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LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

CONTINUING CONNECTED TRANSACTION: LEASE OF PROPERTY

On 14 February 2008, the Tenant entered into the Tenancy Agreement with the Landlord in relation to the lease of the Premises for a term of 24 months commencing on 14 February 2008.

The Tenant is a wholly-owned subsidiary of the Company. As at the date of this announcement, the entire issued share capital of the Landlord is owned by Mr. Solomon, an executive Director and the chief executive officer of the Company and the managing director of the Tenant. Accordingly, the Landlord is an associate of Mr. Solomon and a connected person of the Company under the Listing Rules, and the tenancy arrangement as contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The annual rent (inclusive of rates, government rent and service charges) payable by the Tenant under the Tenancy Agreement will be HK\$1,620,000 (equivalent to approximately US\$207,692) and the applicable percentage ratios (as prescribed under Chapter 14 of the Listing Rules) will be less than 2.5%. Accordingly, the tenancy arrangement as contemplated under the Tenancy Agreement will only be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 14 February 2008, the Tenant entered into the Tenancy Agreement with the Landlord in relation to the lease of the Premises for a term of 24 months commencing on 14 February 2008.

TENANCY AGREEMENT

Date: 14 February 2008

Parties: **Tenant:** Linmark (HK) Limited, a wholly-owned subsidiary of the Company

Landlord: Ken Ball Limited, a company wholly-owned by Mr. Solomon, an executive Director and the chief executive officer of the Company and the managing director of the Tenant

Premises:

House 127, The Portofino, 88-188 Pak To Avenue, Clearwater Bay, Sai Kung, New Territories, Hong Kong (on a fully-furnished basis).

Term:

24 months commencing on 14 February 2008, provided that the Tenant has an option to terminate the Tenancy Agreement in the second year after the commencement date by giving two months notice to the Landlord in writing.

Use:

The Premises can only be used as the staff quarters of Mr. Solomon.

Rent:

As agreed under the Tenancy Agreement, the monthly rent (inclusive of rates, government rent and service charges) is HK\$135,000 (equivalent to approximately US\$17,308). The monthly rent was determined by reference to the rent payable for premises of comparable size and nature in the same area.

The annual amount of the rent payable by the Tenant under the Tenancy Agreement is HK\$1,620,000 (equivalent to approximately US\$207,692) which is payable in cash in arrear each calendar month.

The annual cap of the rent payable by the Tenant under the Tenancy Agreement for the three financial years ending 30 April 2010 is set out below:

	For the financial year ending 30 April 2008	For the financial year ending 30 April 2009	For the financial year ending 30 April 2010
Annual cap amounts	HK\$1,053,999 (equivalent to approximately US\$135,128) <i>(Note 1)</i>	HK\$1,620,000 (equivalent to approximately US\$207,692)	HK\$1,277,679 (equivalent to approximately US\$163,805) <i>(Note 2)</i>

Notes:

- (1) Prior to the date of the Tenancy Agreement, the Group had a tenancy arrangement with the Landlord pursuant to which, the Group was required to pay monthly rental of HK\$83,000 to the Landlord in respect of another premises then owned by the Landlord. The figure set out in the table above takes into account the aggregate rental in the sum of HK\$709,516 paid by the Group to the Landlord pursuant to the above tenancy agreement from 1 May 2007 to 17 January 2008 (being the date of termination of the above tenancy arrangement).*
- (2) It represents the rent payable to the Landlord for the period from 1 May 2009 to 13 February 2010.*

The payment of rent will be funded by internal resources of the Group.

REASONS FOR THE TRANSACTION

The Tenancy Agreement was entered into by the Tenant and the Landlord after arm's length negotiations. The provision of staff quarters to Mr. Solomon constitutes part of the remuneration package of Mr. Solomon under the service agreements entered into with him by the Group. The Company considers it appropriate to compensate Mr. Solomon, who is a member of the key management of the Group, by way of such non-cash benefit.

The Directors (including independent non-executive Directors) are of the opinion that:

- (i) the terms (including the rent) of the Tenancy Agreement are on normal commercial terms that are fair and reasonable;
- (ii) the annual rent payable by the Tenant under the Tenancy Agreement is fair and reasonable; and
- (iii) the continuing connected transaction constituted under the Tenancy Agreement is and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in sales of merchandise (garment, labels and consumer electronic products) and provision of services (procurement services and value-added services relating to the procurement agency business). The Tenant is a wholly-owned subsidiary of the Company and is principally engaged in investment holding and procurement agency business.

The Landlord is principally engaged in property investment. As at the date of this announcement, the entire issued share capital of the Landlord is owned by Mr. Solomon, an executive Director and the chief executive officer of the Company and the managing director of the Tenant. Accordingly, the Landlord is an associate of Mr. Solomon and a connected person of the Company under the Listing Rules and the tenancy arrangement as contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The annual rent (inclusive of rates, government rent and service charges) payable by the Tenant under the Tenancy Agreement will be HK\$1,620,000 (equivalent to approximately US\$207,692) and the applicable percentage ratios (as prescribed under Chapter 14 of the Listing Rules) will be less than 2.5%. Accordingly, the tenancy arrangement as contemplated under the Tenancy Agreement will only be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Linmark Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Ken Ball Limited, a company incorporated in Hong Kong and wholly-owned by Mr. Solomon
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Solomon”	Mr. Peter Loris SOLOMON, an executive Director and the chief executive officer of the Company and the managing director of the Tenant
“Premises”	House 127, The Portofino, 88-188 Pak To Avenue, Clearwater Bay, Sai Kung, New Territories, Hong Kong (on a fully-furnished basis)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 14 February 2008 and entered into between the Tenant and the Landlord
“Tenant”	Linmark (HK) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

All amounts in US\$ have been translated in HK\$ at a rate of US\$1 = HK\$7.80 in this announcement for illustration purpose only. The exchange rate does not constitute representations that any amount has been, could have been, or may be exchanged at this or any other rates at all.

BOARD OF DIRECTORS

As at the date of this announcement, the board of Directors comprises three executive directors, being Mr. WANG Lu Yen (Chairman), Mr. Peter Loris SOLOMON (Chief Executive Officer) and Mr. KHOO Kim Cheng, two non-executive directors, being Mr. WONG Wai Ming and Mr. Mark HSU and three independent non-executive directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. KWOK Tai Ki.

By Order of the Board
WANG Lu Yen
Chairman

Hong Kong, 14 February 2008

* *For identification purpose only*