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If you have sold or transferred all your shares in Linmark Group Limited, you should at once hand this circular to the purchaser or 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

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

A letter from the Chairman of Linmark Group Limited is set out on pages 3 to 8 of this circular.

* For identification purpose only

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DEFINITIONS

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

“Alignment”	Alignment Technology Limited, a limited liability company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Pettitt
“Business Day”	a day on which trading banks are open for business in Hong Kong, save for a Saturday
“Company”	Linmark Group Limited
“Completion”	completion of the sale and purchase of the entire issued share capital of ISO
“Completion Date”	the date on which Completion occurs which shall not be a date after the Long Stop Date
“Consideration”	the sum of HK\$155,000,000 (subject to downward adjustments) being the consideration for the acquisition of ISO under the Sale and Purchase Agreement
“Digitech”	Digitech Holdings Limited, a limited liability company incorporated under the laws of Hong Kong, in which Mr. Pettitt holds 80% of the issued share capital
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ISO”	ISO International (Holdings) Limited, a limited liability company incorporated under the laws of Hong Kong
“Latest Practicable Date”	25 November 2003 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	14 November 2003
“Mr. Pettitt”	Barry Richard Pettitt
“P/E ratio”	Price/Earnings ratio
“PRC”	People’s Republic of China
“Proceeds”	proceeds of the public offer and placing of the shares of the Company in May 2002

DEFINITIONS

“Purchaser”	the Company or a directly or indirectly wholly-owned subsidiary nominated by the Company to which the Company may assign its rights and delegate its duties under the Sale and Purchase Agreement
“Roly International”	Roly International Holdings Ltd.
“Sale and Purchase Agreement”	the agreement for the sale and purchase of shares in ISO between the Vendors, ISO and the Purchaser dated 11 November 2003
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	holders of the Shares in issue
“Shares”	share(s) of US\$0.02 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreements”	the supplemental loan agreements dated 10 November 2003 entered into between ISO as lender and Mr. Pettitt and Digitech as borrowers respectively
“Vendors”	Mr. Pettitt and Alignment
“HK\$”	Hong Kong dollars
“US\$”	United States dollars

For illustrative purpose of this circular, HK\$7.8 = US\$1.0

LINMARK

LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

WANG Lu Yen (Chairman)
Steven Julien FENIGER (Chief Executive Officer)
FU Jin Ming, Patrick
KHOO Kim Cheng
KWOK Chi Kueng

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

WANG Arthur Minshiang
WONG Wai Ming
WOON Yi Teng, Eden

*Head Office and Principal Place
of Business:*

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

28 November 2003

To the Shareholders

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION

1. INTRODUCTION

The Directors announced on 12 November 2003 that on 11 November 2003 the Company entered into the Sale and Purchase Agreement with the Vendors and ISO for the sale and purchase of the entire issued share capital of ISO. Completion took place on 14 November 2003.

ISO had granted interest-free unsecured loans to Mr. Pettitt and Digitech respectively, the outstanding aggregate balance of which amounted to approximately HK\$8.8 million as at 7 November 2003. On 10 November 2003, ISO entered into the Supplemental Loan Agreements with Mr. Pettitt and Digitech, pursuant to which the outstanding loans will be repayable in full on or before 30 April 2004 and no further loans will be advanced to Mr. Pettitt and Digitech as from 7 November 2003. Pursuant to the Sale and Purchase Agreement, Mr. Pettitt was appointed as the president of ISO commencing from 14 November 2003.

The Directors (including the independent non-executive Directors) consider that the Sale and Purchase Agreement is in the ordinary and usual course of business of the Group, and that the terms have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable so far as the Shareholders are concerned.

* For identification purpose only

2. THE SALE AND PURCHASE AGREEMENT

Date: 11 November 2003

Parties:

1. Mr. Pettitt and Alignment as Vendors;
2. ISO; and
3. the Company.

Asset purchased: 100 ordinary shares of HK\$1.00 each in the share capital of ISO, representing its entire issued share capital.

Consideration: The Consideration in the sum of HK\$155,000,000 (subject to downward adjustment as described below) shall be payable by the Purchaser in the following manner:

1. Initial Payment:

The sum of HK\$108,500,000 shall be payable on the Completion Date.

The Initial Payment is adjustable on a dollar-for-dollar basis in the event that the net tangible assets value of ISO as at 30 April 2003 and as at the Completion Date is less than HK\$20,500,000 and the unrestricted balance of cash and cash equivalents of ISO as at the Completion Date is less than HK\$11,000,000.

2. Deferred Payments:

(i) The sum of HK\$15,500,000 shall be payable within 15 Business Days of receipt of the audited financial statements of ISO for the year ending 30 April 2004 by the Vendors and the Purchaser;

(ii) The sum of HK\$15,500,000 shall be payable within 15 Business Days of receipt of the audited financial statements of ISO for the year ending 30 April 2005 by the Vendors and the Purchaser; and

(iii) The sum of HK\$15,500,000 shall be payable within 15 Business Days of receipt of the audited financial statements of ISO for the year ending 30 April 2006 by the Vendors and the Purchaser.

The Deferred Payments are downward adjustable on the basis of the consolidated net profits after tax of ISO for each of the relevant financial years. The Vendors shall repay the Purchaser an amount based on the shortfall if the referenced amounts for each of the year ending 30 April 2004, 2005 and 2006 falls below HK\$22,040,000, HK\$26,600,000 or HK\$31,350,000 respectively.

The Consideration shall be paid by the Purchaser to Alignment.

LETTER FROM THE CHAIRMAN

The Consideration is arrived at after arms' length negotiations between the parties based on, among other things, the audited financial statements of ISO as at 31 March 2002, 30 April 2003 and 31 August 2003. The net assets value of ISO as stated in these financial statements were HK\$5,297,321, HK\$21,142,610 and HK\$25,355,290 respectively. The net profits before tax of ISO for the year ended 31 March 2002 were HK\$6,392,204 and for the 13 months ended 30 April 2003 were HK\$18,685,984. The net profits after tax of ISO for the year ended 31 March 2002 were HK\$5,406,009 and for the 13 months ended 30 April 2003 were HK\$15,845,289. The Consideration will be financed by internal resources of the Company comprising approximately US\$18.2 million (equivalent to approximately HK\$142.0 million) from the Proceeds and the remaining amount from the general working capital of the Company.

Based on the 12-month pro rata figure per audited financial statements of ISO for the 13 months ended 30 April 2003, this represents a P/E ratio of 10.6. Based on the figure per unaudited management accounts of ISO for the 12 months ended 31 March 2003, this represents a P/E ratio of 10.6.

Based on the audited financial statements of the Company for the year ended 30 April 2003, the closing price of HK\$3.325 per Share and the total number of issued Shares of 651,968,000 as at the Latest Practicable Date, this represents a P/E ratio of 22.5.

The minimum consideration under the Sale and Purchase Agreement shall be the net tangible assets value of ISO as at the Completion Date as stated in the statements to be prepared and submitted to ISO by an accounting firm (as agreed between the parties) as soon as reasonably practicable after the Completion.

Conditions Precedent: The obligation of the Purchaser to complete the Sale and Purchase Agreement is conditional upon, among other things:

- (1) all necessary consents, approvals, actions, filings, notices necessary for the parties to perform their respective obligations under the Sale and Purchase Agreement and to consummate the transactions contemplated thereby being obtained, made or given (as the case may be) and shall be in full force and effect;
- (2) key employees and consultant (including Mr. Pettitt) as specified in the Sale and Purchase Agreement having entered into employment or consulting agreements with ISO;
- (3) consents, approvals, notices and/or waivers from third parties as specified in the Sale and Purchase Agreement in relation to business transactions with ISO having been obtained;
- (4) satisfactory due diligence investigation on customers of ISO as specified in the Sale and Purchase Agreement having been completed by the Group; and

LETTER FROM THE CHAIRMAN

- (5) no material adverse change in, among other things, the business, financial condition, operations, customer or supplier relationships, sales or earnings or future prospect of ISO between 30 April 2003 and the Completion Date.

The Sale and Purchase Agreement shall lapse and terminate in the event that the conditions to Completion as set out in the Sale and Purchase Agreement (including the above conditions) are not satisfied (or waived in accordance with the provisions of the Sale and Purchase Agreement) by the Long Stop Date.

Completion: Subject to satisfaction of the conditions set out in the Sale and Purchase Agreement, Completion shall take place on a date which shall not be after the Long Stop Date. Completion took place on 14 November 2003.

3. CHANGE OF FINANCIAL YEAR END DATE OF ISO

The Vendors agreed to change the financial year end date of ISO from 31 March to 30 April in order to match the financial year end date of the Company. The first audited financial statements issued after the change of accounting date were for the 13 months ended 30 April 2003. The audited interim accounts for the period ended 31 August 2003 were issued for the special purpose of the Sale and Purchase Agreement.

4. FINANCE OF THE CONSIDERATION

It is disclosed in the prospectus of the Company dated 30 April 2002 (“Prospectus”) that the Group intends to use the Proceeds as follows:

- (1) approximately US\$9.0 million (equivalent to approximately HK\$70.2 million) will be used for marketing and business development including new clients and business acquisitions;
- (2) approximately US\$2.5 million (equivalent to approximately HK\$19.5 million) will be used to enhance LOGON system;
- (3) approximately US\$1.5 million (equivalent to approximately HK\$11.7 million) will be used to enhance its sourcing network and to establish additional sourcing offices in developing countries such as the PRC and countries in the Indian sub-continent;
- (4) approximately US\$2.0 million (equivalent to approximately HK\$15.6 million) will be used to finance the expansion of the Group’s sourcing and related supply chain management business to retailers, particularly in the PRC; and
- (5) the remaining balance of approximately US\$9.2 million (equivalent to approximately HK\$71.8 million) will be used for future business development and general working capital of the Group.

As at 30 April 2003, a total of approximately US\$1.5 million (equivalent to approximately HK\$11.7 million) of the Proceeds had been used for information technology investment (LOGON system), and setting up of sourcing offices in China.

The Consideration will be financed by internal resources of the Company comprising approximately US\$18.2 million (equivalent to approximately HK\$142.0 million) from the Proceeds as described in items (1) and (5) and the remaining amount from the general working capital of the Company.

The Company intends to use the remaining amount of the Proceeds in accordance with the Prospectus as set out above.

5. SUPPLEMENTAL LOAN AGREEMENTS

ISO entered into an agreement with each of Mr. Pettitt and Digitech in December 2001 and April 2002 respectively for granting interest-free unsecured loans to Mr. Pettitt and Digitech respectively repayable on or before March 2008. The outstanding amount respectively owed by Mr. Pettitt and Digitech amounted to approximately HK\$5.0 million and HK\$3.8 million as at 7 November 2003.

On 10 November 2003, ISO entered into the Supplemental Loan Agreements with Mr. Pettitt and Digitech, pursuant to which the parties agree that the outstanding unsecured loans shall be repayable interest-free in full on or before 30 April 2004 and that no further loans will be advanced to Mr. Pettitt and Digitech as from 7 November 2003. The Supplemental Loan Agreements were entered into by ISO, Mr. Pettitt and Digitech for the purpose of varying the repayment terms of the outstanding loans and agreeing that no further loans shall be advanced by ISO to Mr. Pettitt and Digitech. The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Loan Agreements are fair and reasonable so far as the Shareholders are concerned.

6. REASONS FOR THE SALE AND PURCHASE AGREEMENT AND THE SUPPLEMENTAL LOAN AGREEMENTS

The Group is a one-stop global sourcing and supply chain management solutions provider. ISO is involved in the business of supply chain management, including consultancy, design, sourcing, procurement, quality inspection and fulfillment, with specialisation in home lifestyle entertainment products and consumer electronic products. The Group is desirous of expanding its business of sourcing and supply chain management to cover home lifestyle entertainment products and consumer electronic products. The Directors (including the independent non-executive Directors) consider that the acquisition of ISO will be beneficial to the development of the Group and will broaden its customers base and expand its products diversity.

The terms of the Sale and Purchase Agreement have been negotiated on an arms' length basis and on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Shareholders are concerned.

The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Loan Agreements are fair and reasonable so far as the Shareholders are concerned. It is expected that the acquisition of ISO will have a material positive impact on earnings of the Group for the financial year ending 30 April 2004.

7. DISCLOSEABLE TRANSACTION

As of 30 April 2003, the net tangible assets value of the Group amounted to approximately US\$42,637,000 (equivalent to approximately HK\$332,568,000) (as per the latest published audited financial statements of the Group). Accordingly, the Consideration represents approximately 46.6 per cent. of the net tangible assets value of the Group as at 30 April 2003, being the date to which the latest published audited financial statements of the Group were made up. The Sale and Purchase Agreement therefore constitutes a discloseable transaction of the Company under the Listing Rules.

LETTER FROM THE CHAIRMAN

Mr. Pettitt, who was the chairman of ISO, assumed certain duties as a director and president of ISO. Pursuant to the Sale and Purchase Agreement, Mr. Pettitt was appointed as the president of ISO commencing from 14 November 2003.

8. FURTHER INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

By Order of the Board
WANG Lu Yen
Chairman

1. 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.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests and short positions in the shares of the Company and its associated corporations

Company/Name of associated corporations	Name of Directors	Capacity	Number and class of securities	Percentage shareholding in the same class of securities as at the Latest Practicable Date
Company	WANG Lu Yen	Beneficial owner	620,000 ordinary shares	0.10%
Company	WANG Lu Yen	Interest of a controlled corporation (Note 1)	433,000,000 ordinary shares	66.41%
Company	KHOO Kim Cheng	Beneficial owner	170,000 ordinary shares	0.03%
Company	WANG Arthur Minshiang	Beneficial owner	260,000 ordinary shares	0.04%
Roly International (Note 2)	WANG Lu Yen	Beneficial owner	20,200,000 ordinary shares	5.08%
Roly International (Note 2)	WANG Lu Yen	Interest of spouse (Note 3)	350,000 ordinary shares	0.09%
Roly International (Note 2)	WANG Lu Yen	Interest of a controlled corporation (Note 4)	121,243,500 ordinary shares	30.51%
Roly International (Note 2)	FU Jin Ming, Patrick	Beneficial owner	2,000,000 ordinary shares	0.50%

Company/Name of associated corporations	Name of Directors	Capacity	Number and class of securities	Percentage shareholding in the same class of securities as at the Latest Practicable Date
Roly International <i>(Note 2)</i>	KHOO Kim Cheng	Beneficial owner	625,000 ordinary shares	0.16%
Westman Linmark (Thailand) Ltd. <i>(Note 5)</i>	WANG Lu Yen	Beneficial owner	2 preference shares	0.07%
Westman Linmark (Thailand) Ltd. <i>(Note 5)</i>	Steven Julien FENIGER	Beneficial owner	1 preference share	0.03%
Westman Linmark (Thailand) Ltd. <i>(Note 5)</i>	FU Jin Ming, Patrick	Beneficial owner	1 preference share	0.03%
Westman Linmark (Thailand) Ltd. <i>(Note 5)</i>	KHOO Kim Cheng	Beneficial owner	1 preference share	0.03%
Westman Linmark (Thailand) Ltd. <i>(Note 5)</i>	KWOK Chi Kueng	Beneficial owner	1 preference share	0.03%

Notes:

- As at the Latest Practicable Date, Mr. WANG Lu Yen, Mrs. WANG LIAW Bin Bin, his wife, and Megastar Holdings Limited, a company controlled by Mr. WANG Lu Yen, held approximately 35.68 per cent. of the issued share capital of Roly International. Mr. WANG Lu Yen is thus deemed, by virtue of the SFO, to be interested in all the Shares in which Roly International is interested.
- As at the Latest Practicable Date, Roly International, the ultimate holding company of the Company, through RGS Holdings Limited, held 433,000,000 Shares, representing 66.41 per cent. of the then issued share capital of the Company. As at the Latest Practicable Date, the issued share capital of Roly International was US\$39,742,126.40 divided into 397,421,264 shares of US\$0.10 each.
- These shares in Roly International were held by Mrs. WANG LIAW Bin Bin, the wife of Mr. WANG Lu Yen.
- These shares in Roly International were held by Megastar Holdings Limited, the entire issued share capital of which is owned by Mr. WANG Lu Yen. Mr. WANG Lu Yen is a director of Megastar Holdings Limited.
- Westman Linmark (Thailand) Ltd. is a subsidiary of the Company. As at the Latest Practicable Date, the issued share capital of Westman Linmark (Thailand) Ltd. was 12,000,000 Baht divided into 2,940 ordinary shares of 2,000 Baht each and 3,060 preference shares of 2,000 Baht each.

(b) Interests and short positions in the underlying shares of the Company and its associated corporations

Company/Name of associated corporations	Name of Directors	Capacity	Number of underlying shares (Note 1)
Company	Steven Julien FENIGER	Beneficial owner	14,560,000
Company	FU Jin Ming, Patrick	Beneficial owner	7,030,000
Company	KHOO Kim Cheng	Beneficial owner	6,920,000
Company	KWOK Chi Kueng	Beneficial owner	5,630,000
Roly International	Steven Julien FENIGER	Beneficial owner	2,000,000
Roly International	FU Jin Ming, Patrick	Beneficial owner	1,000,000
Roly International	KHOO Kim Cheng	Beneficial owner	8,350,000
Roly International	KWOK Chi Kueng	Beneficial owner	645,000

Note:

1. Details of the above underlying shares are set out in the paragraph headed “Directors’ rights to acquire shares or debentures”.

(c) Interests and short positions in the debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

(d) Directors' rights to acquire shares or debentures

- (i) Options granted to the executive Directors under the Company's share option scheme and remained outstanding as at the Latest Practicable Date were as follows:

Name of Directors	Date of grant	Number of underlying Shares		Outstanding as at the Latest Practicable Date	Exercise price per Share (HK\$)	Exercise period
		As at 1 May 2003	Granted			
Steven Julien FENIGER	21/05/2002	6,240,000	—	6,240,000	2.55	21/05/2003–20/05/2008
	27/06/2002	1,660,000	—	1,660,000	2.22	27/06/2003–26/06/2008
	06/11/2002	4,700,000	—	4,700,000	1.60	06/11/2003–05/11/2008
	30/05/2003	—	1,960,000	1,960,000	2.125	30/05/2004–29/05/2009
FU Jin Ming, Patrick	21/05/2002	4,200,000	—	4,200,000	2.55	21/05/2003–20/05/2008
	06/11/2002	2,000,000	—	2,000,000	1.60	06/11/2003–05/11/2008
	30/05/2003	—	830,000	830,000	2.125	30/05/2004–29/05/2009
KHOO Kim Cheng	21/05/2002	3,800,000	—	3,800,000	2.55	21/05/2003–20/05/2008
	06/11/2002	2,200,000	—	2,200,000	1.60	06/11/2003–05/11/2008
	30/05/2003	—	920,000	920,000	2.125	30/05/2004–29/05/2009
KWOK Chi Kueng	21/05/2002	3,000,000	—	3,000,000	2.55	21/05/2003–20/05/2008
	06/11/2002	1,800,000	—	1,800,000	1.60	06/11/2003–05/11/2008
	30/05/2003	—	830,000	830,000	2.125	30/05/2004–29/05/2009

Up to the Latest Practicable Date, none of the above options granted by the Company to the Directors had been exercised and all such options remained outstanding as at the Latest Practicable Date.

- (ii) Pursuant to the share option schemes of Roly International, the Directors and employees of the Company may, at the discretion of the directors of Roly International, be granted options to subscribe for shares of Roly International. Particulars of the options granted to the Directors and remained outstanding as at the Latest Practicable Date were as follows:

Name of Directors	Date of grant	Number of underlying shares of Roly International			Outstanding as at the Latest Practicable Date	Exercise price per share (US\$)	Exercise period
		As at 1 May 2003	Granted	Exercised			
Steven Julien FENIGER	07/03/2002	1,000,000	—	—	1,000,000	0.130	07/03/2004–06/03/2010
	22/11/2002	1,000,000	—	—	1,000,000	0.138	22/11/2003–21/11/2008
FU Jin Ming, Patrick	10/02/2000	45,000	—	(45,000)	—	0.150	10/02/2001–09/02/2005
	21/08/2001	1,000,000	—	(1,000,000)	—	0.100	21/08/2002–20/08/2009
	07/03/2002	1,000,000	—	—	1,000,000	0.130	07/03/2004–06/03/2010
KHOO Kim Cheng	10/02/2000	1,350,000	—	—	1,350,000	0.150	10/02/2001–09/02/2005
	21/08/2001	1,500,000	—	—	1,500,000	0.100	21/08/2002–20/08/2009
	07/03/2002	2,000,000	—	—	2,000,000	0.130	07/03/2004–06/03/2010
	22/11/2002	1,500,000	—	—	1,500,000	0.138	22/11/2003–21/11/2008
	09/05/2003	—	2,000,000	—	2,000,000	0.151	09/05/2004–08/05/2009
KWOK Chi Kueng	10/02/2000	45,000	—	—	45,000	0.150	10/02/2001–09/02/2005
	21/08/2001	200,000	—	—	200,000	0.100	21/08/2002–20/08/2009
	07/03/2002	400,000	—	—	400,000	0.130	07/03/2004–06/03/2010

Save as disclosed herein, none of the Directors and chief executive of the Company had any interests in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Section 341 of the SFO (including interests which they were deemed or taken to have under Section 344 of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the persons (not being a Director or the chief executive of the Company) who had an interest or short position in the Shares, underlying Shares and disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name of Shareholders	Capacity	Number of Shares	Approximate percentages of interests as at the Latest Practicable Date
RGS Holdings Limited	Beneficial owner	433,000,000	66.41%
Roly International (<i>Note 1</i>)	Interests of a controlled corporation	433,000,000	66.41%

Note:

1. The entire issued share capital of RGS Holdings Limited is owned by Roly International.

Save as disclosed herein, there is no other person known to the Directors, who, as at the Latest Practicable Date, was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 April 2003, the date to which the latest published audited financial statements of the Group were made up.

5. LITIGATION

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. SECRETARY

The secretary of the Company is Ms. CHEUNG Hoi Yin, Brenda, an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators, the U.K.

7. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The English text of this circular shall prevail over its Chinese text.