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LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

ANNOUNCEMENT

The Board announces that the Linmark Group received the Assessment Orders in the first week of January 2007 from the tax authority in India charging the Linmark Group for a tax of approximately US\$10.5 million in respect of the operation of its India Office in assessment years 1999–2000 to 2004–2005 and that the Linmark Group has lodged objections to the India Income-tax Department against the Assessment Orders of approximately US\$10.5 million.

Based on previous legal advice, the Linmark Group has made a tax provision of approximately US\$0.8 million in its accounts in respect of the operation of its India Office and such tax provision has been reflected in the Linmark Group's audited accounts for the year ended 30 April 2006. Based on further preliminary professional advice sought subsequent to the receipt of the Assessment Orders, the Board considers that it has no reasonable ground to believe that the basis of calculation of such previous tax provision is inaccurate.

Nonetheless, Linmark will as soon as practicable instruct its professional advisers to undertake a review of the tax position of the Linmark Group's operation in India. Prior to the completion of such review, Linmark is not in a position to quantify the extent of the financial impact of any additional tax liability on the Linmark Group for the time being.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors ("Board") of Linmark Group Limited ("Linmark", together with its subsidiaries, the "Linmark Group") announces that the Linmark Group, in the first week of January 2007, received from the tax authority in India certain assessment orders ("Assessment Orders") all dated 28 December 2006 in respect of the operation of the Linmark Group's liaison office in India ("India Office") in assessment years 1999–2000 to 2004–2005, charging the Linmark Group for a tax of approximately US\$10.5 million.

Having taken professional advice, the Linmark Group has lodged objections to the India Income-tax Department against the Assessment Orders of approximately US\$10.5 million and based on the professional advice obtained so far, the Board considers that the Linmark Group has merits of raising such objections. Prior to the receipt of the Assessment Orders, the Linmark Group has already made a tax provision of approximately US\$0.8 million in respect of the operation of its India Office and such tax provision has been reflected in the audited accounts of the Linmark Group for the year ended 30 April 2006. Based on further preliminary professional advice sought subsequent to the receipt of the Assessment Orders, the Board considers that it has no reasonable ground to believe that the basis of calculation of such previous tax provision is inaccurate.

Nonetheless, Linmark will as soon as practicable instruct its professional advisers to undertake a review of the tax position of the Linmark Group's operation in India. If it is finally established that additional tax provision is required to be made by the Linmark Group, the financial position of the Linmark Group may be adversely affected. However, prior to the completion of such review, Linmark is not in a position to quantify the extent of the financial impact of any additional tax liability on the Linmark Group for the time being.

This announcement is made for the purpose of informing the shareholders of Linmark and the investors about the incident relating to the receipt of the Assessment Orders.

By Order of the Board
WONG Wai Ming
Director

Hong Kong, 22 February 2007

As at the date of this announcement, the board of directors of Linmark comprises five executive directors, namely Mr. WANG Lu Yen (Chairman), Mr. Peter Loris SOLOMON (Chief Executive Officer), Mr. FU Jin Ming, Patrick, Mr. WONG Wai Ming and Mr. KHOO Kim Cheng and three independent non-executive directors, namely Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius.

The directors of Linmark jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any of the statements in this announcement misleading.

** For identification purpose only*

*Please also refer to the published version of this announcement in **The Standard**.*