that the number of stockholders rises above the 500 stockholder threshold necessitating a return to reporting company status.
- o Immediate liquidity for small unaffiliated stockholders.
- o Potential synergistic value to remaining stockholders through enhanced merger or acquisition prospects as a private company.

CONCLUSION

CVG evaluated the fairness of the transaction to the stockholders who will receive cash in exchange for their fractional shares and those unaffiliated stockholders who will continue to hold Color Imaging common stock after the reverse stock split based on the indicated values developed using the discounted cash flow method and the publicly-traded company method. CVG also considered the

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results of the Premium analysis to support its opinion.

Based upon the foregoing analyses and the assumptions and limitations set forth in full in the text of the Fairness Opinion, CVG is of the opinion that, as of the date of the Fairness Opinion, the Repurchase Price of \$1.10 per Common Share to be paid by Color Imaging for fractional shares of less than one whole share in connection with the Stock Splits is fair to the Cashed Out Holders and Continuing Holders from a financial point of view who are unaffiliated with the directors, executive officers and affiliates of Color Imaging.

ENGAGEMENT OF CBIZ VALUATION GROUP, LLC

The Special Committee of the Board of Directors of Color Imaging has agreed to pay CBIZ Valuation Group, LLC ("CVG") a fee of \$50,000 for strategic advisory services and a fee of \$20,000 in connection with the Fairness Opinion and to reimburse CVG for its reasonable out-of-pocket expenses related to its engagement, whether or not the Stock Splits are consummated. No compensation received or to be received by CVG is based on or is contingent on the results of CVG's engagement. There are no other current arrangements to compensate CVG, its affiliates or unaffiliated representatives for any services rendered to Color Imaging, its executive officers, directors or affiliates. CVG has previously provided valuation consulting services to Color Imaging in connection with Color Imaging's divestiture of Logical Imaging Solutions, Inc. in 2002. None of CVG's employees who worked on the engagement has any known financial interest in the assets or equity of Color Imaging or the outcome of the engagement.

MEETING AND VOTING INFORMATION

Each properly executed Proxy received prior to the Annual Meeting and not revoked will be voted as directed by the stockholder or, in the absence of specific instructions to the contrary, will be voted FOR the approval of the Stock Splits.

TIME AND PLACE

The Annual Meeting will be held on [_____, 2005], at 10:00a.m., local time, at the St. Ives Country Club. One Country Club Drive, Duluth, GA 30097.

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REVOKING YOUR PROXY

Without affecting any vote previously taken, you may revoke your Proxy by either (i) submitting a later dated proxy or a written revocation which is received by Color Imaging before the Proxy is exercised or (ii) by attending the Annual Meeting and voting in person or giving notice of revocation in open meeting before the Proxy is exercised. Attending the Annual Meeting will not, by itself, revoke a Proxy.

RECORD DATE

Only Color Imaging stockholders of record at the close of business on [June 5, 2005] (the "Record Date"), are entitled to vote at the Annual Meeting. Each stockholder will be entitled to cast one vote for each share then owned. According to Color Imaging's records, as of the Record Date, there were 12,690,305 votes entitled to be cast at the Annual Meeting.

QUORUM AND REQUIRED VOTE

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The presence at the Annual Meeting in person or by proxy of the holders of at least a majority of the issued and outstanding Common Shares as of the Record Date is necessary to establish a quorum to conduct business at the Annual Meeting.

Each Color Imaging stockholder is entitled to cast one vote for each share owned on the Record Date. Under Delaware law and Color Imaging's Bylaws and Regulations, the affirmative vote of at least a majority of the issued and outstanding Common Shares as of the Record Date is necessary to approve the Stock Splits.

Stockholders holding Common Shares in "street name" should review the information provided to them by their nominee (such as a broker or bank). This information will describe the procedures to follow to instruct the nominee how to vote the street name shares and how to revoke previously given instructions. The proposal to approve the Stock Splits is a "non-discretionary" item, meaning that nominees cannot vote Common Shares in their discretion on behalf of a client if the client has not given them voting instructions. Shares held in street name that are not voted by brokerage firms or other nominees are referred to as "broker non-votes."

Broker non-votes and abstentions are counted toward the establishment of a quorum for the Annual Meeting. However, because the affirmative vote of a majority of the outstanding Common Shares is necessary to approve the Stock Splits, broker non-votes and abstentions will have the same effect as a vote "AGAINST" the proposal to approve the Stock Splits. The Board urges you to complete, date and sign the enclosed Proxy and to return it promptly in the enclosed postage prepaid envelope so that a quorum can be assured for the Annual Meeting and your Common Shares can be voted as you wish.

The enclosed Proxy, when properly signed, also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Annual Meeting and with respect to other matters which may be properly brought before the annual meeting. At the time of printing this proxy statement, management of Color Imaging is not aware of any other matters to be presented for action at the annual meeting. If, however, other matters which are not now known to the management should properly come before the annual meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the proxy holders.

Shares represented by executed and unrevoked proxies will be voted in accordance with the instructions contained therein or, in the absence of such instructions, in accordance with the recommendations of the board of directors. Neither abstentions nor broker non-votes will be counted for the purposes of determining whether any of the proposals have been approved by the stockholders of Color Imaging, although they will be counted for purposes of determining the presence of a quorum.

SOLICITATION AND COSTS

The enclosed Proxy is solicited on behalf of the Board. Proxies may be solicited by the directors, officers and other employees of Color Imaging, in person or by telephone, telegraph or mail only for use at the Annual Meeting. Color Imaging will bear the costs of preparing, assembling, printing and mailing this Proxy Statement and the enclosed Proxy and all other costs of the Board's solicitation of Proxies for the Annual Meeting. Brokerage houses and other nominees, fiduciaries, and custodians nominally holding Common Shares as of the Record Date will be requested to forward proxy soliciting material to the beneficial owners of such Common Shares, and will be reimbursed by us for their reasonable expenses.

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The repurchase of fractional Common Shares in connection with the Stock Splits is estimated to cost approximately \$300,000. We intend to finance the Stock Splits and repurchase of fractional shares by using cash on hand. The following is an estimate of the total costs expected to be incurred by Color Imaging in connection with the Stock Splits and the solicitation of Proxies for the Annual Meeting. Final costs may be higher or lower than the estimates shown below.

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Item -----	Approximate Cost -----
Repurchase of fractional shares held by stockholders with less than one whole share	\$ 300,000
Legal fees	\$ 100,000
CBIZ Valuation Group, LLC fees (1)	\$ 30,000
Accounting fees	\$ 5,000
Filing fees	\$ 2,500
Printing, mailing, exchange agent and other costs	\$ 25,000
Directors' fees	\$ 25,000

Total	\$ 487,500 =====

 Note (1) Excludes Strategic Alternative
 Advisory fees of \$50,000 and should it
 be needed includes \$10,000 for an updated
 Fairness Opinion

(2) Excludes \$20,000 of director's fees
 in connection with investigating strategic
 alternatives, including the "going private"
 transaction.

PROPOSAL NO. 1 - STOCK SPLITS PROPOSAL

The Board has authorized and recommends that you approve the Stock Splits Proposal, as described below:

To approve amendments, as determined by the Board of Directors of Color Imaging in their discretion, to Color Imaging's Certificate of Incorporation to effect a reverse stock split of our common stock at one of the following ratios: 1-for-1500, 1-for-2500 or 1-for-5000 and the repurchase of the resulting fractional shares held by each stockholder with less than one share after the reverse stock split, followed immediately by an amendment of Color Imaging's Certificate of Incorporation to effect a forward stock split of Color Imaging's common shares upon the inverse of the ratio used in the reverse stock split was effected (collectively the "Stock Splits"). As a result of the Stock Splits, (a) each stockholder owning fewer than 5,000 shares, 2,500 shares or 1,500 shares, as applicable, of outstanding common stock immediately before the Stock Splits will receive \$1.10 in cash, without interest, for each Color Imaging common share owned by such stockholder immediately prior to the Stock Splits and will no longer be a stockholder of Color Imaging; and (b) each stockholder owning more than the number of common shares upon which the reverse stock split was effected immediately before the Stock Splits will receive common shares equal to the number of common shares they held prior to the Stock Splits. The Stock Splits are proposed for the purpose of taking Color Imaging private and

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terminating its reporting obligations under the Securities Exchange Act of 1934, as amended

SUMMARY AND STRUCTURE

The Board has authorized and recommends that you approve the Stock Splits. The Stock Splits consist of two steps. First, Color Imaging will conduct a reverse stock split of the Common Shares, using one of the three ratios, 1-for-1500, 1-for-2500 or 1-for-5000. In the reverse split, (i) each lot of 1500, 2500, or 5000 Common Shares held by a stockholder of Color Imaging prior to the reverse split will be converted into one whole Common Share after the reverse split; and (ii) any Common Shares held by a stockholder owning fewer than 1500, 2500, or 5000 shares will not be converted into a whole share and will be cancelled and exchanged for \$1.10 in cash per pre-reverse split share. After the reverse split is completed, it will be followed immediately by a forward stock split of the Common Shares, which will convert each whole Common Share issued in connection with the reverse split into 1500, 2500 or 5000 Common Shares. The Stock Splits are intended to take effect on the Effective Date (the date the Delaware Secretary of State accepts for filing Certificates of Amendment to the Certificate of Incorporation). The proposed amendments to the Certificate are attached to this Proxy Statement as Exhibits B and C and are incorporated herein by reference. Generally, the effects of the Stock Splits can be illustrated by the following examples (the examples assume a 1-for-5000 Reverse Split Ratio):

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Hypothetical Scenario

Result

Stockholder A holds 200 Common Share in a single record account and holds no other Common Shares

Stockholder A's 200 Common Shares will be converted into the right to receive \$220 in cash (200 x \$1.10). If Stockholder A wanted to continue to be a stockholder after the Stock Splits, he could purchase an additional 4800 Common Shares far enough in advance of the Stock Splits so that the purchase is complete by the Effective Date.

Stockholder B holds 200 shares in a brokerage account and holds no other Common Shares

Color Imaging intends for the Stock Splits to treat stockholders holding Common Shares through a nominee the same as those holding shares in a record account. Nominees will be instructed to effect the Stock Splits for their beneficial owners. If this occurs, Stockholder B will entitled to receive \$220 in cash (200 x \$1.10). However, nominees may have different procedures and stockholders holding shares in street name should contact their nominee to determine how the Stock Splits will affect them.

Stockholder C holds 5500 Common Shares in a single record account and holds no other shares

After the reverse stock split, Stockholder C would have 1.1 Common Shares in the record account (5500/ 5000

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= 1.1). Because he owns more than one whole share, he will not receive any cash for fractional shares. In the forward stock split his Common Shares will be converted into 5500 Common Shares (1.1×5000). After completion of the Stock Splits, Stockholder C will continue to hold 5500 Common Share. He will not receive any cash as a result of the Stock Splits.

Stockholder D holds 2600 shares in each of two separate record accounts for a total of 5200 Common Shares. Stockholder D holds no other Common Share.

Color Imaging intends for the Stock Splits to treat shares held by the same stockholder in multiple accounts as one combined total. After the reverse stock split, Stockholder D will hold 1.04 whole Common Shares ($5200/5000 = 1.04$) and will receive no cash. After the completion of the forward stock split Stockholder D will hold 5200 Common Shares.

Stockholder E holds 10000 Common Shares in a brokerage account. He holds no other Common Shares.

Color Imaging intends for stockholders holding shares through nominees to be treated the same as record holders and expects that Stockholder E would hold two whole Common Shares after the reverse split ($10000/5000 = 2$). Stockholder E's two whole Common Shares would be converted into 10000 Common Shares in the forward split. After the completion of the Stock Splits, Stockholder E would hold 10000 Common Shares. Stockholder E would not receive any cash in the Stock Splits.

Husband and Wife each hold 2500 Common Shares in separate record accounts and hold 2500 shares jointly in another record account. They own no other Common Shares.

Shares held in joint accounts will not be added to shares held individually in determining whether a stockholder will receive whole shares after the reverse split. In this situation, Husband and Wife will each be entitled to receive \$2,750 each for the shares held in their individual record accounts ($2500 \times \$1.10$). Further, they will be entitled to receive \$2,750 for the Common Shares held in their joint account. Husband and Wife will hold no Common Shares after the Stock Splits. If Husband and Wife wished to continue to be stockholders after the Stock Splits, they could transfer a sufficient number of shares from one account into another so that at least 5000 Common Shares (or a multiple thereof) are held in one account. Note that if the Board elected to use a 1-for-2500 or 1-for-1500 Reverse Split Ratio, rather than the 1-for-5000 ratio, Husband and Wife

instead would remain stockholders with 2500 Common Shares each individually, and another 2500 shares jointly, and would receive no cash in the Stock Splits.

Color Imaging currently estimates that stockholders will receive payment for their Common Shares that are exchanged for cash in lieu of issuing fractional shares within approximately four weeks after the Effective Date.

At least a majority of the Common Shares outstanding and entitled to vote at the Annual Meeting must approve the Stock Splits before they can be completed. The executive officers, directors and the affiliates of Color Imaging, who together own approximately 65.8% of the Common Shares outstanding and entitled to vote at the Annual Meeting, have indicated that they will vote in favor of the Stock Splits proposal.

The Stock Splits are considered a "going-private" transaction as defined in Rule 13e-3 promulgated under the Exchange Act because they are intended to terminate the registration of the Common Shares and suspend Color Imaging's filing and reporting obligations under the Exchange Act. In connection with the Stock Splits, we have filed, as required by the Exchange Act, a Rule 13e-3 Transaction Statement on Schedule 13E-3 (the "Schedule 13E-3") with the SEC. Please see the section entitled "Available Information."

The Board has retained for itself the absolute authority to not implement the Stock Splits, even after they are approved, if it subsequently determines that the Stock Splits for any reason are not then in the best interests of Color Imaging. Please see the section entitled "Proposal No. 1 - Stock Splits Proposal - Reservation of Rights."

BACKGROUND OF THE STOCK SPLITS

The purpose of our merger in 2000 was to combine Color Image, Inc.'s (now Color Imaging's) toner and consumable expertise and manufacturing plant with Logical Imaging Solutions, Inc.'s advanced printing system capabilities to offer a wider product range and ensure product supply for Logical Imaging Solutions' print system. This would allow us to become an OEM with our own high speed color printer, toner and supplies and we expected significantly higher sales and profitability in the future as a result. We believed that becoming a public company would increase stockholder value by affording us the opportunity to raise capital in the equity markets, to finance significant planned growth, and allow us to use our public stock in lieu of cash to acquire other companies.

From 2000 through the year 2002 we expanded manufacturing capacity four-fold, improved production efficiency and raised capital in a private placement. We also pursued an acquisition that was ultimately unsuccessful. Over time we determined that Logical Imaging Solutions' technology was not fully developed or accepted in the marketplace, and that the company would continue to incur operational losses and use an undetermined amount of capital to complete this development. We therefore entered into a share exchange agreement on September 11, 2002, with Digital Color Print, Inc. and four of our directors to divest Logical Imaging Solutions. We completed the share exchange transaction on September 30, 2002. As the result, we no longer offer printing systems to commercial printers or the support services and consumables related thereto. We were also unable to realize our goal in becoming a public company, namely to increase stockholder value by becoming a successful OEM.

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In March of 2003 we completed a public offering of 4,500,000 shares of Color Imaging's common stock, raising approximately \$6.1 million. In July 2003, management continued to consider ways in which stockholder value could be increased. The President and Chief Financial Officer considered (a) growing the Company and eventually pursuing a listing on the American Stock Exchange, (b) the sale of part or all of the Company, (c) going private through a buyout or (d) spinning off the factory and operations leaving the public copy to be marketed to another. Management decided at that time to continue to work to grow the business while seeking out and continuing to entertain offers from others.

In July 2003 management was contacted by a merger and acquisition firm that indicated it had a client interested in possibly investing in or buying Color Imaging. No further contact has taken place between this firm and Color Imaging.

In July 2003 Management was contacted by an investment banker who specialized in assisting small cap companies in evaluating strategic alternatives. On July 30, 2003 the investment banker indicated a desire to discuss the feasibility of Color Imaging's going private and of a leveraged buyout by management. There has been no further contact between the parties.

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During October 2003, management was contacted by three different investment banking firms who indicated an initial interest in discussing a possible investment in or acquisition of the Company. In each case, management of Color Imaging indicated an interest in hearing any proposals. However, there has been no further contact from these firms since that time.

In November 2003, management met with and received a presentation from representatives of an investment banking firm who provided an overview of its experience, capabilities and global and national resources, as well as a current overview of the U.S. stock market. They presented several strategic liquidity alternatives designed to create stockholder value, including mergers, acquisitions and going private. We discussed reasons that a public company goes private, factors to consider, and the steps involved in the process, as well as the pros and cons of a number of different methods to effect a going private transaction. We also discussed a public company peer review. In December 2003, the parties exchanged a non-disclosure agreement and agreed to stay in touch should the Company have a transaction it wanted to pursue with this firm. Since December 2003, there has been no further contact with this firm.

In a management meeting on November 11, 2003, the Chairman asked management about the requirements to move the Company's stock to the American Stock Exchange in order to increase liquidity for the stockholders. In addition to the exchange's operational, stock price and specialist requirements, it was noted that the board needed to be comprised of a majority of independent directors and that the Company would need an audit committee comprised of a minimum of three independent directors. The Chairman and management believed that the board of directors could be restructured to meet the requirements of the American Stock Exchange if the Company's operational results increased to the point where listing on the American Stock Exchange would be feasible.

In late 2003 president of Color Imaging felt that an internet marketer of inkjet cartridges with whom he was familiar might be a merger candidate for Color Imaging. He arranged for Color Imaging's chief financial officer to meet with the owner of this company at a trade show in Las Vegas in January 2004. The company's owner previously had access to Color Imaging's public information. Upon signing a mutual confidentiality agreement in January 2004, the internet marketer shared his internally prepared financial statements with Color Imaging.

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It was revealed that a merger which resulted in an entity which remained public would require three years of audited financial statements from the internet marketer. The internet marketer indicated that they had no audited statements at the time, and any merger of the companies that would result in a public entity would, of necessity, have to occur in the future. Later in the month Color Imaging's Chairman/CEO visited the internet marketer en route to Taiwan and toured their facilities. Subsequent management meetings at Color Imaging following the return of the Chairman/CEO from Taiwan resulted in the conclusion that it was unlikely that a transaction could be completed in the foreseeable future.

In February 2004, management met with a former laser and inkjet cartridge re-manufacturer that had begun sourcing and reselling like branded product under its own label over the internet and to dealers, wholesalers, retailers, corporate accounts and others. This company was a customer of Color Imaging until it discontinued remanufacturing, and was considering a product offered by Color Imaging's affiliates. Management also discussed a potential merger with this company. Although Color Imaging indicated an interest in future merger discussions, none occurred.

In April 2004, Color Imaging's President met a retailer of inkjet and toner cartridges which also was in the process of completing an acquisition of another company which provided imaging supplies and services to Fortune 500 companies. Representatives met at Color Image's offices. The retailer indicated an interest in further discussions, but that it had to complete its current acquisition and integrate that acquisition into its operations before it would be in a position to consider additional transactions.

In April, 2004, management met with a remanufacturer and wholesaler of laser toner and inkjet cartridges to introduce its new all-in-one products for resale. Management of this company noted at the conclusion of the meeting that Color Imaging was interested in potential merger or acquisition candidates. This company indicated that it was in a position to assist Color Imaging in improving its new all-in-one product. Management offered to enter into a non-disclosure agreement. Subsequent meetings took place between the parties in the ordinary course of business.

At the annual meeting of the Board of Color Imaging on May 18, 2004, management presented the board members with a summary of the steps that would be involved should the Company find a suitable acquisition or merger candidate. The Board discussed the overall criteria for any such candidate and the time and dollar commitment involved should any such prospect be actively pursued.

In May 26, 2004, management was contacted by an investment banker who had past employment experience at the executive level with an OEM in the toner/imaging products industry. On June 3 this investment banker expressed an interest in assisting Color Imaging to increase its revenue and profits and to formulate a plan to list its stock on either the American Stock Exchange or the Nasdaq small

cap market. The plan would include both internal growth as well as a merger and acquisition strategy. A follow-up conversation took place on June 29, wherein the banker requested a retainer for its services as well as equity in the Company. These discussions were subsequently discontinued.

On June 24, 2004, management received a telephone call from an entity which invested in small cap companies and had something less than \$100 million under

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management for that purpose. They indicated that their fund invested in health and technology companies with a market cap of less than \$250 million. Management summarized the public operating information about Color Imaging and this entity indicated that they would review the public filings and make a presentation to their investment committee. No further contact occurred.

On August 9, 2004, management met with the Chairman and another member of Color Imaging's Board to discuss matters in connection with the Company's de-listing or going private. It was noted at that meeting that the Company had gone public by merging with Logical Imaging Solutions in order to become an original equipment manufacturer with its own proprietary high-speed full-color printer. As a result of being public, the Company had expected to be able to raise money in the public markets, use its stock to purchase other companies, and afford its stockholders a higher level of liquidity for their investments. It was recognized that it was not likely that Color Imaging would be able to take advantage of any of the benefits that being public was supposed to offer and that no realistic merger or acquisition prospects existed. De-listing and going private was discussed, including the impact on large and small stockholders, what it meant to option holders, what was needed to comply with Delaware law, and what filings were required with the SEC. Management, the Company's Chairman and another Board member met with the Company's counsel on August 12, 2004 to further explore and understand the various methods of going private.

On August 30, 2004, management met with the management of another toner products wholesaler whose strategic direction included toner manufacturing. This company is both a customer of and a toner supplier to Color Imaging. The CEO of this company had previous toner cartridge re-manufacturing experience and founded his current company some fifteen years ago. In February 2005, the wholesaler's representative visited Color Imaging's facility in Norcross, Georgia and met with management to discuss ordinary business matters and to ascertain whether there was any continuing interest in the possibility of a merger. The wholesaler indicated a willingness to further consider a merger, but not before the end of 2006 or early 2007. The parties agreed that to pursue the discussions further, a mutual confidentiality and non-disclosure agreement should be exchanged. Color Imaging provided this document in February 2005. To date, it has not been completed or returned to Color Imaging.

In September 2004 management contacted an investment banking firm to inquire if a portfolio company of that firm had any current interest in acquiring Color Imaging or merging it with another. This firm indicated that the portfolio company had been sold, and that Color Imaging on a standalone basis was too small for their firm to consider. This firm then referred management to another investment banking firm that had acquired a possible merger candidate for Color Imaging. This firm represented that it would only be interested in Color Imaging if it had earnings before interest, taxes, depreciation and amortization of \$20 million or more.

Management approached a customer about its selling the new all-in-one imaging cartridges manufactured by our foreign affiliate on October 13, 2004, and regarding its interest in a merger. Discussions held over several days included Color Imaging's prior fund raising, the price for its common shares, the impact of the price of sales by our former subsidiary and other information, including strategy described in previous SEC filings, as well as the merger process. The customer met at Color Imaging's headquarters on October 20, 2004, together with an investment banker invited to the meeting, and executed confidentiality agreements. The parties exchanged financial information, provided each with background information on itself, discussed the goals of a merger and the potential benefits that the combined entity may realize and heard from the investment banker what financing may be available.

At the end of October 2004, the customer met with Color Imaging's president and another of its directors in China. The meeting including ordinary business, the

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potential of jointly manufacturing new and remanufactured product in China and the potential merger. The president of Color Imaging met with the same member of Color Imaging's board on October 30, 2004, and further discussed the potential merger. Management of Color Imaging prepared some pro forma analyses shared them with the customer, who in turn on November 1 introduced management of Color Imaging to another investment banker.

After conversations on the 16th, 17th and 19th of November with the first investment banker, that investment banker provided a presentation dated November 19, 2003. The presentation covered the potential funding, expected structure and cost should the parties engage the investment banker's services. Management met with the customer on November 22nd and with the investment banker on November 23rd. Also on November 23rd, Color Imaging reviewed the transaction with its bank, and on the 1st of December reviewed it with another bank. Both banks had capital market groups, in addition to traditional commercial lending groups, that could potentially assist with the transaction.

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Discussions continued through early December and in late December Color Imaging's management sought and obtained legal advice in connection with the potential structures, tax issues, proxy matters and other related matters. During the latter part of December further discussions were held with the two banks contacted by Color Imaging. The president and chief financial officer of Color Imaging met with the customer on the 4th and 5th of January 2005, and concluded that significant issues were unresolved. Additional legal advice was obtained in January and further discussions were held with the banks. The parties continued to discuss a merger, but turned their attention, primarily, to completing their year-end financial statements and operational matters.

At a meeting of the Board on November 15, 2004, management reviewed Color Imaging's efforts to identify potential merger or acquisition candidates, indicating that since 2001 the Company had been seeking out potential candidates, incurring at one time more than \$200,000 of due diligence expenses. Ten different companies were approached by management and at that time two others were being considered for contact. Management reported that the Company typically included a risk factor for the Company's merger and acquisition strategy in its public filings with the SEC. At this meeting the Company's chief executive officer and chief financial officer reviewed all of the merger discussions described above with business brokers, investment banking firms, potential investors, suppliers and customers, including all possible sales and acquisitions.

At a meeting of the Board on January 27, 2005, the Board again reviewed the history of the Company's efforts to find a suitable merger or acquisition candidate. It reviewed the list of those that had been approached, together with investment banker contacts that had been made. Of the two companies who had an interest in merging, one would only consider a merger offer after it had gone public in late 2006 or early 2007. The other company that had expressed an interest in a merger, had substantial obstacles to overcome, including differences over valuation, management issues and the lack of audited financial statements, which would require the merger to be a going private transaction. Management believed that changes were coming in the industry and already being experienced by the Company's largest customer, including the rapid loss of the Company's black text analog copier business and the increasing popularity of digital and business color multifunctional machines with increasing technological complexity and intellectual property rights. The Board concluded as a result of this review that the Company should consider the possibility of going private. The board noted that its previous experience after the merger

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with Logical Imaging Solutions was not good. Since there were no prospective merger or acquisition transactions likely, the Board then discussed the Company's going private, considering:

- o the fact that the Company's stock was undervalued.
- o the increasing cost and burden of regulatory compliance.
- o the competitive impact of the Company's public disclosure requirements.
- o that the company did not have access to public capital as a small company with marginal profitability that was not listed on a major stock exchange, and
- o that most realistic merger or acquisition candidates were not likely to have the required three years of audited financial statements or meet the SOX 404 compliance deadlines for internal controls.

The Board then reviewed process, time line, cost and annual savings information prepared by management in connection with going private. Management indicated that Color Imaging could minimize proxy and meeting costs by going private as part of its 2005 annual meeting. Upon further review of the material and discussions, management discussed the desirability of going private for out-of-pocket costs of less than \$1 million, including the amount needed to cancel the Company's 2003 Stock Incentive Plan if that was found to be necessary. The Board indicated that if total going private expenditures exceeded \$1 million, or if conditions changed such that going private was no longer in the best interest of Color Imaging, the Board would need to revisit the advisability of going private. The Board then passed a resolution establishing a Special Committee of the Board of Directors with the responsibility to formulate, review, approve and recommend for approval by the Board of Directors strategic and financial alternatives intended to maximize stockholder value, including without limitation potential strategic merger transactions and/or a going private transaction, and compensating the sole member of the Special Committee at the rate of \$5,000 per month in connection with these additional duties.

On January 28, 2005 the Special Committee met with a member of management and counsel to discuss the Company's history of merger activity, and the process of evaluating potential transactions including the engagement of an investment banker. On February 17, 2005, the Special Committee reviewed with management several proposals for services from investment bankers, and chose CVG as the best candidate based on reputation, the completeness of its proposal, the cost and the description of services to be provided. CVG conducted an extensive pricing analysis for the Company and reviewed its strategic alternatives, including contacting potential merger and acquisition candidatures. On March 28, 2005, the Special Committee met with CVG to discuss its evaluation and findings to date. The Special Committee met on April 6, 2005 with the Company's chief financial officer to discuss various alternatives, including the feasibility of going private. On April 11, 2005, the Special committee met with CVG to discuss its evaluation of the Company's strategic alternatives, including going private. They also discussed the impact on CVG's valuation analysis of the Company's book value and prior merger discussions with 3rd parties.

In evaluating the Company's strategic options, the Special Committee conducted extensive due diligence, thoroughly reviewed and discussed the research, analysis, and opinions of CVG, and reviewed and analyzed the Company's strategic

options applying its best business judgment. On April 14, 2005, the Special Committee adopted resolutions documenting its opinion that it would be in the

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best interest of the Company and its shareholders to go private by means of a reverse stock split, and recommended that the Board consider and approve such a transaction. This recommendation was subject to receipt of a fairness opinion from CVG for the pre-split purchase price per fractional share of \$1.10.

On April 14, 2005, the Board met and again received a report from the investment bankers engaged by the Special Committee to consider strategic alternatives of Color Imaging, including a merger or going private transaction. The Board discussed the Special Committee recommendation that Color Imaging go private in a reverse split transaction at a ratio of either 1500 to 1, 2500 to 1 or 5000 to 1 at a pre-split price of \$1.10 per share. CVG reported to the Board that \$1.10 was within the range of values it had determined to be fair to the stockholders of Color Imaging who would be cashed out as well as to those who would retain their shares in Color Imaging. The Board authorized a reverse split transaction on these terms subject to the receipt of a fairness opinion from CVG. The Board also authorized and directed the Company's officers to announce the Company's intentions in a Form 8-K or other filing to be made with the SEC, along with the terms of such transaction. The Board also determined to abandon its open market stock purchase program. The Board reserved for itself the right in its sole discretion to determine the final ration of the reverse split, and the right to abandon the transaction at any time if it determined it were no longer in the best interest of the Company or its shareholders. On May 2, the Special Committee met with CVG and the chief financial officer of the Company to receive CVG's final written opinion regarding the fairness of a reverse stock split transaction, consistent with the report previously made to the Board.

RECOMMENDATION OF THE BOARD

The Board has unanimously determined that the Stock Splits are in the best interest of Color Imaging and are fair to Color Imaging's stockholders who would not retain their interest in Color Imaging, and those who would retain their interest, after the transaction, in each case excluding executive officers, directors and the affiliates of the Company. The Board unanimously recommends that the stockholders vote "FOR" the approval of the Stock Splits.

POTENTIAL DISADVANTAGES OF THE STOCK SPLITS TO STOCKHOLDERS

As is more thoroughly described in the section entitled "Special Factors - Disadvantages of the Stock Splits" above, potential disadvantages to Color Imaging and Continuing Holders include decreased availability of information about Color Imaging and decreased liquidity of the Common Shares. If the Stock Splits are completed, we intend to terminate the registration of the Common Shares under the Exchange Act. As a result, we will no longer be subject to the filing and reporting requirements of the Exchange Act. In addition, the liquidity of the Common Shares will be adversely affected by the lack of publicly available information about Color Imaging following deregistration of the Common Shares. Decreased liquidity may have an adverse effect on the market value of the Common Shares.

SHARE CERTIFICATES

We have appointed the Transfer Agent to act as exchange agent to carry out the exchange of existing share certificates for cash payments in lieu of issuing fractional shares of less than one whole share and, if applicable, new share certificates. On the Effective Date, all share certificates evidencing ownership of Common Shares held by stockholders who will have fractional shares repurchased will be deemed cancelled without further action by the stockholders or Color Imaging. Thereafter, such certificates will represent only the right to receive cash in the amount of \$1.10 per pre-split Common Share for repurchased fractional shares of those holders who have less than one whole share and, if applicable, the right to receive a new certificate for Common Shares issued in the forward stock split. The Common Shares acquired by Color Imaging in

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connection with of the Stock Splits will be retired.

The Transfer Agent will furnish Color Imaging's stockholders with the necessary materials and instructions to surrender their Common Share certificate(s) promptly following the Effective Date. The letter of transmittal will explain how the certificates are to be surrendered. Stockholders must complete and sign the letter of transmittal and return it with their certificate(s) to the Transfer Agent as instructed before they can receive any cash payments and/or new share certificates to which they are entitled. Do not send your certificates to us, and do not send them to the Transfer Agent until you have received a transmittal letter and followed the instructions therein.

No service charges will be payable by Color Imaging's stockholders in connection with the exchange of certificates or the payment of cash in lieu of issuing fractional shares. Color Imaging will pay all expenses of the Stock Splits.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

We have summarized below the material federal income tax consequences to Color Imaging and to holders of Common Shares resulting from the Stock Splits. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Department Regulations (the "Treasury Regulations") issued pursuant thereto, and published rulings and court decisions in effect as of the date hereof, all of which are subject to change. This summary does not take into account possible changes in such laws or

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interpretations, including amendments to the Code, applicable statutes, Treasury Regulations and proposed Treasury Regulations or changes in judicial or administrative rulings. Some of those changes may have retroactive effect. No assurance can be given that any such changes will not adversely affect this summary. This summary is not binding on the Internal Revenue Service.

This summary does not address all aspects of the possible federal income tax consequences of the Stock Splits and is not intended as tax advice to any person or entity. In particular, this summary does not consider the individual investment circumstances of holders of Common Shares, nor does it consider the particular rules applicable to special categories of holders (such as tax exempt entities, life insurance companies, regulated investment companies and foreign taxpayers) or holders who hold, have held, or will hold, Common Shares as part of a straddle, hedging or conversion transaction. In addition, this summary does not address any consequences of the Stock Splits under any state, local or foreign tax laws.

This summary assumes that you are one of the following: (i) a citizen or resident of the United States, (ii) a domestic corporation, (iii) an estate, the income of which is subject to United States federal income tax regardless of its source, or (iv) a trust, if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust. This summary also assumes that you have held and will continue to hold your Common Shares as capital assets for federal income tax purposes.

We believe that the Stock Splits will be treated as a tax-free "recapitalization" for federal income tax purposes. This treatment will result in no material federal income tax consequences to Color Imaging. However, you may not qualify for tax free "recapitalization" treatment for federal income tax purposes, depending on whether you are receiving cash or stock pursuant to the Stock Splits.

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You should consult your tax advisor as to the particular federal, state, local, foreign, and other tax consequences applicable to your specific circumstances.

Federal Income Tax Consequences to Continuing Holders Not Receiving Cash. If you (i) continue to hold Common Shares directly immediately after the Stock Splits and (ii) you receive no cash as a result of the Stock Splits, you will not recognize any gain or loss in the Stock Splits, and you will have the same adjusted tax basis and holding period in your Common Shares as you had in such Common Shares immediately prior to the Stock Splits.

Federal Income Tax Consequences to Holders Receiving Cash. If you receive cash, do not continue to hold directly any Common Shares and are not related to any person or entity who or which continues to hold Common Shares, you will recognize capital gain or loss. The amount of this capital gain or loss will equal the difference between the cash you receive for your Common Shares and your aggregate adjusted tax basis in such Common Shares.

If you receive cash and either (a) retain a portion of your Common Shares or (b) do not continue to hold directly any Common Shares but are related to a person or entity who or which continues to hold Common Shares (in which case you may be treated as owning constructively the Common Shares owned by such related person or entity), your receipt of cash may be treated (i) first, as ordinary taxable dividend income to the extent of your ratable share of Color Imaging's current or accumulated earnings and profits (if any), (ii) second, as a tax-free return of capital to the extent of your aggregate adjusted tax basis in your Common Shares, and (iii) then, the remainder as capital gain.

If you fall into the category described in the immediately preceding paragraph, your tax treatment will depend upon whether your receipt of cash either (i) is "not essentially equivalent to a dividend" or (ii) constitutes a "substantially disproportionate redemption of stock," as described below. If your receipt of cash meets either of these two tests, your receipt of cash will result solely in capital gain or loss. If your receipt of cash cannot meet either of these two tests, your tax consequences will be those described in the immediately preceding paragraph.

"Not Essentially Equivalent to a Dividend." You will satisfy the "not essentially equivalent to a dividend" test if the reduction in your proportionate interest in Color Imaging resulting from the Stock Splits (taking into account for this purpose the Common Shares owned by persons or entities related to you) is considered a "meaningful reduction" given your particular facts and circumstances. The Internal Revenue Service has ruled that a small reduction by a minority stockholder whose relative stock interest is minimal and who exercises no control over the affairs of the corporation will satisfy this test.

"Substantially Disproportionate Redemption of Stock." Your receipt of cash in the Stock Splits will be a "substantially disproportionate redemption of stock" for you if the percentage of Common Shares owned by you (and by persons or entities related to you) immediately after the Stock Splits is (i) less than 50% of all Common Shares and (b) less than 80% of the percentage of Common Shares owned by you (and by persons or entities related to you) immediately before the Stock Splits.

If you or a person or entity related to you will continue to hold Common Shares after the Stock Splits, you should consult with your own tax advisor to determine your particular tax consequences.

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Capital Gain and Loss. For individuals, net capital gain (defined generally as your total capital gains in excess of capital losses for the year) recognized upon the sale of capital assets that have been held for more than 12 months generally will be subject to tax at a rate not to exceed 15%. Net capital gain recognized from the sale of capital assets that have been held for 12 months or less will be subject to tax at ordinary income tax rates. Capital gain recognized by a corporate taxpayer will be subject to tax at the ordinary income tax rates applicable to corporations. There are limitations on the deductibility of capital losses.

Special Rate for Certain Dividends. In general, dividends are taxed at ordinary income rates. However, you may qualify for a 15% rate of tax on any cash received in the Stock Splits that is treated as a dividend as described above, if (i) you are an individual or other non-corporate stockholder; (ii) you have held the Common Shares of Color Imaging with respect to which the dividend was received for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date, as determined under the Code; and (iii) you were not obligated during such period (pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. You should consult with your tax advisor regarding your eligibility for such lower tax rates on dividend income. In addition, a corporate stockholder may be eligible for a dividends received deduction for cash received in the Stock Splits on up to 90% of the amount of such cash treated as a dividend to such stockholders.

Backup Withholding. Holders of Common Shares will be required to provide their social security or other taxpayer identification numbers (or, in some instances, additional information) to the Transfer Agent in connection with the Stock Splits to avoid backup withholding requirements that might otherwise apply. The letter of transmittal will require each holder of Common Shares to deliver such information when the Common Share certificates are surrendered following the Effective Date of the Stock Splits. Failure to provide such information may result in backup withholding.

As explained above, the amounts paid to you as a result of the Stock Splits may result in dividend income, capital gain income, or some combination of dividend and capital gain income to you depending on your individual circumstances.

UNAVAILABILITY OF APPRAISAL OR DISSENTERS' RIGHTS

No appraisal or dissenters' rights are available under Delaware law or under Color Imaging's Certificate of Incorporation or Bylaws to holders of Common Shares who vote against the Stock Splits. Other rights or actions may exist under Delaware law or federal and state securities laws for stockholders who can demonstrate that they have been damaged by the Stock Splits.

RESERVATION OF RIGHTS

Although we are requesting your approval of the Stock Splits, the Board reserves the right, in its discretion, to withdraw the Stock Splits from the agenda of the Annual Meeting prior to any vote thereon or to abandon the Stock Splits before the Effective Date even if the stockholders have approved the proposal. Although the Board presently believes that the Stock Splits are in Color Imaging's best interests and has recommended a vote for the Stock Splits, the Board nonetheless believes that it is prudent to recognize that factual circumstances could possibly change prior to the Effective Date such that it might not be appropriate or desirable to effect the Stock Splits at that time. Such reasons include any change in the nature of the stockholdings of Color Imaging prior to the Effective Date which would result in Color Imaging being unable to reduce the number of holders of record of Common Shares to below 300,

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including those in "street name" that could be certificated, as a result of the Stock Splits. If the Board decides to withdraw the Stock Splits from the agenda of the Annual Meeting, the Board will promptly file a Form 8-K to announce its decision and will make announcement at the Annual Meeting. If the Board decides to abandon the Stock Splits after the Annual Meeting and before the Effective Date, the Board will promptly file a Form 8-K to announce its decision.

ESCHEAT LAWS

The unclaimed property and escheat laws of each state provide that under circumstances defined in that state's statutes, holders of unclaimed or abandoned property must surrender that property to the state. Stockholders who are entitled to receive cash in lieu of fractional shares in connection with the Stock Splits whose addresses are unknown to Color Imaging or who do not surrender their share certificates and request payment of the Repurchase Price generally will have a period of years from the Effective Date in which to claim the cash payment to which they are entitled. For example, with respect to stockholders whose last known addresses, as shown by the records of Color Imaging, are in Delaware the period is five years. Following the expiration of that five-year period, the relevant provisions of the Delaware Code would likely cause the cash payments to escheat to the State of Delaware. For stockholders who reside in other states or whose last known addresses, as shown by the records of Color Imaging, are in states other than Delaware, such states may have abandoned property laws which call for such state to obtain either (i) custodial possession of property that has been unclaimed until the owner reclaims it or (ii) escheat of such property to the state. Under the laws of such other jurisdictions, the "holding period" or the time period which must elapse before the property is deemed to be abandoned may be shorter or longer than five years. If Color Imaging does not have an address for a stockholder,

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then the unclaimed cash payment would be turned over to Color Imaging's state of incorporation, the State of Delaware, in accordance with its escheat laws.

REGULATORY APPROVALS

Color Imaging is not aware of any material governmental or regulatory approval required for completion of the Stock Splits, other than compliance with the relevant federal and state securities laws and Delaware corporate laws.

INFORMATION ABOUT COLOR IMAGING

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Information regarding the Common Shares beneficially owned by the executive officers and directors of Color Imaging is set forth in the table below. The Stock Splits will not impact affiliated holders of Common Shares differently from unaffiliated holders of Common Shares on the basis of affiliate status. The executive officers and directors of Color Imaging will receive no extra or special benefit not shared on a pro rata basis by all other holders of the Common Shares. If the Stock Splits are implemented, the executive officers and directors of Color Imaging and American will not benefit by any material increase in their percentage ownership of Common Shares. Please see the sections entitled "Special Factors - Fairness of the Stock Splits" and "Special Factors - Advantages of the Stock Splits."

Share Ownership of Directors and Executive Officers. The following table provides certain information regarding the number of Common Shares beneficially owned by Color Imaging's directors and executive officers, and its foreign

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affiliate which owns more than 5% of the Common Shares, as of April 30, 2005 and the anticipated ownership percentage of such persons after the Stock Splits:

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Name and Address of Beneficial Owner (1)	Number of Shares Before Stock Splits	Percent of Shares Before Stock Splits (2)	Nu Sha Sto
Chi Fu Investment Co Ltd	4,500,000	35.5%	4,
Wang, Sueling	2,081,551	16.4%	2,
Van Asperen, Morris E.	505,906	4.0%	
Wang, Jui-Chi (Jerry)	738,200	5.8%	
Wang, Jui-Hung (Jack)	737,928	5.8%	
Wang, Jui-Kung (Elmer)	344,959	2.7%	
Wang, Yi-Jen	40,000	0.3%	
Eiswirth, Richard S.	10,000	0.1%	
Wilson, Patrick J.	52,000	0.4%	
All executive officers and directors as a group (8 persons)	4,510,544	35.5%	4,
All executive officers, directors and owners of 5% or more as a group	9,010,544	71.0%	9,

- (1) Excludes exercisable warrants and options of others. Each of the persons listed in this table may be contacted at Color Imaging's address.
- (2) Assumes a total of 12,690,305 common shares outstanding before the Stock Splits, plus the vested options held by such person or group.
- (3) Wholly owned by General Plastic Industrial Co Ltd ("GPI"). GPI is controlled by Color Imaging directors Jui-Hung Wang and Jui-Chi Wang.
- (4) Includes 600,000 shares owned by Sueling Wang's children and 141,204 shares owned by his spouse, Yik-Li Sih in which Sueling Wang disclaims ownership. Also includes exercisable options to purchase 375,000 shares of common stock
- (5) Includes exercisable options to purchase 375,000 shares of common stock.
- (6) Includes exercisable options to purchase 43,750 shares of common stock.
- (7) Includes exercisable options to purchase 38,750 shares of common stock.
- (8) Includes exercisable options to purchase 28,750 shares of common stock.
- (9) Includes exercisable options to purchase 10,000 shares of common stock.
- (10) Includes exercisable options to purchase 10,000 shares of common stock.
- (11) Includes exercisable options to purchase 40,000 shares of common stock.
- (12) Assumes 1,000 shares held by Sueling Wang's wife in a brokerage account will be repurchased by the Color Imaging.
- (13) Assumes a total of 12,418,061 common shares outstanding after the stock splits, plus the vested options held by such person or group.

The directors and executive officers of Color Imaging have not engaged in any transactions involving the Common Shares in the past 60 days.

MARKET PRICE AND DIVIDEND INFORMATION

Our Common Shares are currently traded on the Nasdaq over-the-counter bulletin

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board under the symbol "CIMG." The following table sets lists the high and low prices for the periods indicated. Color Imaging paid neither a stock or cash dividend during any of the below listed periods. The last sale of Common Shares reported on the Nasdaq over-the-counter bulletin board on May 4, 2005 was \$0.72. Prices in the table do not reflect any retail mark-ups or mark-downs or commissions.

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Quarter Ended	High	Low
-----	-----	-----
Fiscal 2005		
March 31,	\$ 0.62	\$ 0.42
Fiscal 2004		
March 31,	\$ 0.80	\$ 0.69
June 30,	\$ 0.80	\$ 0.42
September 30,	\$ 0.52	\$ 0.41
December 31,	\$ 0.58	\$ 0.41
Fiscal 2003		
March 31,	\$ 1.58	\$ 0.45
June 30,	\$ 0.82	\$ 0.40
September 30,	\$ 0.70	\$ 0.51
December 31,	\$ 0.78	\$ 0.54
Fiscal 2002		
March 31,	\$ 3.35	\$ 2.10
June 30,	\$ 2.56	\$ 1.25
September 30,	\$ 2.35	\$ 1.01
December 31,	\$ 1.60	\$ 0.80

Dividends are paid only when declared by the Board, in its sole discretion, based on Color Imaging's financial condition, results of operation, market conditions and such other factors as it may deem appropriate, including having obtained any consent that may be required under Color Imaging's credit arrangements with its lender. If the Stock Splits are completed and we deregister the Common Shares, the Common Shares will no longer be quoted on the Nasdaq over-the-counter bulletin board or be eligible to be traded on any exchange or automated quotation service operated by a national securities association, and trades in the Common Shares will only be possible through privately negotiated transactions or in the Pink Sheets.

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COMMON SHARE PURCHASE INFORMATION

The following table provides information regarding Color Imaging's Common Share repurchases in the open market during the periods indicated.

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Quarter Ended -----	Number Repurchased -----	Average Price Per Share -----
Fiscal 2005 (1) Through	None	N/A
Fiscal 2004		
December 31, 2004	2,900	\$ 0.43
September 30, 2004	5,800	0.46
June 30, 2004	14,000	0.74
March 31, 2004	17,500	0.75
Fiscal 2003		
December 31, 2003	14,000	\$ 0.64
September 30, 2003	21,000	0.61
June 30, 2003	9,500	0.74
March 31, 2003	None	N/A

(1) Market purchased halted by Color Imaging in December 2004.

Purchases by Directors and Executive Officers of Color Imaging

The table below sets forth information, by fiscal quarters, regarding purchases by directors and officers of Color Imaging common stock on the OTC Bulletin Board since January 1, 2004, including the number of shares purchased, the range of prices paid and the average purchase price.

Date -----	Name of Beneficial Owner -----	Shares Purchased -----	Price -----
05/13/03	Morris E. Van Asperen	2,500	\$ 0.62
05/13/03	Morris E. Van Asperen	7,500	\$ 0.64
05/22/03	Jui-Chi (Jerry Wang)	10,000	\$ 0.73
05/23/03	Jui-Chi (Jerry Wang)	5,000	\$ 0.73
08/17/04	Patrick S. Wilson	6,000	\$ 0.46

In addition, stock options have been granted by Color Imaging to certain officers and directors, as described in this Proxy Statement at "Executive Compensation." Except as disclosed above, there have been no other purchases of Color Imaging stock since January 1, 2004 by any of the directors and executive officers of Color Imaging, or by Color Imaging.

FINANCIAL INFORMATION

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following summary consolidated financial information was derived from Color Imaging's audited consolidated financial statements as of and for each of the years ended December 31, 2002 through 2004 and from unaudited interim financial statements as of and for the three months ended March 31, 2005 and 2004. The statement of operations data for the three months ended March 31, 2005 is not

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necessarily indicative of results for a full year. This financial information is only a summary and should be read in conjunction with our historical financial statements and the accompanying footnotes, which are incorporated herein by reference into this Proxy Statement. Please see the section entitled "Incorporation of Certain Documents by Reference."

	Three Months Ended		Twelve Months Ended	
	March 31,		December 31,	
	2005	2004	2004	2003

	(Dollars in thousands, except per share)			
RESULTS OF OPERATIONS				
Sales	\$ 5,629	\$ 5,601	\$ 21,835	\$ 21,835
Operating income	305	101	636	636
Income from continuing operations	221	103	465	465
Income (loss) from discontinued operations	--	--	--	--
Net income	\$ 221	\$ 103	\$ 465	\$ 465
PER SHARE DATA				
Income from continuing operations per share:				
Basic	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.04
Diluted	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.04
Income from discontinued operations per share:				
Basic	\$ --	\$ --	\$ --	\$ --
Diluted	\$ --	\$ --	\$ --	\$ --
Net income (loss) per share:				
Basic	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.04
Diluted	\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.04
Weighted average number of shares of common stock used in the calculation:				
Basic	12,690	12,731	12,704	11,704
Diluted	12,692	12,748	12,710	11,710
Dividends per share	None	None	None	None
Book value per share	\$ 0.94	\$ 0.89	\$ 0.92	\$ 0.92
FINANCIAL CONDITION				
Cash and short-term investments	\$ 1,919	\$ 1,571	\$ 2,045	\$ 2,045
Current assets	10,136	9,788	9,511	9,511
Working capital	7,956	6,792	7,414	6,792
Net assets of discontinued operations	--	--	--	--
Total assets	16,840	17,426	16,696	17,426
Long term debt	2,783	3,121	2,943	3,121
Stockholder's equity	\$ 11,877	\$ 11,309	\$ 11,656	\$ 11,309
KEY FINANCIAL				
Return on stockholders' equity	7.4%	3.6%	4.0%	3.6%
Return on assets	5.2%	2.4%	2.8%	2.4%
Fixed charge coverage	324%	205%	210%	205%

Color Imaging's book value per share, as set forth above, has been derived from financial statements prepared by Color Imaging's management relating to the fiscal periods set forth above. As required by Exchange Act Rule 13a-14(a), Color Imaging's Chief Executive Officer and Chief Financial Officer have certified that such financial statements, and the financial information included in the periodic reports in which such financial statements appear, fairly present in all material respects the financial condition, results of operation

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and cash flows of Color Imaging as of, and for, the periods presented in such periodic reports.

CERTAIN FINANCIAL EFFECTS OF THE STOCK SPLITS

We do not expect the Stock Splits or our use of approximately \$487,500 to complete the Stock Splits (which includes payments to be made to stockholders who have fractional shares repurchased and professional fees and other expenses

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related to the transaction) to have any material adverse effect on our capitalization, liquidity, results of operations or cash flow. Please see the section entitled "Meeting and Voting Information - Solicitation and Costs." We expect to finance the Stock Splits with cash on hand.

If the Stock Splits are completed, stockholders who receive cash in lieu of fractional shares will receive cash in the amount of \$1.10 per Common Share held immediately prior to the Stock Splits. The repurchase of the fractional Common Shares resulting from the Stock Splits is estimated to cost approximately \$300,000 and would reduce the number of record holders of Common Shares, including those held in street names, from approximately 525 to under 150.

We expect that, as a result of the Reverse/Forward Stock Splits and the cashing out of fractional Common Shares held by stockholder after the reverse stock split:

- o Our aggregate stockholders' equity will change from approximately \$11,656,000 (as of December 31, 2004) to approximately \$11,168,000; and
- o Book value per Common Share would change from \$0.92 (at December 31, 2004) to \$0.89, assuming the cash out of fractional Common Shares had occurred on December 31, 2004.

PRO FORMA FINANCIAL INFORMATION

The following pro forma consolidated information has been derived from Color Imaging's financial statements. The financial statements for the year ended December 31, 2004, have been audited by independent certified public accountants. The financial statements for the quarterly periods ended March 31, 2004 and 2003 are unaudited. In the opinion of Color Imaging's management, these quarterly financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the results of these quarters.

The pro forma consolidated financial statements have been prepared based upon the assumption that the Stock Splits were completed effective the first day of the period presented for the income statement and as of the date of the balance sheet, and all fractional Common Shares under one whole share are repurchased. These pro forma consolidated financial statements are not necessarily indicative of the results that would have occurred had the Stock Splits actually taken place at the respective time periods specified nor do they purport to project the results of operations for any future date or period. Based on information from various external sources, Color Imaging believes that approximately 272,244 pre-split Common Shares will be repurchased at \$1.10 per Common Share for a

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total purchase price of approximately \$300,000.

The pro forma results are not indicative of future results because Color Imaging's public reporting costs for the periods presented include only the historic public costs and do not include anticipated future costs. Further, these results exclude \$115,000 in estimated cost savings due to no longer being subject to periodic reporting obligations under the Exchange Act.

The unaudited pro forma financial statements should be read in conjunction with our historical financial statements and the accompanying footnotes, which are incorporated herein by reference into this Proxy Statement. Please see the section entitled "Incorporation of Certain Documents by Reference."

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PRO FORMA CONDENSED BALANCE SHEET MARCH 31, 2005 (Unaudited) (Dollars in thousands)

ASSETS	Historical	Pro-forma Adjustments	
CURRENT ASSETS			
Cash	\$ 1,919	\$ (488) (1)	\$
Accounts receivable, net	2,780		
Inventories	5,331		
Other current assets	106		
TOTAL CURRENT ASSETS	10,136	(488)	
PROPERTY, PLANT AND EQUIPMENT- NET	6,646		
OTHER ASSETS	58		
	\$ 16,840	\$ (488)	\$
LIABILITIES & STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 2,146		\$
Current portion of notes payable	6		
Other current liabilities	28		
TOTAL CURRENT LIABILITIES	2,180	-	
LONG TERM LIABILITIES			
Notes payable	4		
Bonds payable	2,075		
Deferred tax liability	704		
TOTAL LONG TERM LIABILITIES	2,783	-	

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TOTAL LIABILITIES	4,963	-	
	-----	-----	---
STOCKHOLDERS' EQUITY:			
Common stock, \$.01 par value, authorized			
20,000,000 shares; 12,690,305 shares			
issued and outstanding before the stock splits	127	(3) (1)	
Additional paid in capital	12,681	(485)	
Accumulated deficit	(931)		
	-----	-----	---
	11,877	(488)	
	-----	-----	---
	\$ 16,840	\$ (488)	\$
	=====	=====	===

(1) Assumes 272,244 pre-split common shares (\$.01 par value) are repurchased at a pre-split price per share of \$1.10 and costs of approximately \$187,500, for a total expenditure, excluding \$50,000 of advisory services, of approximately \$487,500 (refer to "Solicitation and Costs").

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PRO FORMA CONDENSED BALANCE SHEET DECEMBER 31, 2004 (Dollars in thousands)

ASSETS	Historical	Pro-forma Adjustment
	-----	-----
CURRENT ASSETS		
Cash	\$ 2,045	\$ (488) (
Accounts receivable, net	2,412	
Inventories	4,855	
Other current assets	199	
	-----	-----
TOTAL CURRENT ASSETS	9,511	(488)
	-----	-----
PROPERTY, PLANT AND EQUIPMENT- NET	6,602	
	-----	-----
OTHER ASSETS	583	
	-----	-----
	\$ 16,696	\$ (488)
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,625	
Current portion of notes payable	6	
Current portion of notes payable - related parties	68	
Current portion of bonds payable	390	
Other current liabilities	8	
	-----	-----
TOTAL CURRENT LIABILITIES	2,097	-
	-----	-----
LONG TERM LIABILITIES		

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Notes payable	5	
Bonds payable	2,335	
Deferred tax liability	603	
	-----	-----
TOTAL LONG TERM LIABILITIES	2,943	-
	-----	-----
TOTAL LIABILITIES	5,040	-
	-----	-----
STOCKHOLDERS' EQUITY:		
Common stock, \$.01 par value, authorized		
20,000,000 shares; 12,690,305 shares		
issued and outstanding before the Stock Splits	127	(3)
Additional paid in capital	12,681	(485)
Accumulated deficit	(1,152)	
	-----	-----
	11,656	(488)
	-----	-----
	\$ 16,696	\$ (488)
	=====	=====

(1) Assumes 272,244 pre-split common shares (\$.01 par value) are repurchased at a pre-split price per share of \$1.10 and costs of approximately \$187,500, for a total expenditure, excluding \$50,000 of advisory services, of approximately \$487,500 (refer to "Solicitation and Costs."

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PRO FORMA CONDENSED INCOME STATEMENT Three Months Ended March 31, 2005 (Unaudited) (Dollars in thousands, except per share data)

	Historical	Pro-forma Adjustments
	-----	-----
SALES	\$ 5,629	\$ -
COST OF SALES	3,832	
	-----	-----
GROSS PROFIT	1,797	0
	-----	-----
OPERATING EXPENSES		
Administrative	437	((1)
Research and development	294	
Sales and marketing	761	
	-----	-----
	1,492	(79)

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INCOME FROM OPERATIONS	305	79
OTHER INCOME (EXPENSE)		
Interest and other income	42	(2)
Interest and financing costs	(24)	
	18	(3)
INCOME BEFORE PROVISION FOR INCOME TAXES	323	76
PROVISION FOR INCOME TAXES	102	(3)
NET INCOME	\$ 221	\$ 46
INCOME PER COMMON SHARE		
Basic	\$ 0.02	
Diluted	\$ 0.02	
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	12,690,305	(272,244)
Assumed conversion	2,128	
Diluted	12,692,433	(272,244)

(1) Assumes one-quarter of the \$115,000 savings for being non-reporting and the 1-time \$50,000 of strategic advisor services incurred during the period (Refer to "Estimated Cost Savings").

(2) Assumes one quarter of the interest forfeited using \$487,500 in short-term investments to fund the transaction (Refer to "Solicitation and Costs").

(3) Assumes 40% effective Federal and State income tax rates.

PRO FORMA CONDENSED INCOME STATEMENT Year Ended December 31, 2004 (Dollars in thousands, except per share data)

	Historical	Pro-forma Adjustments
SALES	\$ 21,835	\$ -
COST OF SALES	16,283	
GROSS PROFIT	5,552	-

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OPERATING EXPENSES		
Administrative	1,374	(11)
Research and development	1,171	
Sales and marketing	2,371	
	-----	-----
	4,916	(115)
	-----	-----
INCOME FROM OPERATIONS	636	115
	-----	-----
OTHER INCOME (EXPENSE)		
Interest and other income	230	(1)
Interest and financing costs	(90)	
	-----	-----
	140	(12)
	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	776	103
PROVISION FOR INCOME TAXES	311	(3)
	-----	-----
NET INCOME	\$ 465	\$ 62
	=====	=====
INCOME PER COMMON SHARE		
Basic	\$ 0.04	
Diluted	\$ 0.04	
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	12,703,575	(272,244)
Assumed Conversion	6,731	
	-----	-----
	12,710,306	(272,244)
	=====	=====

-
- (1) Assumes \$115,000 savings for being non-reporting (Refer to "Estimated Cost Savings").
- (2) Interest forfeited using \$487,500 in short-term investments to fund the transaction (Refer to "Solicitation and Costs").
- (3) Assumes 40% effective Federal and State income tax rates.

PROPOSAL NO. 2 - ELECTION OF DIRECTORS

The proxy holders intend to vote "FOR" election of the nominees named below, who are currently members of the board, as directors of Color Imaging, unless otherwise specified in the proxy. Directors of Color Imaging elected at the annual meeting to be held on July 19, 2005 will hold office until the next annual meeting or until their successors are elected and qualified.

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Each of the director nominees below has consented to serve on the board of directors, if elected. Should any nominee for the office of director become unable to accept nomination or election, which is not anticipated, it is the intention of the persons named in the proxy, unless otherwise specifically instructed in the proxy, to vote for the election of such other person as the board may recommend.

The individuals listed below as nominees for the board of directors were directors of Color Imaging during 2004. The name and age of each nominee, and the period during which such person has served as a director, is set forth below:

NAME	AGE	SERVICE AS A DIRECTOR	POSITION
Jui-Kung Wang	61	Since September 2001	Chief Executive Officer and Chairman of the Board
Sueling Wang, PhD	51	Since June 2000	President, Vice Chairman and Director
Morris E. Van Asperen	61	Since June 2000	Executive Vice President, Chief Financial Officer, Secretary
Yi-Jen Wang	28	Since April 2003	Director
Jui-Hung Wang	58	Since June 2001	Director
Jui-Chi Jerry Wang	48	Since June 2000	Director
Richard S. Eiswirth	35	Since April 2003	Director

Jui-Kung (Elmer) Wang, Chief Executive Officer and Chairman of the Board since August 2003, has served as a director of Color Imaging since September 2001. He was a founder of Color Image, Inc. in 1989 and its Chairman until its merger with Color Imaging. He is a co-founder and has served as a director of General Plastic Industrial Co., Ltd, a leading Taiwan based manufacturer of after market injection molded cartridges and accessories for copiers and laser printers since 1978. In 1998 Mr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging we use for our headquarters and manufacturing facilities in Norcross, Georgia. Mr. Wang has been a professor of management with Tung-Hai University, Taiwan for over 20 years. He has received a bachelor's degree in economics, and MBA and PhD degrees in management. Jui-Kung Wang is the brother of Sueling Wang, Jui-Hung Wang and Jui-Chi Wang, and the uncle of Yi Jen Wang.

Sueling Wang, PhD., became President and Vice-Chairman of Color Imaging in June 2000. From 1989 to 2000, he served as President and director of Color Image, Inc., which was merged with Color Imaging. Dr. Wang was also a founder of Color Image Inc. In 1998, Dr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging used for our headquarters and manufacturing facilities in Norcross, Georgia. Dr. Wang received a M.S. degree from the University of Windsor, in Ontario, Canada and a PhD degree from the University of Detroit. Dr. Wang's expertise in resin synthesis brought him into the toner industry and led to the formation of Color Image, Inc. in 1989. Sueling Wang is the brother of Jui-Kung Wang, Jui-Hung Wang and Jui-Chi Wang, and the uncle of

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Yi Jen Wang.

Morris E. Van Asperen has served as Executive Vice President, Chief Financial Officer and director of Color Imaging since June 2000. In June 2001 he was made Secretary and on July 14, 2003, he was given the additional responsibilities of Marketing and Sales which he held until April 1, 2004. From 1998 he served as director of Logical Imaging Solutions and was from August 2000 its Executive Vice President, Chief Financial Officer and Secretary until it was disposed of by Color Imaging in September 2002. In 1986 he was employed by the National Bank of California as Senior Vice President, Corporate Banking, and when he left the bank in July 2000 he was its Executive Vice President and Credit Administrator.

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Mr. Van Asperen also has extensive experience as a financial and management consultant to businesses of up to \$50 million in revenues and 1,000 employees in construction, household goods, industrial glass, electronics manufacturing and software development. From 1977 to 1984, he served as Vice President & Chief Financial Officer of ATE Associates, Inc., a supplier of test fixtures and software for numerous military aircraft programs. Mr. Van Asperen received a B.S. degree in Mathematics from the University of Oklahoma and an M.B.A. degree from Pepperdine University.

Yi-Jen (Tina) Wang has served as a director of Color Imaging since April 2003. Until her resignation on January 28, 2005, to relocate outside of the country, she was an Assistant Vice President and Human Resources Manager, having first been employed by Color Imaging in February 2003. Prior to that she attended the University of San Francisco, pursuing an MBA degree. From October 2000 to June 2001 Ms. Wang served as a property manager for Kings Brothers LLC. From June 1998 to August 2000 Ms. Wang served as controller for GPI-USA, Inc. until it discontinued its warehouse and marketing activities in the United States. From January 1997 to May 1998 Ms. Wang was a sales representative assistant for our affiliate General Plastic Industrial Co Ltd, Taiwan, R.O.C. Ms. Wang received a Bachelor of Arts degree in June 1998 from Providence University, Taiwan, R.O.C. Yi-Jen Wang is the niece of Jui-Kung Wang, Sueling Wang, Jui-Hung Wang and Jui-Chi Wang.

Jui-Hung (Jack) Wang has served as a director of Color Imaging since June 2001 and was Chairman from June 2002 through August 2003. He was a founder and director of Color Image, Inc. until its merger with Color Imaging. He is a founder and serves as Chairman of General Plastic Industrial Co., Ltd, a leading Taiwan based manufacturer of after market injection molded cartridges and accessories for copiers and laser printers. Since January 2001, Mr. Wang has served as a director of Taiwan Yu-Tzu Company, a food company. In 1998, Mr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging used for our headquarters and manufacturing facilities in Norcross, Georgia. From 1986 to 1994, Mr. Wang was mayor of Wu-Chi Town, Taiwan. Jui-Hung Wang is the brother of Sueling Wang, Jui-Kung Wang and Jui-Chi Wang, and the father of Yi Jen Wang.

Richard S. Eiswirth has been a Director of the Company since April 2003 and is Chairman of the Audit Committee. Since April 2002 he has been involved in capital raising efforts for several start-ups. From August 1999 to April 2002, he was Senior Executive Vice President and Chief Financial Officer of Netzee, Inc., a publicly owned affiliate of The Intercept Group. Mr. Eiswirth was responsible for the initial public offering and the identification, evaluation and negotiation of ten acquisitions that fortified Netzee's product offerings.

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Additionally, he facilitated the disposition of three operating units during the company's restructuring. He has extensive experience in managing investment bankers, brokers, attorneys, and accountants. For nine years prior to joining Netzee, Mr. Eiswirth worked for Arthur Andersen LLP, where he was a senior manager. In this capacity he provided audit, accounting, due diligence, merger and acquisition, and consulting services to a variety of industries including real estate, technology, banking, insurance and financial services. A certified public accountant (CPA), Eiswirth graduated cum laude from Wake Forest University in 1991 with a Bachelor of Arts degree in accounting.

Jui-Chi (Jerry) Wang has served as a director of Color Imaging since June 2000. From 1994 until 2000, he served as a director of Color Image, Inc., which was merged with Color Imaging. Since 1984, Mr. Wang has served as President of General Plastic Industrial Co. Ltd (GPI), a Taiwan-based plastics manufacturer specializing in injection moldings and more particularly toner cartridges and accessories for copiers and laser printers. In 1998, Mr. Wang was a founding member of Kings Brothers LLC, which leases space to Color Imaging used for our headquarters and manufacturing facilities in Norcross, Georgia. Mr. Wang received a Master's Degree in Computer Engineering from the University of Southern California. Jui-Chi Wang is the brother of Sueling Wang, Jui-Hung Wang and Jui-Kung Wang, and the uncle of Yi Jen Wang.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE ABOVE-NAMED DIRECTOR NOMINEES.

INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

DIRECTOR NOMINATIONS

In accordance with Article III, Section 3.3 of the Bylaws of the Company, nominees for election as a director may be proposed only by the directors or by a stockholder entitled to vote for directors.

A stockholder who wishes to make a director nomination at a stockholder meeting must follow these procedures. For an annual meeting, the stockholder must submit a written notice to the Secretary of the Company by the earlier of ninety days before the first anniversary of the most recent annual meeting of stockholders held for the election of directors and the close of business on the third day following the date on which notice of the annual meeting is first given to stockholders. For a special meeting, the written notice must be submitted by the close of business on the third day following the date on which notice of the meeting is first given to stockholders for the election of directors. The notice must include:

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(a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated,

(b) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice,

(c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons)

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pursuant to which the nomination or nominations are to be made by the stockholder,

(d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, and

(e) the consent of each nominee to serve as a director of the Company if so elected.

The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with this procedure. The address for notices of nominations is Color Imaging, Inc., Attn: Corporate Secretary, 4350 Peachtree Industrial Blvd., Suite 100, Norcross, Georgia 30071.

The Board of Directors has not established a nominating committee but instead determines its director nominations as a full Board. The Board of Directors includes one director meeting the definition of "independent director" under the rules of the Nasdaq Stock Market, as well as the Chairman and Chief Executive Officer, the President, and the Chief Financial Officer of the Company, and two other directors who are not independent by virtue of their family relationships with the Chairman and the President. The Board of Directors believes that the determination of nominees is benefited by the knowledge and perspective of these corporate officers. Due to the small size of its Board, the Company does not foresee the need to establish a separate nominating committee. Future candidates for director will either be (i) recommended by a majority of the independent directors for selection by the Board or (ii) discussed by the full Board and approved for nomination by the affirmative vote of a majority of the Board, including the affirmative vote of a majority of the independent directors. The Company does not have a nominating committee charter.

The Company has not engaged, nor does it believe that it is necessary to engage, any third party to assist it in identifying director candidates, and it has never received a proposed candidate from a source outside of the Company. Historically, the Board of Directors has not entertained outside candidates for board nominees given that the Company is a "controlled" company under the rules of the Nasdaq Stock Market, with management and affiliates controlling an aggregate of approximately 65% of the voting shares. In formulating its slate of director nominees for the annual meeting each year, the Board of Directors may consider director candidates recommended by stockholders. The Board of Directors does not have a written policy for how it will consider such recommendations due to the lack of experience with such recommendations and the need to evaluate such recommendations on a case-by-case basis.

Before consideration by the Board, nominations must satisfy the requirements listed above, except that the nominations must be received no later than the date disclosed in the prior year proxy statement for inclusion of stockholder proposals for the current year proxy statement. In addition, each such written nomination must state the name, age, business or residence address of the nominee, the principal occupation or employment of the nominee, the number of shares owned either beneficially or of record by each such nominee and the length of time such shares have been so owned. Prior to further consideration, the nominee must acknowledge that he/she is willing to (i) be named as a nominee, (ii) serve as a director, and (iii) complete an officer and director questionnaire for necessary disclosure items. The Board of Directors has not established minimum qualifications that must be met by a board-recommended nominee. However, the Board evaluates candidates based on financial literacy, knowledge of the Company's industry or other background relevant to the Company's needs, status as a stakeholder in the Company, "independence" (for purposes of compliance with the rules of the SEC and the listing standards of the Nasdaq National Market), and willingness, ability and availability for service. The Board of Directors is not bound to accept any candidate proposed by

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a stockholder, and may reject a candidate in its sole discretion. Stockholders may submit proposed candidates to the Corporate Secretary at the above address.

STOCKHOLDER COMMUNICATIONS

Stockholders may communicate with the Company's Directors in care of the Secretary of the Company in writing to Color Imaging, Inc., Attn: Corporate Secretary, 4350 Peachtree Industrial Blvd, Suite 100, Norcross, GA 30071 or via e-mail to van@colorimaging.com. Communication by mail to any or all of the directors in care of the Secretary of the Company will be forwarded to the director(s). E-mails received by the Secretary of the Company for any or all of the Company's Directors will be forwarded by the Secretary of the Company to the director(s). All stockholder messages will be forwarded directly to the Directors specified by the stockholder.

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DIRECTOR ATTENDANCE AT STOCKHOLDER MEETINGS

At last year's annual meeting of stockholders, the following directors were in attendance: Jui-Kung Wang, Sueling Wang, Morris E. Van Asperen, Yi-Jen Wang and Jui-Chi Wang. Two (2) directors, Jui-Hung Wang and Richard S. Eiswirth did not attend the 2004 annual meeting of the stockholders. The board does not have a formal policy on director attendance at stockholder meetings. The Company's stockholder meetings historically have had light attendance, with typically fewer than ten stockholders attending in person. All of the Directors intend to attend the 2005 meeting of the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

There were four meetings of the board of directors during 2004. Each incumbent director who was a director during 2004 attended 75 percent or more of the aggregate of all meetings of the board of directors and any committees on which that director served, except Jui-Hung Wang who attended 50% of the meetings.

DIRECTOR COMPENSATION

Each of Color Imaging's non-employee directors receives fees of \$1,000.00 per board meeting physically or telephonically attended and \$500.00 for other meetings of the board of directors. Each director who is a member of the Audit Committee receives \$500.00 for each meeting of the Audit Committee attended; and, will in 2005, receive \$1,000 for each Audit Committee meeting attended. In addition, each director is reimbursed for certain out-of-pocket expenses incurred in connection with attendance at board and committee meetings. Each of Color Imaging's non-employee directors, on the date they are first elected or appointed to the board, receives a grant of non-qualified stock options to purchase 25,000 shares of Color Imaging's common stock at the fair market value of the common stock on the date of grant. The directors' options vest in equal annual installments over a five year period. The sole member of the Special Committee of the Board of Directors, appointed January 27, 2005, to investigate strategic alternatives to increase stockholder value, including potential mergers or acquisitions and going private, is paid an additional \$5,000 per month in director fees for these additional duties and responsibilities.

AUDIT COMMITTEE

The Audit Committee engages Color Imaging's independent public accountants, reviews with the independent public accountants the plans and results of the

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audit engagement, approves professional services provided by the independent public accountants, reviews the independence of the independent public accountants, considers the range of audit and any non-audit fees, and reviews the adequacy of Color Imaging's internal accounting controls and financial management practices. Until April 2003 the entire board of directors constituted the Audit Committee, and thereafter the Audit Committee consisted of Mr. Richard S. Eiswirth, CPA. There were four meetings of the Audit Committee during 2004 with the incumbent member attending 100 percent of all meetings of the Audit Committee.

The board of directors nominates and appoints the members of the Audit Committee.

NOMINATING AND COMPENSATION COMMITTEES

The board of directors acts as the nominating and compensation committees of Color Imaging.

Notwithstanding anything to the contrary that is or may be set forth in any of Color Imaging's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate Color Imaging filings, including this proxy statement, in whole or in part, the following Reports and the Performance Graph, shall not be incorporated by reference into any such filings.

REPORT OF AUDIT COMMITTEE

Since April 2003, Color Imaging had an Audit Committee (the "Committee") composed entirely of non-management directors and the oversight responsibility, authority and specific duties of the Committee have been performed by the Committee in accordance with the Audit Committee Charter of Color Imaging. The members of the Committee, after April 2003, met the independence and experience requirements of the NASD. The Committee met with Lazar Levine & Felix LLP, the independent auditors, and management prior to issuance of Color Imaging's annual report on Form 10-K for the year ending December 31, 2004. The Committee reviewed the charter last amended on October 31, 2002, and determined that further amendments were not needed at that time. The charter, as previously amended, outlines the practices the Committee follows. A copy of the Committee charter, as amended, was attached as Appendix A to the 2003 Proxy Statement.

The Committee recommended to the board of directors the engagement of Lazar Levine & Felix LLP as Color Imaging's independent auditors and reviewed with Color Imaging's financial managers and the independent auditors overall audit scope and plans, the results of internal and external audit examinations, evaluations by the auditors of Color Imaging's internal controls, and the quality of Color Imaging's financial reporting.

The Committee has reviewed and discussed with management the audited financial statements in the Annual Report, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. In addressing the quality of management's accounting judgments, members of the Audit Committee asked for management's representations that the audited consolidated financial statements of Color Imaging have been prepared in conformity with generally accepted accounting principles and have expressed to both management and the independent auditors their general preference for

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conservative policies when a range of accounting options is available.

In its meetings with representatives of Lazar Levine & Felix LLP, the independent auditors, the Committee asks them to address, and discuss their responses to, several questions that the Committee believes are particularly relevant to its oversight. These questions include:

- Are there any significant accounting judgments made by management in preparing the financial statements that would have been made differently had the independent auditors themselves prepared and been responsible for the financial statements?
- Based on the independent auditors' experience and their knowledge of Color Imaging, do Color Imaging's financial statements fairly present to investors, with clarity and completeness, Color Imaging's financial position and performance for the reporting period in accordance with generally accepted accounting principles and SEC disclosure requirements?
- Based on the independent auditors' experience and their knowledge of Color Imaging, has Color Imaging implemented internal controls and internal audit procedures that are appropriate for Color Imaging?

The Committee believes that by thus focusing its discussions with the independent auditors, it can promote a meaningful dialogue that provides a basis for its oversight judgments.

The Committee discussed with Lazar Levine & Felix LLP, the independent auditors, the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended by the Auditing Standards Board of the American Institute of Certified Public Accountants. The Committee also received and reviewed the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with Audit committees, by the Independence Standards Board, and have discussed the auditors' independence.

In performing all of these functions, the Audit Committee acts only in an oversight capacity. The Committee, in its oversight role, necessarily relies on the work and assurances of Color Imaging's management, which has the primary responsibility for financial statements and reports, and of the independent auditors, who, in their report, express an opinion on the conformity of Color Imaging's annual financial statements to generally accepted accounting principles.

In reliance on these reviews and discussions, and the report of Lazar Levine & Felix LLP, the independent auditors, the Audit Committee recommended to the board of directors, and the board approved, that the audited financial statements be included in Color Imaging's Annual Report on Form 10-K for the year ended December 31, 2004, for filing with the Securities and Exchange Commission.

FEES PAID TO COLOR IMAGING'S INDEPENDENT AUDITORS

Color Imaging incurred the following aggregated fees for professional services performed by Lazar Levine & Felix LLP for audit fees, including our annual financial statements and limited reviews of financial statements included in Forms 10-Q, audit related professional fees for assurance and related services that have not been reported as audit fees, tax services and the filing of Federal and state income tax returns and professional services in connection with Color Imaging's registration statements on Form S-8, during 2004, and Form SB-2, during 2003 and 2002:

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PROFESSIONAL SERVICES	2004	2003	2002
-----	-----	-----	-----
Audit Fees	\$ 85,339	\$ 78,171	\$ 91,717
Audit-Related Fees	0	0	0
Tax Fees	14,775	15,000	12,000
All Other Fees	500	4,895	19,236
	-----	-----	-----
Total Fees	\$100,614	\$ 98,066	\$122,953
	=====	=====	=====

The Audit Committee has determined that the payments made to its independent accountants for non-audit services for 2004, 2003 and 2002 are compatible with maintaining such auditors' independence.

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AUDIT COMMITTEE'S PRE-APPROVAL POLICES AND PROCEDURES

The Committee has the sole authority to appoint or replace, compensate, and oversee the work of any independent auditor, who must be, when required, a registered firm as defined by law, whose purpose is the preparation or issuance of an audit report or related work. The independent auditor's reports and other communications are to be delivered directly to the Committee, and the Committee is responsible for the resolution of disagreements between management and the independent auditor regarding financial reporting.

The Committee pre-approves all audit and non-audit services and all engagement fees and terms in connection therewith, except as otherwise permitted by regulation or the exchange.

The fees for professional services other than Audit Fees, in aggregate, for 2004, 2003 and 2002, approved by the Committee, were approximately \$15,325, \$19,895 and \$31,236. All of the hours expended on the principal accountant's engagement to audit the financial statements of Color Imaging for the years 2004, 2003 and 2002 were attributable to work performed by full-time, permanent employees of the principal accountant.

Management is responsible for planning Color Imaging's financial reporting process and compliance of the consolidated financial statements with generally accepted accounting principles. Color Imaging's independent auditors are responsible for auditing those financial statements. The Audit Committee necessarily must rely, without independent verification, on (a) management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America, and (b) on the representations of the independent auditors included in their report on Color Imaging's financial statements.

AUDIT COMMITTEE:

Richard S. Eiswirth
FEBRUARY 18, 2005

REPORT OF THE BOARD OF DIRECTORS ON
EXECUTIVE COMPENSATION

OVERVIEW

During the year ended 2004, the board of directors held primary responsibility for determining the compensation for Jui-Kung Wang, Chairman of the board and Chief Executive Officer (principal executive officer), Sueling Wang, Vice Chairman of the board and President, Morris E. Van Asperen, Director and Executive Vice President, Chief Financial Officer, principal accounting and financial officer and Secretary and Patrick J. Wilson, Senior Vice President Marketing and Sales (hired April 1, 2004), and the stock based incentives for all the Named Executives. The compensation committee is comprised of Color Imaging's board of directors over whose name this report is also presented.

Color Imaging is engaged in a highly competitive industry. The actions of the executive officers have a profound impact on the short-term and long-term profitability of Color Imaging; therefore, the design of the executive officer compensation package is very important. In order to retain key employees, Color Imaging has an executive compensation package that is driven by an increase in stockholder value, the overall performance of Color Imaging, and the individual performance of the executive. The measures of Color Imaging's performance include revenue growth, pretax profit achievement, and pretax profit improvement over the past year.

Pursuant to the above compensation philosophy, the three main components of the executive compensation package are base salary, a cash incentive plan (discretionary bonus or commission based program), and stock-based incentive plans.

BASE SALARY

The factors subjectively used in determining base salary include the recent profit performance of Color Imaging, the magnitude of responsibilities, the scope of the position, individual and overall departmental performance improvements, and the salary received by peers in similar positions in the same geographic area. These factors are not used in any specific formula or weighting. The salaries of the Named Executives are reviewed annually. Further, in connection with the appointment of the Senior Vice President Marketing and Sales on April 1, 2004 at a base salary of \$150,000 without a commission program, and the responsibilities of the Executive Vice President was reassessed and his compensation package was restructured, reducing his base salary from \$150,000 to \$120,000. Increases in base salary of the President is set at a minimum of 5% per annum pursuant to his employment agreement. However, for the year ended 2004, the President received no increase to his base salary and his salary remains at the reduced amount of \$120,000. The base salaries, commissions, bonuses and other compensation received by the Named Executives for the year ended December 31, 2004, were summarized for and reviewed by the Committee.

CASH BASED INCENTIVE PLANS

Other than commissions based on the achievement of certain sales objectives paid to the Executive Vice President to whom it is applicable, Color Imaging does not have an annual cash based incentive compensation package for the Named

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Executives, and instead Color Imaging utilizes discretionary annual bonuses based upon performance objectives for the ensuing fiscal year. The Named Executives participate in a performance bonus plan designed to encourage achievement of short-term objectives. The plan's payouts are subjectively based on net income, budget objectives, and other individual specific performance objectives. The specific performance objectives relate to each executive improving the contribution of his functional area of responsibility to further enhance the earnings of Color Imaging. These performance objectives and incentive packages are then reviewed by the board of directors and either accepted, amended, or modified. There was, as a result, a discretionary bonus was paid at the end of 2004 to the Named Executives as follows:

NAMED EXECUTIVE	BONUS AMOUNT
-----	-----
Wang, Jui-Kung, Chairman/CEO	\$ 4,200
Wang, Sueling, President, Director	\$ 4,000
Van Asperen, Morris E., EVP/CFO, Director	\$ 3,500
Wilson, Patrick J., SrVP, Marketing & Sales	\$ 3,000

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STOCK BASED INCENTIVE PLANS

During the fiscal year 2004, the Senior Vice President Marketing and Sales, effective with his employment by Color Imaging on April 1, 2004, was granted options to purchase 100,000 shares of Color Imaging's common stock at an exercise price of \$0.73 per share, with 25% vesting immediately and 25% vesting upon each anniversary date of the grant thereafter and expiring 5 years from the respective date of vesting.

On May 18, 2004, the other Named Executives and longer service non-employee directors were granted options to purchase Color Imaging's common stock at an exercise price of \$0.54 as follows:

NAMED EXECUTIVE	SHARES
-----	-----
Wang, Jui-Kung, Chairman/CEO	25,000
Wang, Sueling, President, Director	100,000
Van Asperen, Morris E., EVP/CFO, Director	100,000
Wang, Jui-Hung, Director	25,000
Wang, Jui-Chi, Director	25,000

Fifty percent of the options vested immediately and the remainder vested equally upon each of the next two anniversaries of the grant and expire 5 years from the respective date of vesting.

The grant of awards is purely discretionary and are not based on any specific formula and may or may not be granted in any given fiscal year. The board of directors gives consideration to the overall performance of Color Imaging and the performance and contributions of the individual grantees.

CHIEF EXECUTIVE OFFICER COMPENSATION

Color Imaging's principal executive officer's compensation is determined by the board of directors. For year ended 2004, the duties of the principal executive officer were performed by Jui-Kung Wang. The cash compensation of Jui-Kung Wang, Chairman and Chief Executive Officer, was \$102,008, including the \$4,200 cash

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based incentive compensation (bonus). This represents the total compensation for Jui-Kung Wang, no portion of which was in stock based incentive plans, while payments on his behalf for benefits and other perquisites (other compensation) bring the total to \$120,361 for 2004. The Chief Executive's compensation is based upon the long-term growth in net income, stockholder value improvements and the Chief Executive Officer's individual performance. The decision of the board of directors is subjective and is not based upon any specific formula or guidelines. The Chief Executive Officer does not consult with the board when his compensation is determined and voluntarily accepts amendments to his employment agreement, if applicable, as required.

COMPENSATION COMMITTEE

Jui-Kung Wang
Sueling Wang
Morris E. Van Asperen
Jui-Hung Wang
Jui-Chi Wang
Yi-Jen Wang
Richard S. Eiswirth

JANUARY 27, 2005

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EXECUTIVE COMPENSATION

The following Summary Compensation Table sets forth the compensation earned by our chief executive officer and the three other most highly compensated executive officers who were serving as such as of December 31, 2004, 2003 and 2002 (collectively, the Named Executive Officers), whose aggregate compensation for fiscal years 2004, 2003 and 2002 exceeded \$100,000 for services rendered in all capacities to Color Imaging and its subsidiaries for that fiscal year.

Name and Principal Position	Year	Annual Compensation			Long Term Secu Und Opti
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)(1)	
Jui-Kung Wang (2) Chief Executive Officer	2004	97,808	4,200	18,354	2
	2003	29,908	--	6,501	
	2002	N/A	--	1,000	
Dr. Sueling Wang (3) President	2004	115,500	4,000	12,841	10
	2003	136,826	140,000	4,203	
	2002	158,439	--	38,736	
Morris E. Van Asperen (4) Executive Vice President, Chief Financial Officer & Secretary	2004	152,589	3,500	7,082	10
	2003	162,001	--	9,204	
	2002	151,200	--	14,353	
Patrick J. Wilson (5)	2004	110,769	3,000	69,426	10

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Senior Vice President	2003	--
	2002	--

(1) For named executive officers the amount reported represents the cost of group insurance benefits, Color Imaging's matching contribution to the 401(k) plan for the officer, other life insurance policies maintained for him, and other compensation as further described in the notes for each officer, respectively.

(2) Mr. Wang was employed by Color Imaging on August 15, 2003, and other annual compensation included the personal benefit of his use of a company automobile of \$10,273 and \$4,442 during 2004 and 2003, respectively, and \$5,342 for the personal use of a corporate apartment. Also included in other annual compensation are the fees paid to the named executive officer while he was an outside director which were \$0, \$2,000 and \$1,000 during 2004, 2003 and 2002, respectively. The options were granted by action of the board on May 18, 2004, with 50% vesting immediately and the remainder vesting equally upon the next two anniversary dates of the grant, expiring 5 years from their respective date of vesting.

(3) Other annual compensation includes the personal benefit of his use of a company automobile of \$5,000 and \$1,358 during 2004 and 2003, respectively and split dollar life insurance premiums of \$0, \$660 and \$16,773 during 2004, 2003 and 2002, respectively. During 2003 the officer repaid the loan due to the Color Imaging in connection with the split dollar life insurance policy and the collateral assignment of the policy was released by Color Imaging and the plan between Color Imaging and the officer was terminated. Options granted by action of the board on May 18, 2004. 50% vested immediately and the balance vest equally upon each of the next two anniversary dates of the grant. The options expire five years after their respective vesting date(s).

(4) Other annual compensation includes, by agreement, the reimbursement for a supplemental life insurance policy for the benefit of the officer. The life insurance premiums reimbursed or paid by Color Imaging in 2004, 2003 and 2002 were \$0, \$5,525, and \$6,446, respectively. In 2003 the officer voluntarily terminated the life insurance reimbursement program previously funded by Color Imaging; and, subsequently, the officer's employment agreement was modified to delete the provision of the additional life insurance benefit. Options granted by action of the board on May 18, 2004. 50% vested immediately and the balance vest equally the next two anniversary dates of the grant. The options expire five years after their respective vesting date(s).

(5) Other annual compensation includes payments made to the officer prior to his employment by Color Imaging under the consulting agreement between the officer and the Color Imaging. Options granted by action of the board upon the employment of the officer on April 1, 2004. 20% vested immediately and the balance vest equally upon each of the next four anniversary dates of the grant. The options expire five years after their respective vesting date(s).

OPTION GRANTS TABLE

Options granted the Named Executive Officers during the year ended December 31, 2004 were:

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Individual Grants					Pote val annua pri for
Name	Number of securities underlying Options/SARS (#)	Percent of total options/SARS granted employees in fiscal year (%)	Exercise or base price (\$/Share)	Expiration date	5% (\$)
Jui-Kung Wang (2) Chief Executive Officer	25,000	5.4%	\$.54	05/18/11	
Dr. Sueling Wang (3) President	100,000	21.5%	\$.54	05/18/11	3
Morris E. Van Asperen Executive Vice President, Chief Financial Officer & Secretary	100,000	21.5%	\$.54	05/18/11	3
Patrick J, Wilson Senior Vice President	100,000	21.5%	\$.77	04/01/13	4

OPTION EXERCISES AND YEAR-END VALUE TABLE

None of the Named Executive Officers exercised stock options during 2004. The following table sets forth certain information regarding unexercised options held at year-end by each of the Named Executive Officers.

AGGREGATED OPTION EXERCISES IN 2004 AND OPTION VALUES AT DECEMBER 31, 2004

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS	
			EXERCISABLE	UNEXERCISABLE
Jui-Kung Wang	0	0	22,500	27,500
Sueling Wang	0	0	350,000	50,000
Morris E. Van Asperen	0	0	350,000	50,000
Patrick J. Wilson	0	0	25,000	75,000

Based on the closing price of our common stock of \$0.52 on December 31, 2004, no unexercised options were in the money for the Named Executive Officers.

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EMPLOYMENT AGREEMENTS

On June 28 and August 1, 2000, Color Imaging entered into employment agreements with its President and Executive Vice President. Each of the employment agreements has a 5-year term. Color Imaging is obligated to pay the President an annual salary of \$150,000 with a guaranteed increase of 5% per annum over the term of the agreement. Color Imaging is obligated to pay the Executive Vice President an annual salary of \$144,000 with a guaranteed increase of 5% over the term of his agreement. Each employee may terminate the agreement upon 6 months notice to Color Imaging. Color Imaging may terminate each employee upon 6 months notice by Color Imaging; provided, however, that Color Imaging is obligated to pay to the employee his annual base salary, commissions or bonuses earned, and benefits for a period of 12 months after the date of such notice.

Each of the officers voluntarily waived the annual increases to their salaries that would have otherwise been payable upon the second anniversary of their respective contracts. The President and Executive Vice President voluntarily agreed to accept reduced annual increases upon the third anniversary of their respective agreements in the amount of 2.5%. On July 14, 2003, the Executive Vice President's employment agreement was modified, giving him the additional duties of marketing and sales, provide for commissions, a reduced base salary of \$78,000 per annum and deleting the provision providing for a minimum 5% annual salary increase. On October 1, 2003, the Executive Vice President's employment agreement was again amended to return his base salary to its former level of \$151,200 and his commission program on certain sales of Color Imaging was modified. On April 19, 2004, the Executive Vice President's employment agreement was again amended, reducing his base salary to \$120,000 and providing for a commission on certain sales of Color Imaging.

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The employment agreements with the above named officers also commit Color Imaging to purchasing, for their benefit, certain life insurance plans. Color Imaging pays the premiums and is the collateral assignee of four split dollar life insurance policies owned by the President. Pursuant to the policies, Color Imaging will, upon his death or earlier liquidation of each such policy, be entitled to the refund of all premium payments made by Color Imaging on the policies, and the balance of the proceeds will be paid to the President's designated beneficiaries. During 2003 the President repaid the loan due Color Imaging in connection with the split dollar life insurance policies, Color Imaging then released its collateral assignment of the policies and is no longer required to pay any premiums in connection with the four policies. The split dollar life insurance premiums paid by Color Imaging during 2004, 2003 and 2002 were \$0, \$660, \$15,773, respectively. The amount due from its President in connection with these life insurance policies at the years ended December 31, 2004, 2003 and 2002 was \$0, \$0 and \$134,877, respectively. Color Imaging paid or reimbursed the Executive Vice President for such supplemental life insurance plans \$0, \$5,525 and \$6,446 during 2004, 2003 and 2002, respectively. On July 14, 2003, the Executive Vice President's employment agreement was amended to delete the provision requiring Color Imaging to pay or reimburse premiums in connection with his supplemental life insurance policy.

On April 1, 2004, the Company hired and entered into a two year employment agreement with the Senior Vice President of Marketing and Sales, providing the employee with an annual salary of \$150,000, the lesser of three months severance or the remainder of the term of the agreement if terminated by the Company without cause and granting the employee options to purchase 100,000 shares of the Company's common stock.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

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The entire board of directors of the Company serves as the Compensation Committee of the Company. Directors Jui-Hung Wang, Jui-Kung Wang, Jui-Chi Wang, are owners in and Chairman, Auditor and President, respectively, of General Plastic Industrial Co., LTD (GPI), a Taiwanese manufacturer of all in one and injection molded cartridges and accessories for copiers and laser printers. For the twelve months ended December 31, 2004, 2003 and 2002 we purchased \$4,028,303, \$2,091,785 and \$2,148,279, respectively, of all in one and injected molded products from GPI.

On March 6, 2003, Color Imaging received from Chi Fu Investment Co Ltd \$6,075,000 of subscription proceeds for the public sale of 4,500,000 of our common shares at a price of \$1.35 per share in our offering on Form SB-2 filed with the Securities and Exchange Commission. Chi Fu Investment Co Ltd is a wholly owned subsidiary of our affiliate General Plastic Industrial Co., Ltd, and as of December 31, 2004 our directors Jui-Hung Wang, Jui-Chi Wang and Jui-Kung Wang each own 8.03%, 8.39% and 1.84%, respectively, of General Plastic Industrial Co., Ltd.

On June 1, 2003, Color Imaging entered into a Marketing and Licensing Agreement (refer to Exhibit 10.14 filed with Form 10-Q on October 28, 2003) with its affiliate General Plastic Industrial Co Ltd. Per the Marketing and Licensing Agreement General Plastic Industrial Co Ltd agrees to indemnify and hold harmless Color Imaging for any costs and expense arising from any defective licensed product, and/or any recalled licensed product including litigation arising therefrom. In addition, General Plastic Industrial Co Ltd agrees to credit Color Imaging for product cost, shipping and related expenses arising from any defective licensed product, and/or any recalled licensed product. On November 15, 2004 the Marketing and License Agreement was amended and replaced in its entirety effective April 1, 2004, and it is filed with our Annual Report on Form 10-K as Exhibit 10.13. For the periods ended December 31, 2004, 2003 and 2002, the Company paid its affiliate royalties under the Marketing and Licensing Agreement of \$86,073, \$0 and \$0, respectively.

PERFORMANCE GRAPH

Set forth below is a line graph presentation comparing the cumulative stockholder return on the Color Imaging's common stock (OTC: CIMG), on an indexed basis, against cumulative total returns of the Nasdaq Stock Market (U.S. Companies) Index and the Special Chemicals Index, which is composed of 68 companies which operate in the specialty chemical industry, the industry in which the financial community has categorized Color Imaging. A list of the companies included in this index will be furnished by Color Imaging to any stockholder upon written request of the Corporate Secretary. The graph assumes that the value of the investment in the common stock in each index was \$100 on December 31, 1999 and any dividends were reinvested. The Performance Graph shows total return on investment for the period beginning December 31, 1999 through December 31, 2004.

Note: Management cautions that the stock price performance information shown in the graph below may not be indicative of current stock price levels or future stock price performance.

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[GRAPHIC OMITTED]

The performance graph was plotted using the following table:

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	1999	2000	2001	2002	2003
COLOR IMAGING, INC.	100.00	210.66	242.95	94.04	54.86
SPECIAL CHEMICALS INDEX	100.00	98.51	105.93	87.98	113.24
NASDAQ MARKET INDEX	100.00	62.85	50.10	34.95	52.55

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Directors, Jui-Hung Wang, Jui-Kung Wang, Sueling Wang and Jui-Chi Wang, own Kings Brothers, LLC, the landlord from which the Company leases its Norcross, Georgia, plant. The real property lease agreement between the Company and Kings Brothers, LLC, was entered into on April 1, 1999, and was amended on February 5, 2003, extending the expiration date from March 31, 2009 to March 31, 2013. The rental payments for 2004, 2003 and 2002 were \$544,728, \$531,444 and \$518,484, respectively.

On June 1, 1999, the Development Authority of Gwinnett County (the Authority), issued \$4,100,000 of industrial development revenue bonds on behalf of the Company and Kings Brothers LLC. The 3.07%, inclusive of the 1% letter of credit fee annually, revenue bonds as of December 31, 2004, are payable in varying annual principal and monthly interest payments through July 2019. The bond is secured by all the assets of the Company and by real property owned by Kings Brothers LLC. The bonds along with the line of credit and term loan are held by two related financial institutions.

A loan agreement between the Authority and the Company and Kings Brothers LLC allows funds to effectively pass through the Authority to the Company. The majority of the proceeds, \$3,125,872, were used by the Company to purchase and install certain manufacturing equipment, while \$974,128 was used by Kings Brothers LLC to pay down the mortgage on the real property leased to the Company. The Company and Kings Brothers LLC are jointly obligated to repay any outstanding debt. Under the Joint Debtor Agreement of June 28, 2000, between the Company and Kings Brothers LLC, each has agreed to be responsible to the other for their share of the bond obligations and that any party causing an act of default shall be responsible for 100% of the bond obligations. The amount for which Kings Brothers LLC is responsible to the Company is reflected in current and other assets of the Company. Kings Brothers LLC amounts owed to the Authority are secured by a lien on the real property leased by the Company and by personal guarantee of the managing member of Kings Brothers LLC. At this time, the Company believes that the Kings Brothers LLC portion of the bond is fully collectible. As of December 31, 2004, the bond principal outstanding was \$2,725,000 and the portion due from Kings Brothers LLC was \$647,428.

Directors Jui-Hung Wang, Jui-Kung Wang, Jui-Chi Wang, are owners in and Chairman, Auditor and President, respectively, of General Plastic Industrial Co., LTD (GPI), a Taiwanese manufacturer of injection molded cartridges and accessories for copiers and laser printers. For the twelve months ended December 31, 2004, 2003 and 2002 we purchased \$4,028,303, \$2,091,785 and \$2,148,279, respectively, of injected molded products from GPI.

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On March 14, 2002, the Company borrowed \$500,000 from director, Sueling Wang, on an unsecured basis. The interest rate on the loan was 12% per annum, matured on March 14, 2003 and is evidenced in writing. On September 2, 2002, the note was modified to extend the term to March 1, 2005, provide for a \$100,000 principal payment, decreased the interest rate to 6% per annum, provided for interest only payments through February 28, 2003, and 24 monthly payments of principal and interest beginning on April 1, 2003, in the amount of \$17,735.67. The Company borrowed the \$500,000 to meet a supplier commitment for product. Interest paid Sueling Wang on the note for the years ended December 31, 2004, 2003 and 2002 was \$3,607, \$14,641 and \$36,296, respectively. As of December 31, 2004, 2003 and 2002, the principal outstanding was \$15,000, \$105,000 and \$400,000, respectively.

On August 21, 2002, the Company borrowed \$100,000 from director, Jui-Chi Wang, on an unsecured basis. The loan bears interest at the rate of 6% per annum, matures on March 1, 2005 and is evidenced in writing. The Company borrowed this amount in order to repay \$100,000 borrowed from director Sueling Wang on March 14, 2002. The note is interest only through February 28, 2003, and then is fully amortizing over 24 months with principal and interest payments payable monthly beginning April 1, 2003 in the amount of \$4,434. As of December 31, 2004, 2003 and 2002, the interest accrued and paid on the note was \$2,203, \$ 5,115 and \$2,170, respectively. As of December 31, 2004, 2003 and 2002 the outstanding principal balance on the note was \$8,803, \$59,806 and \$100,000, respectively.

On August 21 and September 2, 2002, the Company borrowed \$200,000 and \$300,000, respectively, from director, Jui-Hung Wang, on an unsecured basis. The loan bears interest at the rate of 6% per annum, matures on March 1, 2005 and is evidenced in writing. The Company borrowed this amount in order to make a principal payment due on its industrial development bond in the approximate amount of \$255,000, for the acquisition of capital equipment in the approximate of \$125,000 and for general corporate purposes. The note is interest only through February 28, 2003, and then is fully amortizing over 24 months with principal and interest payments payable monthly beginning April 1, 2003 in the amount of \$22,169.60. As of December 31, 2004, 2003 and 2002, interest accrued and paid on the note was \$11,017, \$ 25,577 and \$10,259, respectively. As of December 31, 2004, 2003 and 2002, the principal outstanding was \$44,013, \$299,032 and \$500,000, respectively.

We believe that the terms of the loans and borrowings from affiliates were on terms more favorable than were otherwise available from third parties.

On March 6, 2003, the Company received from Chi Fu Investment Co Ltd \$6,075,000 of subscription proceeds for the public sale of 4,500,000 of its common shares at a price of \$1.35 per share in its offering on Form SB-2 filed with the

Securities and Exchange Commission. Chi Fu Investment Co Ltd is a wholly owned subsidiary of the Company's affiliate, General Plastic Industrial Co., Ltd, and as of December 31, 2004, Company directors Jui-Hung Wang, Jui-Chi Wang and Jui-Kung Wang each owned 8.03%, 8.39% and 1.84%, respectively, of General Plastic Industrial Co., Ltd.

On June 1, 2003, Color Imaging entered into a Marketing and Licensing Agreement (refer to Exhibit 10.14 filed with Form 10-Q on October 28, 2003) with its affiliate General Plastic Industrial Co Ltd, which was amended and restated on November 15, 2004, effective April 1, 2004. Per the Marketing and Licensing

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Agreement General Plastic Industrial Co Ltd agrees to indemnify and hold harmless Color Imaging for any costs and expense arising from any defective licensed product, and/or any recalled licensed product including litigation arising therefrom. Further General Plastic Industrial Co Ltd agrees to credit Color Imaging for product cost, shipping and related expenses arising from any defective licensed product, and/or any recalled licensed product. For the periods ended December 31, 2004, 2003 and 2002, the Company paid its affiliate royalties under the Marketing and Licensing Agreement of \$86,073, \$0 and \$0, respectively.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to Color Imaging with respect to the beneficial ownership of Color Imaging's common stock as of April 25, 2005 by:

- o each stockholder known by Color Imaging to own beneficially more than 5% of Color Imaging's common stock;
- o each Named Executive Officer;
- o each of Color Imaging's directors; and
- o all directors and executive officers as a group.

Except as otherwise indicated in the footnotes, Color Imaging believes that the beneficial owners of the common stock listed below, have sole voting power and investment power with respect to such shares of common stock indicated. In computing the number of shares beneficially owned by a person and the percent ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days of the date of this report are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percent ownership of any other person.

NAME OF BENEFICIAL OWNER	NO. OF SHARES	PERCENTAGE OF OWNERSHIP (1)
-----	-----	-----
Sueling Wang (2)	2,081,551	16.4%
Morris E. Van Asperen (3)	505,906	4.0%
Jui-Chi Wang (4) (5)	5,238,200	41.3%
Jui-Hung Wang (5) (6)	5,237,978	41.3%
Jui-Kung Wang (5) (7)	4,844,959	38.2%
Patrick J. Wilson (8)	52,000	*
Yi-Jen Wang	40,000	*
Richard S. Eiswirth (9)	10,000	*
Chi Fu Investment Co Ltd (5)	4,500,000	35.3%
General Plastic Industrial Co., Ltd (5)	4,500,000	35.3%
Executive officers and directors		
as a group (8 persons) (10)	9,010,544	71.0%

* Less than 1%

(1) Percentage of ownership is calculated as required by Commission Rule 13d-3(d)(1). The table above includes the number of shares underlying options and warrants which are exercisable within 60 days after the date of this report.

(2) Includes: (a) 600,000 shares owned by Sueling Wang's four children, (b) 141,204 shares owned by Yik-Li Sih, Sueling Wang's wife, in which Dr. Wang may be deemed to have pecuniary interest. Dr. Wang disclaims beneficial ownership of such 741,204 shares. Also includes 600,000 shares subject to options that are currently exercisable.

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- (3) Includes 375,000 shares subject to options that are currently exercisable.
- (4) Includes 43,750 shares subject to options that are currently exercisable.
- (5) Includes 4,500,000 shares held by Chi Fu Investment Co Ltd ("CFI"). CFI is a wholly owned subsidiary of General Plastic Industrial Co., Ltd ("GPI"). Jui-Hung Wang, Jui-Chi Wang and Jui-Kung Wang, owns 8.03%, 8.39% and 1.84%, respectively, of the outstanding common stock of GPI as of December 31, 2004. Each of Messrs. Wang disclaims beneficial ownership of the shares held by CFI except to the extent of his pecuniary interest.
- (6) Includes 38,750 shares subject to options that are currently exercisable.
- (7) Includes 28,750 shares subject to options that are currently exercisable.

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- (8) Includes 40,000 shares subject to options that are currently exercisable.
- (9) Includes 10,000 shares subject to options that are currently exercisable.
- (10) Includes 963,250 shares subject to options that are exercisable within 60 days after the date of this prospectus.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The members of the board of directors, certain executive officers of Color Imaging and persons who hold more than 10% of Color Imaging's outstanding common stock are subject to the reporting requirements of Section 16(a) of the Exchange Act, which require them to file reports with respect to their ownership of common stock and their transactions in common stock. Based upon the copies of Section 16(a) reports that the Color Imaging received from such persons for their 2004 fiscal year transactions in the common stock and their common stock holdings, Color Imaging believes that all reporting requirements under Section 16(a) for such fiscal year were met in a timely manner by its executive officers, board members and greater than ten-percent stockholders, excepting the late filing of (a) one Form 4 filed on August 23, 2004, by Patrick J. Wilson disclosing the purchase of 6,000 shares of our common stock, (b) the late filing of one Form 4 each by directors Jui-Kung Wang, Sueling Wang, Jui-Chi Wang, Jui-Hung Wang and Morris E. Van Asperen reflecting one exempt option grant and (c) the late filing of one Schedule 13D each by directors Jui-Hung Wang, Jui-Kung Wang, Jui-Chi Wang, General Plastic Industrial Co Ltd and Chi Fu Investment Co Ltd reflecting the one exempt option grant of Jui-Hung Wang, Jui-Kung Wang and Jui-Chi Wang.

PROPOSAL NO. 3 - RATIFICATION OF INDEPENDENT ACCOUNTANTS

The board of directors has selected Lazar Levine & Felix LLP as Color Imaging's independent accountants for the year ending December 31, 2005, and has further directed that management submit the selection of independent accountants for ratification by the stockholders at the annual meeting. Lazar Levine & Felix LLP has no financial interest in Color Imaging and neither it nor any member or employee of the firm has had any connection with Color Imaging in the capacity of promoter, underwriter, voting trustee, director, officer or employee. The Delaware General Corporation Law does not require the ratification of the selection of independent accountants by Color Imaging's stockholders, but in view of the importance of the financial statements to the stockholders, the board of directors deems it advisable that the stockholders pass upon such selection. A representative of Lazar Levine & Felix LLP is not expected to be present at the annual meeting.

In the event the stockholders fail to ratify the selection of Lazar Levine &

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Felix LLP, the Audit Committee will reconsider whether or not to retain the firm. Even if the selection is ratified, the Audit Committee and the board of directors in their discretion may direct the appointment of a different independent accounting firm at any time during the year if they determine that such a change would be in the best interests of Color Imaging and its stockholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THIS PROPOSAL.

OTHER BUSINESS

Color Imaging does not know of any other business to be presented to the annual meeting and does not intend to bring any other matters before such meeting. If any other matters properly do come before the annual meeting, however, the persons named in the accompanying Proxy are empowered, in the absence of contrary instructions, to vote according to their best judgment.

STOCKHOLDER PROPOSALS

We do not currently expect to hold a 2006 annual meeting of stockholders, because upon completion of the Stock Splits, we would no longer have public stockholders or any public participation in our stockholder meetings. If the Stock Splits proposal is not completed, we will hold a 2006 annual meeting of stockholders. Appropriate proposals of stockholders intended to be presented at Color Imaging's 2006 Annual Meeting of Stockholders pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), must be received by Color Imaging by _____, 2005 for inclusion in its proxy statement and form of proxy relating to that meeting. In addition, all stockholder proposals submitted outside of the stockholder proposal rules promulgated pursuant to Rule 14a-8 under the Exchange Act must be received by Color Imaging by _____, 2006 in order to be considered timely. If such stockholder proposals are not timely received, proxy holders will have discretionary voting authority with regard to any such stockholder proposals that may come before the 2006 Annual Meeting.

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AVAILABLE INFORMATION

The Stock Splits will constitute a "going-private" transaction for purposes of Rule 13e-3 of the Exchange Act. As a result, Color Imaging has filed the Schedule 13E-3 which contains additional information about Color Imaging. Copies of the Schedule 13E-3 are available for inspection and copying at Color Imaging's principal executive offices during regular business hours by any interested stockholder of Color Imaging, or a representative who has been so designated in writing, and may be inspected and copied, or obtained by mail, by written request addressed to Color Imaging, Inc., 4350 Peachtree Industrial Blvd, Suite 100, Norcross, GA 30071.

Color Imaging is currently subject to the information requirements of the Exchange Act and files periodic reports, proxy statements and other information with the SEC relating to its business, financial and other matters. Copies of such reports, proxy statements and other information, as well as the Schedule 13E-3, may be copied (at prescribed rates) at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. For further information concerning the SEC's public reference rooms, you may call the SEC at 1-800-SEC-0330. Some of this

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information may also be accessed on the World Wide Web through the SEC's internet address at "www.sec.gov."

Color Imaging maintains on its website, www.colorimaging.com, recent filings on SEC Form 10-Q/K and 8-K, and these may be viewed or downloaded without charge from our website.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

In our filings with the SEC, information is sometimes incorporated by reference. This means that we are referring you to information that we have filed separately with the SEC. The information incorporated by reference should be considered part of this Proxy Statement, except for any information superseded by information contained directly in this Proxy Statement.

This Proxy Statement incorporates by reference the following documents that we have previously filed with the SEC. They contain important information about Color Imaging and its financial condition.

- o Our Annual Report on Form 10-K for the year ended December 31, 2004;
- o Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005;
- o Our Current Report on Form 8-K filed on March 15, 2005; and
- o Our Current Report on Form 8-K filed on April 19, 2005.

We also incorporate by reference any additional documents that we may file with the Commission under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this Proxy Statement and the date of the Annual Meeting.

Stockholders should not rely on information other than that contained or incorporated by reference in this proxy statement (including its appendices). Color Imaging has not authorized anyone to provide information that is different from that contained in this proxy statement. This proxy statement is dated May __, 2005. No assumption should be made that the information contained in this proxy statement is accurate as of any other date, and the mailing or delivery of this proxy statement will not create any implication to the contrary.

We will provide, without charge, upon the written or oral request of any person to whom this Proxy Statement is delivered, by first class mail or other equally prompt means within one business day of receipt of such request, a copy of any and all information that has been incorporated by reference, without exhibits unless such exhibits are also incorporated by reference in this Proxy Statement. You may obtain a copy of these documents and any amendments thereto by written request addressed to Color Imaging, Inc., 4350 Peachtree Industrial Blvd, Suite 100, Norcross, GA 30071. Copies of Color Imaging's Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the periods ended December 31, 2004 and March 31, 2005, may also be viewed and or downloaded from our website without charge at www.colorimaging.com.

ANNUAL REPORT ON FORM 10-K

A copy of Color Imaging's Annual Report on Form 10-K, as amended, for the calendar year ended December 31, 2004 is being mailed to stockholders with this proxy statement.

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BY ORDER OF THE BOARD OF DIRECTORS

/s/ MORRIS E. VAN ASPEREN
Morris E. Van Asperen
Secretary

Norcross, Georgia
June __, 2005

Please Complete, Date, And Sign The Enclosed Proxy Card And Return It Promptly
In The Enclosed Reply Envelope. No Postage Is Required If Mailed In The United
States.

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EXHIBIT A

CBIZ VALUATION GROUP, LLC
780 JOHNSON FERRY ROAD, N.E.
SUITE 600
ATLANTA, GA 30342
(404) 257-2298 (404) 497-9155 FAX

PRIVILEGED AND CONFIDENTIAL

May 2, 2005

Mr. Richard Eiswirth
Chairman of the Special Committee of the Board of Directors of
Color Imaging, Inc.
4350 Peachtree Industrial Boulevard, Suite 100
Norcross, Georgia 30071

Dear Mr. Eiswirth:

We understand that Color Imaging, Inc., (the "Company"), is contemplating a
"going private" transaction by implementing a reverse stock split at one of the
following ratios: 5,000 to 1; 2,500 to 1 or 1,500 to 1 with common shareholders
of owning less than one share after the reverse stock split receiving cash in
the amount of \$1.10 per pre split share ("Transaction").

You have asked us to render our opinion as to whether the Transaction is fair,
from a financial point of view, to stockholders who would not retain their
interest in the Company after completion of the Transaction, and stockholders
who would retain their interest in the Company after completion of the
Transaction, in each case other than stockholders who are directors, or

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executive officers of the Company or affiliates of directors or executive officers of the Company. The Opinion does not address the Company's underlying business decision to effect the transaction. This opinion is based on the terms articulated in the resolution of the board of directors dated April 14, 2005. We have not been asked to, and did not, solicit third-party expressions of interest in acquiring all or any part of the Company's assets or securities other than for the purpose of assessing the likelihood of a merger or acquisition transaction.

In the course of our analyses for rendering this opinion, we have:

- o Reviewed the Transaction Documents, including a draft of the proxy statement for the stockholders approval of the Transaction;
- o Reviewed the Company's audited financial statements for the fiscal years ended 2001, 2002, 2003 and 2004;
- o Review minutes of the board of directors for fiscal years 2002 through 2005;
- o Analyzed certain operating and financial information, including projections, provided to us by management relating to the Company's business prospects;
- o Met with certain members of the Company's senior and operating management to discuss Color Imaging, Inc.'s operations, historical financial results and future prospects;
- o Visited the Company's facilities in Atlanta, Georgia;
- o Discussed with management its activities with respect to their contacts with other investment bankers, private equity investors and potential merger or acquisition candidates;

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- o Evaluated the stock price history and reported events of the Company;
- o Evaluated other strategic alternatives for the Company;
- o Evaluated the liquidation value of the Company's common stock;
- o Considered publicly available data and stock market performance data of public companies we deem comparable to the Company; and
- o Conducted such other studies, analyses, inquiries and investigations, as we deemed appropriate.

In the course of our investigation, we have assumed and relied upon the accuracy and completeness of the financial statements, forecasts, projections and other information provided to us by management and we have further relied upon the assurances of management that they were unaware of any facts that would make the information provided to us incomplete or misleading. We have not assumed any responsibility for independent verification of such information or assurances.

In arriving at our opinion, we have not performed any independent appraisal of the assets of the Company. Our analysis does not constitute an examination,

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review of, or compilation of prospective financial statements in accordance with standards established by the American Institute of Certified Public Accountants ("AICPA"). We do not express an opinion or any other form of assurance on the reasonableness of the underlying assumptions or whether any of the prospective financial statements are presented in conformity with AICPA presentation guidelines. Further, there will usually be differences between prospective and actual results because events and circumstances frequently do not occur as expected and those differences may be material. We have also assumed the Company is not currently involved in any material transaction other than the Transaction, and those activities undertaken in the ordinary course of conducting its business other than those disclosed.

We have acted as financial advisor to the Special Committee in connection with the Proposed Transaction and will receive a fee for these services. We will receive an additional fee upon delivery of this opinion. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our services for the Proposed Transaction.

This Opinion is furnished solely for your benefit and does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the Transaction. This Opinion is delivered to each recipient subject to the conditions, scope of engagement, limitations and understanding set forth in this Opinion and subject to the understanding that the obligations of CBIZ Valuation Group, LLC in the Transaction are solely corporate obligations. Furthermore, no officer, director, employee or shareholder of CBIZ Valuation Group, LLC shall be subjected to any personal liability whatsoever to any person, nor will any such claim be asserted by or on behalf of you or your affiliates.

On the basis of the forgoing, it is our opinion that the Transaction is fair, from a financial point of view, to the Company's shareholders who would not retain their interest in the Company after completion of the Transaction, and stockholders who would retain their interest in the Company after completion of the Transaction, in each case other than stockholders who are directors, or executive officers of the Company or affiliates, of directors or executive officers of the Company.

Very truly yours,

/S/ CBIZ VALUATION GROUP, LLC

CBIZ VALUATION GROUP, LLC

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EXHIBIT B

FORM OF REVERSE STOCK SPLIT AMENDMENT

[Note: Assumes split at 1500:1]

(A) Article FOURTH of the Articles of Incorporation, as amended, of Color Imaging, Inc. is hereby amended and replaced in its entirety as follows:

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FOURTH:

A. The total number of shares of stock which the Corporation shall have authority to issue is twenty thousand six hundred and sixty-seven (20,667), consisting of twenty thousand (20,000) shares of Common Stock having a par value of \$.01 per share and six hundred and sixty-seven (667) shares of Preferred Stock having a par value of \$.01 per share.

B. The Board of Directors is expressly authorized to provide for the issuance of the shares of Preferred Stock in one or more series by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

(B) Effective at the date and time this amendment to the Certificate of Incorporation is accepted by the Secretary of State of the State of Delaware (the "Effective Time"), each fifteen hundred (1,500) of the corporation's common shares then issued and outstanding shall be automatically converted into one fully-paid and non-assessable common share (the "Reverse Stock Split"). In lieu of the issuance of any fractional common shares or scrip of less than one whole common share that would otherwise result from the Reverse Stock Split, any holder of common shares who would otherwise be entitled to receive less than one fractional share shall be entitled to receive the amount of One and 10/100 Dollars (\$1.10) in cash for each common share held immediately prior to the Effective Time. This subsection (B) of this Certificate of Amendment shall affect only issued and outstanding shares of the corporation and shall not affect the total authorized number of shares.

(C) This Certificate of Amendment shall not change the stated capital or paid-in surplus referable to the common shares, if any.

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EXHIBIT C

FORM OF FORWARD STOCK SPLIT AMENDMENT

(A) Article FOURTH of the Articles of Incorporation, as amended, of Color Imaging, Inc. is hereby amended and replaced in its entirety as follows:

FOURTH:

A. The total number of shares of stock which the Corporation shall have authority to issue is thirty-one million (31,000,000), consisting of thirty million (30,000,000) shares of Common Stock having a par value of \$.01 per share and one million (1,000,000) shares of Preferred Stock having a par value of \$.01 per share.

B. The Board of Directors is expressly authorized to provide for the issuance of the shares of Preferred Stock in one or more series by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such

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series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

(B) Effective at the date and time this amendment to the Certificate of Incorporation is accepted by the Secretary of State of the State of Delaware (the "Effective Time"), each share of the corporation's common shares then issued and outstanding shall be automatically converted into fifteen hundred (1,500) fully paid and non-assessable common shares. This subsection (B) of this Certificate of Amendment shall affect only issued and outstanding shares of the corporation and shall not affect the total authorized number of shares.

(C) This Certificate of Amendment shall not change the stated capital or paid-in surplus referable to the common shares, if any.

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PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF
COLOR IMAGING, INC.

The undersigned hereby appoints Sueling Wang, PhD and Morris E. Van Asperen, attorneys and proxies, each with power to act without the other and with power of substitution, and hereby authorizes them to represent and vote all of the shares of stock of Color Imaging, Inc., standing in the name of the undersigned with all powers which the undersigned would possess if present at the Annual Meeting of Stockholders of Color Imaging to be held July 19, 2005 or any adjournment or postponement thereof.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL 1 TO AMEND THE CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT AND A FORWARD STOCK SPLIT, USING ONE OF THREE RATIOS TO BE SELECTED BY, AND AT THE ELECTION OF, THE BOARD OF DIRECTORS, "FOR" THE ELECTION OF EACH NOMINEE TO SERVE AS A DIRECTOR, AND "FOR" PROPOSAL 3 TO RATIFY THE SELECTION OF LAZAR LEVINE & FELIX LLP AS COLOR IMAGING'S ACCOUNTANTS. IF NO DIRECTION IS GIVEN IN THE SPACE PROVIDED ON THE REVERSE SIDE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF DIRECTORS AND "FOR" PROPOSALS 1 AND 3. IF ANY OTHER BUSINESS SHOULD COME BEFORE THE MEETING, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PROXY HOLDER.

If you intend to attend the annual meeting, please be sure to check the "I plan to attend the meeting" box on the reverse side of the Proxy.

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)

PLEASE DATE, SIGN AND MAIL YOUR
PROXY CARD BACK AS SOON AS POSSIBLE!

ANNUAL MEETING OF STOCKHOLDERS
COLOR IMAGING, INC.

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June __, 2005

- PLEASE DETACH AND MAIL IN THE ENVELOPE PROVIDED -

A [X] PLEASE MARK YOUR
VOTES AS IN THIS
EXAMPLE.

1. To approve amendments, as determined by the Board of Directors of Color Imaging in their discretion, to Color Imaging's Certificate of Incorporation to effect a reverse stock split of our common stock at one of the following ratios: 1-for-1500, 1-for-2500 or 1-for-5000 and the repurchase of the resulting fractional shares held by each stockholder with less than one share after the reverse stock split, followed immediately by an amendment of Color Imaging's Certificate of Incorporation to effect a forward stock split of Color Imaging's common shares using the inverse of the ratio used in the reverse stock split was effected.

FOR all nominees
listed at right
(except as marked
to the contrary)

WITHHOLD
AUTHORITY (to
vote for all
nominees
listed at
right)

NOMINEES: Jui-Kung Wang
Sueling Wang, PhD
Morris E. Van Asperen
Yi-Jen Wang
Jui-Hung Wang
Jui-Chi Wang
Richard S. Eiswirth

2. Election of [] []
Directors

(INSTRUCTION: To withhold authority to vote for any individual nominee, write the nominee's name on the line provided below.)

3. Ratify the selection of Lazar Levine & Felix LLP as Color Imaging's Accountants for the year ending December 31, 2005.
4. In their discretion upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

FOR

AG

[]

FOR

AG

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