
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, 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 was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

LINMARK
LINMARK GROUP LIMITED
(Incorporated in Bermuda with limited liability)

PROPOSED GRANT OF
A FURTHER OPTION TO AN EXECUTIVE DIRECTOR

A notice convening a special general meeting of Linmark Group Limited to be held on 11 March 2003 at 11.00 a.m. at Conference Room, Units 1704-5, Nine Queen's Road Central, Hong Kong is set out on pages 10 to 11 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the special general meeting if you so wish.

14 February 2003

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

- “associates”** has the meaning ascribed to it under the Listing Rules
- “Board”** the board of Directors or a duly authorised committee of the board of Directors
- “Company”** Linmark Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
- “Controlling Shareholder”** any person who has the power, directly or indirectly, to secure:
- (i) by means of the holding of shares entitling him to exercise or control the exercise of 30 per cent. (or such lower amount as may from time to time be specified in the Code on Takeovers and Mergers (as amended from time to time) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company; or
 - (ii) by means of controlling the composition of a majority of the Directors; or
 - (iii) by virtue of any powers conferred by the constitutional document of the Company or any other corporation,
- that the affairs of the Company are conducted in accordance with the wishes of such person
- “Directors”** the directors of the Company
- “Eligible Person”** means:
- (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or

DEFINITIONS

(b) any individual for the time being seconded to work for,

the Company or any entity in which the Company, directly or indirectly, holds any equity interest or any Controlling Shareholder or any company controlled by a Controlling Shareholder; or

(ii) any holder of any securities issued by the Company or any entity in which the Company, directly or indirectly, holds any equity interest or any Controlling Shareholder or any company controlled by a Controlling Shareholder; or

(iii) (a) any business partner, agent, consultant or representative of, or any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,

(b) any supplier of goods or services to, or

(c) any customer of,

the Company or any entity in which the Company, directly or indirectly, holds any equity interest or any Controlling Shareholder or any company controlled by a Controlling Shareholder;

and shall include any company controlled by one or more persons belonging to any of the above classes of participants but shall exclude Mr. WANG Lu Yen, one of the substantial shareholders of the Company, and any of his associates so long as Mr. WANG Lu Yen remains as a substantial shareholder of the Company (as substantial shareholder is construed in accordance with the Listing Rules from time to time)

“Group”

the Company and its subsidiaries

“Hong Kong”

the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising the three independent non-executive Directors, Mr. WANG Arthur Minshiang, Mr. WONG Wai Ming and Dr. WOON Yi Teng, Eden
“Latest Practicable Date”	12 February 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Feniger”	Mr. Steven Julien FENIGER, an executive Director and the Chief Executive Officer of the Group
“Share(s)”	share(s) of US\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 22 April 2002 and amended on 6 November 2002
“Special General Meeting”	the special general meeting of the Company to be held on 11 March 2003, notice of which is set out on pages 10 to 11 of this circular
“Specified Limit”	the maximum entitlement of each Eligible Person under the Share Option Scheme stipulated in the Note to Rule 17.03(4) of the Listing Rules, namely, that the aggregate number of Shares issued and to be issued upon exercise of the options granted to such Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed one per cent. of the Shares in issue of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” and “cents”	Hong Kong dollars and cents respectively
“US\$”	United States dollars

LETTER FROM THE BOARD

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

14 February 2003

To the Shareholders

Dear Sir or Madam

**PROPOSED GRANT OF
A FURTHER OPTION TO AN EXECUTIVE DIRECTOR**

INTRODUCTION

It was proposed that at the Special General Meeting a resolution to approve the grant of an option to Mr. Feniger to subscribe for Shares (such option, the grant of which if approved by the Shareholders, in aggregate with the options previously granted to him, will entitle him to subscribe for Shares in excess of the Specified Limit) would be made to the Shareholders.

The principal purpose of this circular is to provide Shareholders with details of the proposal in relation to the proposed grant of the option in excess of the Specified Limit.

LETTER FROM THE BOARD

PROPOSED GRANT OF OPTION

Background

Mr. Feniger is now the holder of options, granted under the Share Option Scheme, entitling him to subscribe for a maximum of 7,900,000 Shares, representing approximately 1.22 per cent. of the issued share capital of the Company as at the Latest Practicable Date (the “**Existing Options**”). Details of the grant of such options, which took place in May and June 2002 are set out in the circular of the Company dated 19 August 2002. The Board now proposes that, having considered Mr. Feniger’s continuing contribution to the Group as the Chief Executive Officer of the Group and his dedication of great efforts towards the development and growth of the Group, a further option (the “**Further Option**”) shall be granted to Mr. Feniger, under the Share Option Scheme, to allow him to subscribe for Shares, in addition to the Shares underlying the Existing Options, in excess of the Specified Limit.

Pursuant to the Note to Rule 17.03(4) of the Listing Rules, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including exercised and outstanding options) in any 12-month period must not exceed one per cent. of the relevant class of securities of the listed issuer in issue. Any further grant of options to a participant would result in the securities issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over one per cent. of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his associates abstaining from voting.

Particulars of the Further Option

Condition

The grant of the Further Option, which was determined by the Board on 6 November 2002, is conditional upon obtaining the Shareholders’ approval of such grant at the Special General Meeting in accordance with the Note to Rule 17.03(4) of the Listing Rules with Mr. Feniger and his associates abstaining from voting.

LETTER FROM THE BOARD

Underlying Shares and exercise period

The grant of the Further Option, if approved at the Special General Meeting by the Shareholders in the aforesaid manner, will entitle Mr. Feniger to subscribe for an aggregate of 4,700,000 Shares, over a period of five years commencing from 6 November 2003 in the following manner:

Period	Number of Shares
6 November 2003 to 5 November 2004 (the “ First Period ”)	1,880,000
6 November 2004 to 5 November 2005 (the “ Second Period ”)	1,410,000 (in addition to the portion of the Further Option not yet exercised during the First Period)
6 November 2005 to 5 November 2008	1,410,000 (in addition to the portion of the Further Option not yet exercised during the First Period and the Second Period)

As at the Latest Practicable Date, the issued share capital of the Company was US\$12,948,000 comprising 647,400,000 Shares. Exercise of the subscription rights attaching to the Further Option in full will entitle Mr. Feniger to subscribe for 4,700,000 Shares, representing approximately 0.73 per cent. of the issued share capital of the Company as at the Latest Practicable Date. Exercise of the subscription rights attaching to the Existing Options and the Further Option in full will entitle Mr. Feniger to subscribe for an aggregate of 12,600,000 Shares, representing approximately 1.95 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

Exercise price

The price payable by Mr. Feniger to the Company when he exercises the subscription rights attached to the Further Option is HK\$1.60, being equal to the higher of:

- (a) HK\$1.60, the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet issued by the Stock Exchange on 6 November 2002, which is the day on which the Further Option was conditionally granted to Mr. Feniger (the “**Date of Grant**”); and

LETTER FROM THE BOARD

- (b) HK\$1.58, the average closing price of the Shares on the Stock Exchange as stated in its daily quotations sheets for the five trading days immediately preceding the Date of Grant (that is, the average closing price of the Shares on 30 October 2002, 31 October 2002, 1 November 2002, 4 November 2002 and 5 November 2002 of HK\$1.70, HK\$1.65, HK\$1.48, HK\$1.54 and HK\$1.55 respectively).

SPECIAL GENERAL MEETING

The notice of the Special General Meeting is set out on pages 10 to 11 of this circular. At the Special General Meeting, an ordinary resolution will be proposed to approve the grant of the Further Option to Mr. Feniger.

A form of proxy for use by Shareholders at the Special General Meeting is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting (or any adjournment thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Special General Meeting if you so wish.

Mr. Feniger and his associates will abstain from voting in respect of the ordinary resolution set out in the notice convening the Special General Meeting to approve the grant of the Further Option to Mr. Feniger.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposed grant of the Further Option to Mr. Feniger which exceeds the Specified Limit will serve to provide a great incentive to Mr. Feniger for his continuing contribution to the Group. Your attention is drawn to the “Letter from the Independent Board Committee” set out on page 9 of this circular, which sets out the recommendation by the Independent Board Committee to the Shareholders as to voting in relation to the resolution to be proposed at the Special General Meeting for the approval of the proposed grant of the Further Option to Mr. Feniger.

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

LINMARK
LINMARK GROUP LIMITED

(Incorporated in Bermuda with limited liability)

14 February 2003

To the Shareholders

**PROPOSED GRANT OF A FURTHER OPTION TO
MR. STEVEN JULIEN FENIGER (“MR. FENIGER”)**

We refer to the circular of Linmark Group Limited dated 14 February 2003 to the Shareholders (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

This letter sets out our recommendation to the Shareholders as to voting in relation to the resolution to be proposed at the Special General Meeting for the approval of the proposed grant of the Further Option to Mr. Feniger under the Share Option Scheme. Details of the terms of the proposed grant of the Further Option to Mr. Feniger are contained in the letter from the Board set out on pages 4 to 8 of the Circular.

Having considered Mr. Feniger’s continuing contribution to the Group as the Chief Executive Officer of the Group and his dedication of great efforts towards the development and growth of the Group, and also the terms of the proposed grant of the Further Option to Mr. Feniger, we recommend the Shareholders to vote in favour of the ordinary resolution set out in the notice convening the Special General Meeting to approve the proposed grant of the Further Option to Mr. Feniger.

Yours faithfully

the Independent Board Committee

WANG Arthur Minshiang WONG Wai Ming WOON Yi Teng, Eden

Independent non-executive Directors

NOTICE OF SPECIAL GENERAL MEETING

LINMARK

LINMARK GROUP LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of Linmark Group Limited (the “**Company**”) will be held at Conference Room, Units 1704-5, Nine Queen’s Road Central, Hong Kong on 11 March 2003 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolution:

“**THAT** the grant of an option to Mr. Steven Julien FENIGER pursuant to the share option scheme of the Company adopted on 22 April 2002 which would entitle him to subscribe for an additional 4,700,000 shares of US\$0.02 each of the Company in excess of the Specified Limit (as such term is defined in a circular of the Company dated 14 February 2003, a copy of which marked “A” is produced to this meeting and for the purposes of identification signed by the Chairman hereof) be and is hereby approved, confirmed and ratified and the directors of the Company be and are authorised to do all such acts as may be necessary or expedient in order to give full effect to such grant of option.”

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

14 February 2003

Principal place of business in Hong Kong:

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

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the above meeting may 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.
- (2) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch registrar in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (3) 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.
- (4) 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 at 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.
- (5) Mr. Steven Julien FENIGER, together with his associates, will abstain from voting in relation to the resolution as set out in the notice convening this meeting.