
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Linmark Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LINMARK

LINMARK GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. WANG Lu Yen (*Chairman*)

Mr. Steven Julien FENIGER (*Chief Executive Officer*)

Mr. FU Jin Ming, Patrick

Mr. KHOO Kim Cheng

Mr. KWOK Chi Kueng

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Mr. WANG Arthur Minshiang

Mr. WONG Wai Ming

Dr. WOON Yi Teng, Eden

Principal Place of Business:

10th Floor

South Seas Centre, Tower II

75 Mody Road

Tsimshatsui

Kowloon

Hong Kong

13 August 2003

To the Shareholders

Dear Sir or Madam

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

INTRODUCTION

At the annual general meeting of Linmark Group Limited (“**Company**”) held on 13 September 2002, the directors (“**Directors**”) of the Company were granted a general mandate to allot, issue and deal with shares (each, a “**Share**”) of US\$0.02 each in the capital of the Company and a general mandate to purchase Shares on the Main Board of The Stock Exchange

of Hong Kong Limited (“**Stock Exchange**”). These mandates will expire at the conclusion of the forthcoming annual general meeting (“**Annual General Meeting**”) of the Company convened to be held on Monday, 8 September 2003 at 3:00 p.m.. At the Annual General Meeting, among other businesses, the following resolutions will be proposed:

- (a) to grant a general mandate to the Directors to exercise the power of the Company to allot, issue and otherwise deal with new Shares of an aggregate nominal amount of up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution (“**Share Issue Mandate**”);
- (b) to grant a general mandate to the Directors to enable them to purchase an aggregate nominal amount of up to 10 per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of passing such resolution (“**Repurchase Mandate**”); and
- (c) to extend the Share Issue Mandate by an amount representing the aggregate nominal amount of the Shares repurchased under the Repurchase Mandate (such authorisation is referred to below as the “**Extension Mandate**”).

Each of the Share Issue Mandate, the Repurchase Mandate and the Extension Mandate will continue in force until the conclusion of the annual general meeting of the Company next following the Annual General Meeting or any earlier date as referred to in resolutions numbered 5 and 6 set out in the notice of the Annual General Meeting.

Under the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), the Company is required to give to its shareholders an explanatory statement containing all information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules is set out in the Appendix to this circular.

THE SHARE ISSUE AND THE EXTENSION MANDATES

The Directors have no immediate plans to allot, issue and otherwise deal with any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or pursuant to any scrip dividend scheme which may be approved by the shareholders of the Company.

THE ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 8 to 12 of this circular. At the Annual General Meeting, as the special businesses of the Annual General Meeting, ordinary resolutions will be proposed to grant the Share Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Directors.

ACTION TO BE TAKEN

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrars, Standard Registrars Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors believe that the grant of the Share Issue Mandate, the Repurchase Mandate and the Extension Mandate are in the best interests of the Company and its shareholders.

Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of the resolutions approving the grant of the Share Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Directors at the Annual General Meeting.

Yours faithfully
For and on behalf of the Board
WANG Lu Yen
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you to make an informed decision whether to vote for or against the resolution to approve the grant of the Repurchase Mandate to the Directors at the Annual General Meeting.

1. SHARE CAPITAL

As at 8 August 2003, being the latest practicable date (“**Latest Practicable Date**”) prior to the printing of this circular, the issued share capital of the Company was US\$12,948,000 comprising 647,400,000 Shares.

Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 64,740,000 Shares.

2. REASONS FOR THE REPURCHASE

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from its shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value per Share and/or earnings per Share of the Company and will only be made when the Directors believe that such repurchases of Shares will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the bye-laws of the Company, the Listing Rules and the applicable laws of Bermuda.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 30 April 2003, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months before the printing of this circular were as follows:

	Trading price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
August 2002	2.250	1.810
September 2002	2.025	1.840
October 2002	2.000	1.600
November 2002	1.960	1.470
December 2002	1.870	1.710
January 2003	2.100	1.780
February 2003	2.075	1.920
March 2003	1.980	1.650
April 2003	1.850	1.640
May 2003	2.225	1.830
June 2003	2.650	2.175
July 2003	2.900	2.275

5. TAKEOVERS CODE

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of the Code on Takeovers and Mergers ("**Takeovers Code**"). As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the Securities and Futures Ordinance and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, each of RGS Holdings Limited, Roly International Holdings Ltd. and Mr. WANG Lu Yen, was interested in 433,000,000 Shares, representing 66.88 per cent. of the entire issued share capital of the Company.

Assuming that RGS Holdings Limited (being the controlling shareholder of the Company as at the Latest Practicable Date) does not dispose of its Shares nor acquire new Shares, if the Repurchase Mandate was exercised in full by the Company, the percentage shareholding of RGS Holdings Limited before and after the full exercise of the Repurchase Mandate would be 66.88 per cent. and approximately 74.31 per cent. respectively. In such circumstances, RGS Holdings Limited will not be obligated to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate is exercised in full.

6. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the six months preceding the date of this circular.

7. GENERAL

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

No connected person of the Company has notified the Company that he has a present intention to sell to the Company or its subsidiaries Shares nor has any such connected person undertaken not to do so in the event that the Repurchase Mandate is granted.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

NOTICE OF ANNUAL GENERAL MEETING

LINMARK

LINMARK GROUP LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the annual general meeting of Linmark Group Limited (“**Company**”) will be held at 3:00 p.m. on Monday, 8 September 2003 at The Ritz-Carlton, Chater Room I, 3 Connaught Road Central, Hong Kong to transact the following ordinary businesses:

1. to receive and approve the audited consolidated financial statements and the reports of the directors and auditors for the year ended 30 April 2003;
2. to re-elect the retiring directors and to authorise the directors to fix the directors’ remuneration;
3. to re-appoint the auditors and to authorise the directors to fix their remuneration;
4. to approve the payment of the final dividend of 3.5 HK cents per share of the Company for the year ended 30 April 2003;

and, as special businesses, to consider and, if thought fit, pass the following resolutions, with or without modifications, as ordinary resolutions:

5. **“THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the additional shares in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which may require the exercise of such powers be and are hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as defined below) to make or grant offers, agreements and options which may require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares in the Company, shall not exceed the aggregate of:

(aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act of Bermuda or any applicable law of Bermuda to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.

“**Rights Issue**” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares in the Company open for a period fixed by the directors of the Company to the shareholders of the Company whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of shares in the Company (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

6. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase shares (each a “**Share**”) of US\$0.02 each in the share capital of the Company on the Main Board of the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act of Bermuda and all other applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act of Bermuda or any applicable law of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
7. “**THAT** conditional on the passing of the resolutions set out in the notice convening this meeting as Resolutions Nos. 5 and 6, the general mandate granted to the directors of the Company pursuant to the approval granted under the resolution set out in the notice convening this meeting as Resolution No. 5 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate an amount representing the aggregate nominal amount of the share capital of the Company which has been purchased or agreed to be purchased by the Company since the granting of such general mandate pursuant to the exercise by the directors of the Company of the powers of the Company to purchase such shares pursuant to or in accordance with the authority granted under the resolution set out in the notice convening this meeting as Resolution No. 6, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

By Order of the Board
CHEUNG Hoi Yin, Brenda
Company Secretary

13 August 2003

NOTICE OF ANNUAL GENERAL MEETING

Principal place of business in Hong Kong:

10th Floor
South Seas Centre, Tower II
75 Mody Road
Tsimshatsui
Kowloon
Hong Kong

Notes:

1. The register of members of the Company will be closed from Thursday, 4 September 2003 to Monday, 8 September 2003 (both days inclusive) during which period no transfer of Shares will be registered.
2. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his behalf and such proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed.
3. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power of attorney or authority must be deposited at the office of the Company's Hong Kong branch registrars, Standard Registrars Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto but if more than one of such joint holders are present in the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.